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Press Release

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IMMEDIATE

**MTA Issues June 2020 Emergency Financial Update**

*COVID-19 Losses Total 45% of 2020 MTA Operating Budget This Year Alone – MTA Facing \$10.3 Billion Deficit Through 2021*

*MTA Expected to Exhaust CARES Funding in July; 73% of CARES Grant Already Drawn Down*

*MTA Urgently Requesting Additional \$3.9 Billion In Emergency Funding, Urges U.S. Senate to Do Its Job and Immediately Deliver Significant Funding for Public Transit*

At the June joint board and committee meeting, the Metropolitan Transportation Authority (MTA) delivered an emergency financial update to the Board – detailing staggering losses for the nation’s largest transportation agency with COVID-19-related losses totaling 45.3 percent of the MTA’s 2020 Adopted Budget and deficits totaling \$10.3 billion through 2021. The news comes as MTA officials also revealed that the Authority is expected to exhaust all CARES funding received in the first congressional relief package by July, with 73% of that federal grant having been drawn down to cover agency operating expenses in the months since late January.

As a result, the MTA is facing financial calamity. The anticipated deficits, combined with the expected exhaustion of CARES Act funds, underscore the need for an immediate infusion of additional funds from the federal government to stabilize the backbone of the region’s economy, which contributes nearly 10 percent of the national GDP. MTA officials have urgently requested \$3.9 billion in additional emergency federal funding to address the shortfalls in 2020. The House of Representatives has responded to this request by passing the HEROES Act but the bill remains held up in the Senate.

"The MTA is facing unprecedented fiscal challenges stemming from this global pandemic, the likes of which we have never seen even in the 70s, 80s and the financial crisis of 2008," said **MTA Chairman and CEO Patrick J. Foye**. "In order for us to provide New Yorkers with the service required to restart the regional and national economies and the modernized transit system they deserve, it is imperative that the federal government step up, do the right thing and invest in the system to the tune of at least an additional \$3.9 billion now. The health of our city and region – and by extension our nation – depends on it."

"The reality is that the MTA is facing financial peril," said **MTA CFO Bob Foran**. "If the Senate fails to follow the lead of the House of Representatives and neglects to deliver billions more in federal support, the MTA will be unable to operate at the level needed to keep New York’s economy functioning where it needs to be to support the nation’s economy. The bottom line is that the financial health of the MTA is absolutely vital to the nation’s economic recovery more broadly."

**MTA June 2020 Financial Update**

	<b>2020</b>	<b>2021</b>	<b>2-Year Total</b>
<b>2020 Adopted Budget</b>			
Total Operating Expenses + Debt Service	\$17.12 B	\$17.41 B	\$34.53 B
<b>McKinsey COVID-19 Analysis *</b>			
Fare and Toll Revenue	\$(5.30) B	\$(3.90) B	\$(9.20) B
Subsidies	(1.70) B	(1.90) B	(3.60) B
Additional Expenses	(0.75) B	(0.75) B	(1.50) B
Total COVID-19 Loss	\$(7.75) B	\$(6.55) B	\$(14.30) B
Percent of Total Budget	-45.3%	-37.6%	-41.4%
<b>Federal CARES Act</b>	\$4.00 B	\$0.00 B	\$4.00 B
Remaining Budget Gap	\$(3.75) B	\$(6.55) B	\$(10.30) B
Percent of Total Budget	-21.9%	-37.6%	-29.8%

In addition to seeing massive losses in its operating budget due to steep ridership declines that have exceeded 90 percent, the MTA also expects to spend \$400 million on direct COVID-related expenses this year. That figure accounts primarily for the Authority’s round-the-clock cleaning of public and employee areas, with a small portion of those funds having gone toward the purchase of protective gear for employees and temperature checking of employees at numerous onsite work locations around the system. The figure is expected to climb to approximately \$500 million by year’s end.

Absent the billions in federal funding necessary for ensuring the system can function at pre-COVID levels, all options remain on the table. That includes, but is not limited to, wage freezes, delaying starting new capital projects or reducing the scope of the historic 2020-2024 Capital Program to modernize the transit system, non-personnel expense reductions, reductions in force, scheduled fare and toll increases, service reductions and long-term deficit financing. And deficit financing would require additional funding to cover the debt service associated with such borrowing. At this time, the awarding of

new work in the Capital Program remains on hold, with the exception of a tranche of 2015-19 projects that are being accelerated to take advantage of the overnight closure and low ridership.

MTA officials have, in recent days, made the case that the federal funding formula for mass transit agencies is flawed and outdated. The MTA would receive approximately 15 percent of funds from a recently authored bill aimed at assisting mass transit agencies, despite carrying 40 percent of the nation's mass transit riders. While INVEST would authorize robust funding levels, the bill reduces MTA's share of transit funding, and faces an unclear future in the Senate.

And though the bill provides some COVID relief, INVEST would provide MTA only with about \$900 million for all of FY2021. The MTA is currently drawing down \$700-\$800 million per month on its CARES funding, so the bill would not come close to addressing anticipated needs.