



**August 2020  
Financial Update**

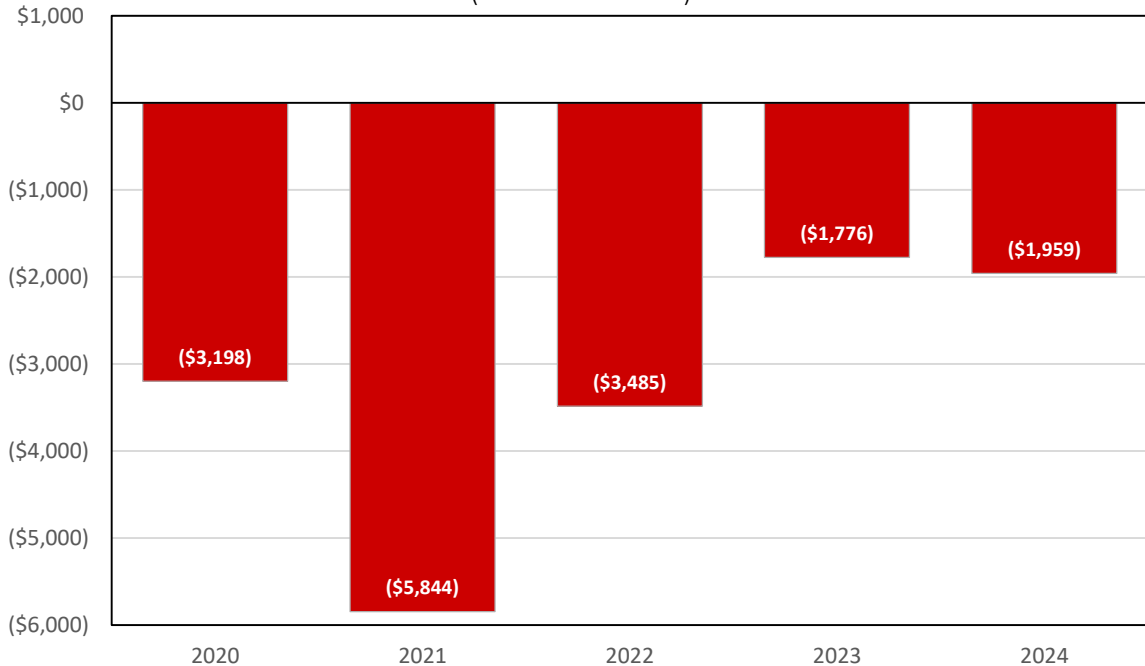
**Presentation to the MTA Board**

**August 26, 2020**



## Without the \$3.9 billion from additional federal funding for 2020, immediate action is necessary

(dollars in millions)





## MTA needs to solve the immediate problem of revenue loss, and also solve its long-term structural imbalance in the post-pandemic world

- Without \$12 billion in federal aid, the first line responses presented on the next page – which total roughly \$1.2 billion a year for the next two years – will not solve our financial problem for the remainder of 2020, let alone 2021.
- Expenses cannot be reduced quickly and significantly enough to offset the 40 percent reduction in revenue we have experienced and are expecting.



# Deficit reduction options to be implemented immediately

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Additional Spending Reductions</b>					
Overtime Spending Reduction	25	215	245	245	245
Consulting Contract Reductions	65	115	50	35	45
Other Non-Personnel Expense Reductions	150	210	185	165	165
<b>Total</b>	<b>240</b>	<b>540</b>	<b>480</b>	<b>445</b>	<b>455</b>
<b>Reduce or Delay Capital Program</b>					
• Use Lockbox Revenues for Operations	441	508	0	0	0
• Eliminate PAYGO Capital	123	181	120	114	109
<b>Total</b>	<b>564</b>	<b>689</b>	<b>120</b>	<b>114</b>	<b>109</b>
<b>Use OPEB Trust Proceeds</b>	<b>336</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>1,141</b>	<b>1,229</b>	<b>600</b>	<b>559</b>	<b>564</b>



