

Ridership Down

The MTA needs new state dedicated funding – its fiscal cliff is real. Open, consistent budget data can help strengthen the case.

**Reinvent
Albany.**



Introduction



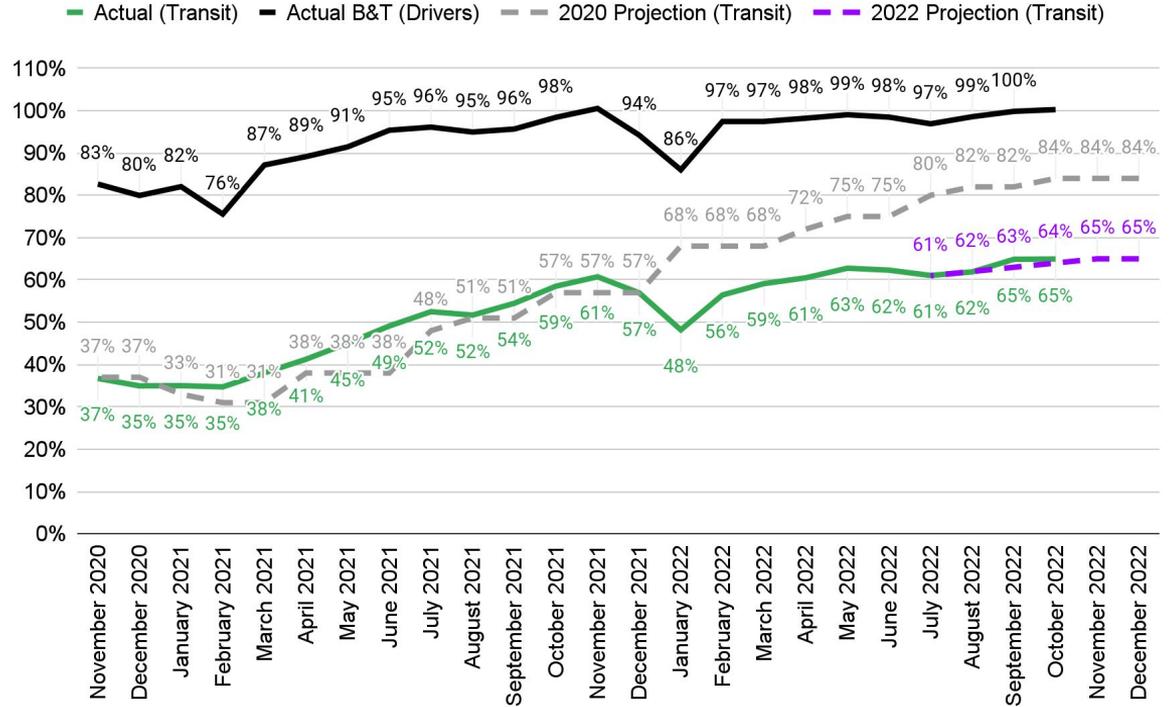
As of October 2022, Metropolitan Transportation Authority (MTA) monthly transit ridership remains at [65% of 2019 levels](#).

MTA's consultant, McKinsey, [projects ridership reaching only 80%](#) of 2019 pre-COVID levels by the end of 2026.

We believe the decline in fare revenue, combined with an end to federal COVID operating aid and historically high debt levels, will destroy the MTA and transit service unless the state delivers the MTA billions in new dedicated operating funds.

The MTA needs new state dedicated funding, and its fiscal cliff is real. The MTA is telling the right story, but open, consistent budget data can help strengthen the case.

Reinvent Albany Analysis: MTA Transit Ridership and B&T Traffic Compared to 2019 Levels (Projections and Actuals)



Federal aid was provided on an emergency basis to address the acute revenue drops from COVID-19; it is not recurring revenue that will sustain the MTA's operating budget when federal aid runs out.

Federal emergency funding masked the decline in fare revenues, and the bulk of it will run out by 2024.

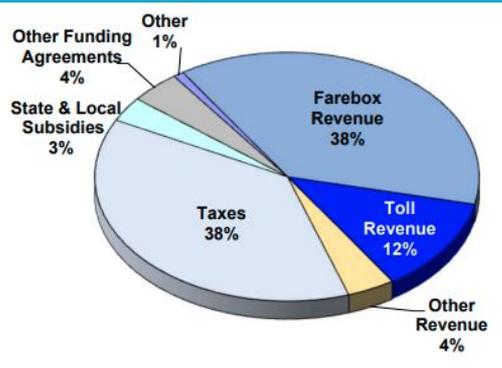
The MTA will receive nearly \$16 billion in total federal emergency aid, but it will be exhausted by 2026. Three separate packages were passed by Congress: the Coronavirus Aid, Relief, and Economic Security (CARES) Act; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and the American Rescue Plan Act (ARPA). Additional funds have also been provided by the Federal Emergency Management Agency (FEMA).

