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Press Release

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IMMEDIATE

As Washington Debates Next Coronavirus Relief Package, MTA Adopts 2021 Budget and Four-Year Financial Plan

MTA Budget Assumes \$4.5 Billion in Federal Relief to Balance Budget for 2021 Although Significant Out-Year Deficits Remain in 2022, 2023 and 2024

If Washington Fails to Deliver \$4.5 Billion in Short-Term Aid, MTA Will Be Forced in 2021 to Reduce Service By 40% Across Subways, Buses and Staten Island Railway; 50% Across Long Island Rail Road, Metro-North Railroad

In the Absence of Federal Aid, MTA Workforce Would Need to Be Reduced by Nearly 9,400 Positions; Historic, Job-Creating \$51.5 MTA Capital Plan Remains on Pause

[View MTA Budget Presentation](#)

As Congress debates the next COVID relief package in Washington, the Metropolitan Transportation Authority (MTA) Board today adopted a 2021 budget and 2021-2024 financial plan. The MTA's spending plan assumes \$4.5 billion in federal aid in 2021, without which, the Board would be forced to take drastic actions to cut service by 40% across subways, buses and Staten Island Railway and 50% across Long Island Rail Road and Metro-North Railroad. Additionally, in that case the MTA would be forced to reduce the number of positions across the agency by more than 9,400 and the authority's historic \$51.5 billion capital plan – an economic engine for New York and the nation – will remain on hold.

The 2020 budget is balanced only with borrowing from the Federal Reserve's Municipal Liquidity Facility (MLF). Even if the MTA receives \$4.5 billion in desperately needed federal aid, this will only balance the authority's 2021 budget – falling far short of solving the total deficit over the four-year plan. The MTA projects it would still face nearly \$8 billion in deficits through 2022-2024 that will need to be addressed. The MTA is prepared to make any necessary budget adjustments during this period, depending on the amount of federal aid it receives in the current negotiations in Washington.

"We are closely monitoring events in Washington and will revise the budget and prepare necessary actions, depending on what our federal leaders deliver," said **MTA Chairman and CEO Patrick J. Foye**. "Congress should stay in session until passing a COVID relief bill that includes funding for public transportation. The MTA continues to face a once-in-100-year fiscal tsunami and this is without a doubt one of the most difficult budgets in agency history, with devastating deficits projected. No one at the MTA wants to undertake these horrific cuts and the only way to avoid them is with the \$12 billion in desperately needed federal relief we have been arguing for months is needed."

"The MTA continues to face the worst financial crisis in history and was able to close our budget deficit for 2021 with 2020 deficit borrowing and the assumption we will receive \$4.5 billion from the federal government," said **MTA Chief Financial Officer Bob Foran**. "If Washington does not come through, our budget will be in free fall – and that does not even account for significant out-year budget gaps we are facing in 2022, 2023 and 2024. There will be hard choices ahead."

The MTA has closed budget deficits exceeding a combined \$8 billion for 2020 and 2021 by leveraging \$2.9 billion from the Federal Reserve Municipal Liquidity Facility and assuming \$4.5 billion in federal aid in 2021, in addition to significant agency cost saving efforts.

For its part, the MTA has taken aggressive measures to cut costs internally, focusing on three key areas: reducing overtime, consulting contracts, and other non-personnel expense reductions. Agencies have already begun implementing these savings, which are now projected to reduce expenses by \$259 million in 2020, \$601 million in 2021, \$498 million in 2022, \$466 million in 2023 and \$461 million in 2024. These are on top of \$2.8 billion in annual recurring cost savings achieved by the agency over the past several years.

In order to close the 2020 deficit caused by prior federal inaction, the MTA used its authority to borrow the maximum of \$2.9 billion from the Federal Reserve's Municipal Liquidity Facility (MLF) before the program closes at the end of 2020. The MTA is taking additional actions to address the 2020 deficit by releasing the current 2020 General Reserve of \$170 million, applying the \$337 million in the OPEB Trust Fund to current OPEB payments, and retaining Committed to Capital transfers in the operating budget at \$187 million for 2020, \$181 million for 2021, \$120 million for 2022 and \$114 million for 2023.

Service Reductions to Save \$1.3 Billion Annually if Federal Stimulus Fails to Materialize

Without emergency aid, the MTA is proposing service reductions of 40% for the New York City subways and buses, and 50% for the Long Island Rail Road and Metro-North Railroad, for a combined annualized savings of nearly \$1.3 billion. Service reductions are estimated to have a workplace impact

of nearly 9,400 positions. The proposed service reductions focus on achieving significant cost reductions, mitigating negative customer impacts, and rightsizing service in response to current and projected ridership.

New York City Transit - Subway

Subway service reductions of up to 40% may result in reduced train frequency, suspension of service on some lines at certain times of day, and/or major weekend changes. The reduction in service may allow for a 35% subway fleet reduction, generating savings in maintenance, cleaning and inspection costs.

The service reduction would result in the elimination of nearly 2,400 positions.

New York City Transit - Buses & MTA Bus Company

The MTA proposes to reduce bus service by up to 40% through elimination or consolidation of bus routes and reductions in frequency by up to 33% on the routes that remain. Changes to routes would ensure that service is available within a half-mile of existing stops.

The bus service reductions would result in the elimination of nearly 5,900 positions in total across MTA New York City Transit and the MTA Bus Company.

Long Island Rail Road and Metro-North Railroad

The MTA proposes to reduce commuter railroad service by 50%, which may result in peak period train frequencies of every 20 to 30 minutes along busier line segments, or hourly at less busy line segments. Proposed reductions under consideration take into account the existence of nearby alternate service and maintaining adequate service for essential workers. Off-peak and weekend service may be hourly, reflecting current ridership levels while maintaining sufficient service to prevent crowding.

The railroads' service reductions would result in the elimination of a total of more than 900 positions.