## Additional options for deficit reduction - potential fare/toll increases and reductions in force

(dollars in millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Fare and Toll Increases (above 4% biennial):</b>				
• 2021 - Each <u>1 Percent</u> Fare Increase	26	48	58	59
• 2021 - Each <u>1 Dollar</u> Toll Increase	270	343	348	348
• 2023 - Each <u>1 Percent</u> Fare Increase	0	0	51	59
• 2023 - Each <u>1 Dollar</u> Toll Increase	0	0	270	343
<hr/> <b>Reductions in Force</b>	<hr/> \$125 million per thousand positions eliminated <hr/>			



## NYCT Subways, SIR & Buses – Potential Service Reductions

- Without \$12B in federal aid, NYCT could be forced to reduce service by up to 40% on subways, buses and SIR
  - This will save almost \$880M annually, net of expected revenue losses
  - Subway headways could increase up to 8 minutes; off-peak headways on SIR would increase by 30 minutes
  - Bus headways could increase up to 15 minutes
  - Estimated workforce impact is permanent reduction of over 7,200 positions
- In addition, the following actions may be needed to address the shortfall
  - Changes to the Access-A-Ride program such as increasing trips to feeder service and eliminating on-demand service could save up to \$65M annually



## LIRR & MNR – Potential Service Reductions

- Without \$12B in federal aid, LIRR & MNR could be forced to reduce service up to 50%
  - This will save almost \$160M annually, net of expected revenue losses
  - Service changes include:
    - Reduced service frequencies to 60 minutes on heavier ridership branches/lines, and 120 minutes on lower ridership branches/lines
    - Eliminate service on one or more LIRR branches
  - Estimated workforce impact is permanent reduction of nearly 850 positions
- In addition, the following actions may be needed to address the shortfall
  - Delaying start of service into East Side Access saves over \$250M in operating costs
  - Closing ticket windows could result in the permanent reduction of up to 60 positions and estimated savings of up to \$8M annually
  - Eliminating West of Hudson service in NY to save more than \$25M in annual operating costs and avoid nearly \$1.2B in capital expenses



## B&T – Potential Service Reductions

- Without \$12B in federal aid, MTA Bridges and Tunnels could be forced to change its toll structure and reduce staff, impacting regional mobility
  - Eliminating resident discounts would save over \$65M annually
  - Implementing peak period pricing could generate over \$100M annually
  - Estimated workforce impact is permanent reduction of nearly 300 positions for savings of nearly \$40M, resulting in:
    - Increased frequency of lane closures and potential facility closures to ensure safety
    - Delays in response time to non-critical incidents and less frequent customer-facing maintenance (e.g. painting, landscaping)
    - Less timely information for customer messaging, leading to travel delays





## C&D – Potential Project Impacts

- Without \$12B in federal aid, MTA Construction and development could be forced to pause 2020-2024 capital projects
  - Potential projects that could be paused include:
    - Second Avenue Subway Phase 2
    - Penn Station Access/4 Bronx stations
    - Additional ADA station upgrades
    - Purchasing of electric bus fleet
    - Purchasing of new subway rolling stock
    - CBTC signal modernization projects – including Lexington line
    - LIRR Central Branch electrification



## Additional options to manage cash flow – Potential expense deferral and wage freeze options

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Expense Deferrals</b>					
Payroll Tax Deferral	473	(236)	(236)	0	0
NYCERS Pension Plan Payment Deferral	220	813	(324)	(324)	(324)
NYSLRS Pension Plan Payment Deferral	0	17	(5)	(5)	(5)
MTA-Sponsored Pension Plan Deferrals	164	608	(239)	(239)	(239)
<b>Total</b>	<b>857</b>	<b>1,202</b>	<b>(804)</b>	<b>(568)</b>	<b>(568)</b>
<b>Wage Freeze:</b>					
Assuming Permanent	58	169	309	315	322
Assuming Postponement	58	169	309	(536)	0



## MTA faces a \$12 billion cash shortfall through 2021

The MTA faces cash shortfalls totaling \$12 billion through 2021, which consists of not only the operating budget impacts reflected previously in the July Financial Plan, but also the loss of \$1 billion - just in 2021 - dedicated to the Capital Program due to federal inaction on the Central Business District Tolling Program.