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Press Release

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IMMEDIATE

MTA Presents Final Proposed Budget for 2016

Funds New Customer Initiatives While Fare and Toll Increases Stay at Rate of Inflation

The Metropolitan Transportation Authority (MTA) today presented its 2016 Final Proposed Budget and its 2016-19 Financial Plan, in which a relentless emphasis on cutting costs will allow the MTA to invest \$242 million in new service, maintenance and operations initiatives over the next four years, while limiting fare and toll increases to the rate of inflation.

"The MTA is committed to bringing high-quality service to our customers at a reasonable cost, and our updated Financial Plan shows how we are putting that commitment into action," said MTA Chairman and CEO Thomas F. Prendergast. "We are continuing to find new ways to save money, we are making smart investments to serve our growing ridership, and we are doing this while minimizing the impact on our customers' wallets."

Today's Financial Plan update was the first since the MTA Board approved a preliminary version in July. Since then, the agency's finances have been helped by higher real estate transaction tax receipts and toll revenue, as well as lower costs for energy and debt service. Those improvements were offset by lower forecasts for some tax and fee revenue as well as fares. Taken together, the MTA expects available resources to increase by \$447 million through 2019.

The Financial Plan projects using these additional funds between 2016 and 2019 to invest \$38 million in additional subway and bus service to meet growing customer demand; \$13 million for additional Select Bus Service operations; \$26 million to expand all-electronic tolling to the Marine Parkway-Gil Hodges Memorial Bridge and the Cross Bay Veterans Memorial Bridge; \$35 million to operate the Second Avenue Subway; \$42 million to maintain subway structures and power supplies; and \$21 million for maintenance on the Long Island Rail Road's M-7 cars.

The MTA will also invest approximately \$43 million annually to modernize its approach to managing its physical assets, which will use modern technology to assess the cost and condition of its equipment, then use that information to improve how assets are procured, maintained and replaced. The enterprise asset management system is necessary to meet new federal requirements and international best practices, and is expected to enable more efficient and lower-cost operations and maintenance practices throughout the MTA.

The MTA has cut more than \$1.3 billion in costs from its annual spending, and those recurring savings are projected to increase to \$1.8 billion a year by 2019. This rigorous cost discipline will allow the MTA to accelerate pay-as-you-go capital funding and defer scheduled debt issuances, saving \$18 million in each of three years, as well as investing in an underfunded LIRR pension plan, saving \$14 million per year starting in 2017.

The Financial Plan continues the MTA's practice of modest and predictable fare and toll increases approximating the rate of inflation, and assumes 4% fare increases in 2017 and 2019, unchanged from earlier plans. In 2016, less than \$7.9 billion of the MTA's \$15.1 billion in revenue is projected to come from fares and tolls, with the remainder coming from dedicated taxes, state and local subsidies, and other miscellaneous sources.

Following today's presentation, the MTA Board is scheduled to vote on adoption of the Final Proposed Budget and Financial Plan at its December meeting.