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Press Release

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[MTA Headquarters](#)

IMMEDIATE

### MTA LEADERS ANNOUNCE CRITICAL COST REDUCTION AND REFORM INITIATIVES

*Announcement Comes on The Heels of Dramatically Improved Service – Subway On-Time Performance at Four Year Best, Demonstrating Success of Subway Action Plan*

*Reforms Include Consolidation of Back Office Functions, Reduction in Vendor and Contractor Costs, Hiring Freeze, Vast Improvements In Efficiency of Capital Projects*

*MTA: We Must Do Our Part to Secure Our Financial Future*

Leaders of the Metropolitan Transportation Authority today released a series of detailed steps the MTA is taking to reduce costs and reform the Authority. The announcement comes on the heels of newly released data showing a dramatic improvement in service. On the subway, weekday on-time performance in January was 76.7%, marking a significant increase from the January 2018 on-time performance of 58.1%. Weekday major incidents – unplanned incidents causing 50 or more delays – were also drastically down last month, with 52 compared to 105 in January 2018. The reforms announced today build on Governor Cuomo and Mayor de Blasio's 10-point plan released yesterday and advance the goal of securing the MTA's financial future.

The MTA is under significant financial stress, facing massive gaps in both operating and capital budgets. Without these cost reductions, in addition to congestion pricing and additional revenue from state and city partners, the agency will be forced to make service and staff cuts, as well as substantially raise fares to help cover capital costs. Not enacting congestion pricing alone would require the MTA to raise fares by nearly 30%. MTA leadership today said it was committed to doing its part to address this crisis with these cost reduction measures, which are in addition to the \$2 billion in annual reoccurring savings the MTA has secured since 2010.

"In addition to the urgency of securing additional revenue, we recognize we must fundamentally reform the MTA," said MTA Acting Chair Fernando Ferrer. "No more tinkering. No more nibbling around the edges. The MTA's new leadership team will accept nothing less than large-scale, organizational reform. This work will build on the 10-point plan released by the Governor and Mayor yesterday, as well as the success we've seen through the Subway Action Plan."

The MTA has already taken a number of important steps toward this goal of reducing costs. Last year, the Authority implemented a company-wide hiring freeze for all non-essential employees. This year, it established an executive committee to ensure that every vacant MTA job is still absolutely necessary before hiring someone new to fill that position.

Today Acting Chair Ferrer will share the following steps with the authority's board:

- Each of the MTA's operating agencies – including New York City Transit, the Long Island Rail Road, Metro-North, MTA Bridges and Tunnels, and MTA headquarters – have submitted consolidation proposals within their agencies. In light of looming deficits, the agencies have been asked to identify \$500 million in annually recurring savings. These are not merely "targets." They are hard, institutional requirements.
- The MTA is applying the same scrutiny to vendors and contractors by reducing their hourly rates by 10 percent across the board, without cutting the scope of the work they do. This is expected to result in \$75m worth of savings.
- The MTA will be closely reviewing all current and upcoming consulting engagements, with the goal of working toward ending any relationship that is not absolutely and demonstrably necessary. The goal is to cut costs and to ensure a clear focus on high-priority projects and consulting tasks critical to safety, mission-critical needs, and agency business goals.
- The MTA will seek to consolidate a slew of back office functions – within operations, between the Long Island Rail Road and Metro-North, in particular, and enterprise-wide. These include accounting, claims, communications, engineering, government relations, human resources, legal, marketing, planning and procurement. The MTA will also consider other, more expansive options at every level.
- Board and key staff have begun implementing strategies to revolutionize the way we handle procurements, to increase competition and deliver projects more efficiently and effectively – better, faster, and cheaper. As a result, the MTA is seeing far more projects delivered on-time and on budget – including the LIRR Ronkonkoma branch double track, which was completed more than a year ahead of schedule - along with hundreds of millions of dollars in savings.
- The MTA will work with the State, City and District Attorneys to develop an enforcement strategy to combat fare evasions, which costs the agency approximately \$215m per year. The strategy will include both personnel and station design modifications that do not criminalize fare evasion but

instead prevent fare evasion, sanction violators and increase enforcement

- MTA officials will continue to work, on an advisory basis, with world class academic experts and other outside innovators on large scale projects, following the successful efforts to avoid a complete L tunnel shutdown. All new major construction projects will be reviewed by construction and engineering experts who are not affiliated with the MTA or its consultants. The construction review team will be headed by the Deans of Cornell School of Engineering and Columbia School of Engineering to assure state of the art design and technology is being deployed. This team, and other academic and independent industry experts, could also potentially contribute to projects like Phase 2 of the Second Avenue Subway Project in East Harlem and the work to install modern signaling systems on several additional subway lines. External academic and technology experts have and will continue to be consulted on the development of infrastructure and technological needs of the new congestion pricing plans.

All of this comes on the heels of the most aggressive cost-cutting in the history of the MTA. Over the past decade, the MTA has implemented savings programs that have reduced annual operating expenses, on an on-going basis, by more than \$2 billion, and that number is growing. The authority is on pace to achieve an additional \$400 million in annual savings by the end of 2022. Scores of budget-tightening initiatives have allowed the MTA to achieve these cost-savings, and today's announced reform efforts are intended to out of the MTA's budget.