MTA schedule for use of federal emergency aid (in millions as of July 2022 financial plan)					
	CARES Act	CRRSAA	ARPA	FEMA	Total
2020	\$4,000				\$4,000
2021		\$3,439			\$3,439
2022		\$674	\$1,498		\$2,172
2023			\$2,642	\$235	\$2,877
2024			\$2,526	\$235	\$2,761
2025			\$126	\$235	\$361
2026			\$201		\$201
<i>Total</i>	<i>\$4,000</i>	<i>\$4,113</i>	<i>\$6,993</i>	<i>\$705</i>	<i>\$15,811</i>

Ridership declines from COVID-19 impacts have reduced revenues substantially from 2019 levels, with ~\$200 million lost each month in fares and tolls.

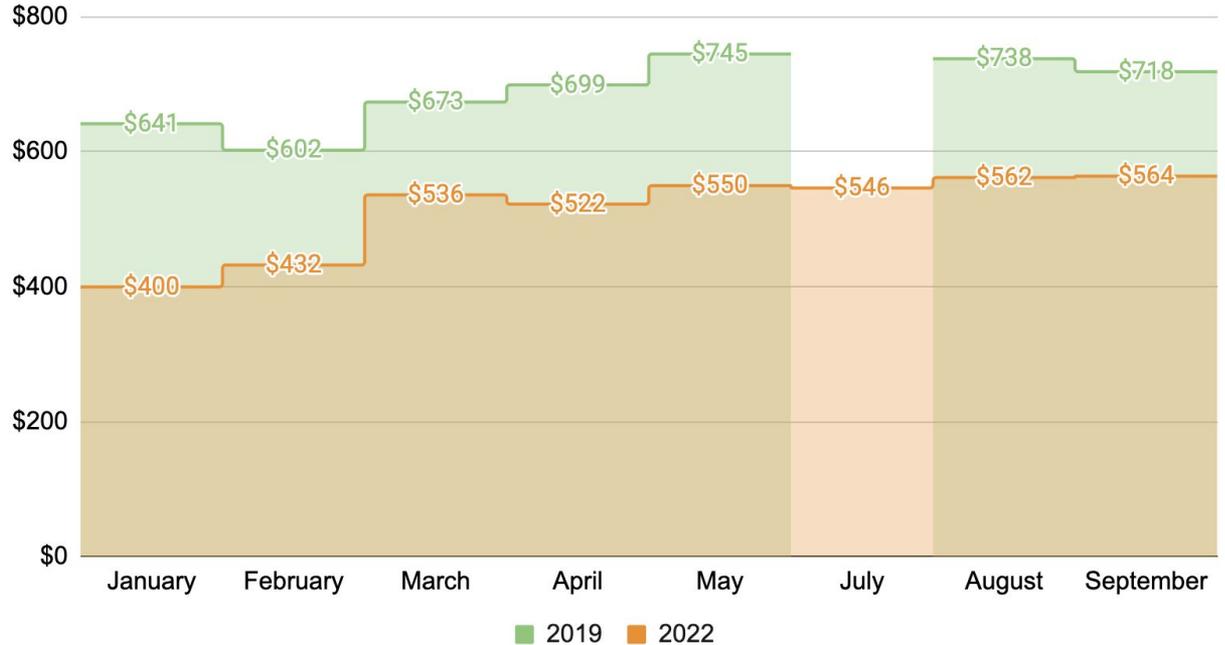
Fare and toll revenues previously made up 38% and 12%, respectively, of the MTA's operating budget.

[MTA 2020 Proposed Revised Adopted Budget](#) - Revenue Chart



Fare revenues continue to be down, losing the MTA about \$200 million a month.

Reinvent Albany Analysis of MTA Monthly Fare and Toll Revenues - 2019 vs 2022 (in millions)

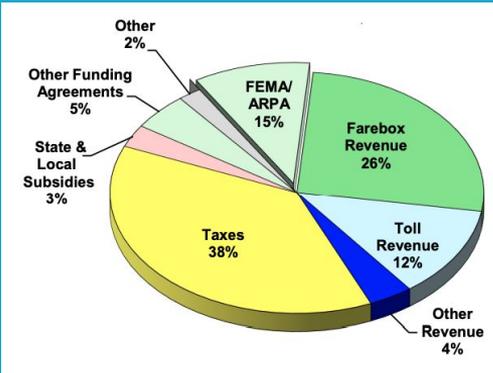


(Data from the [MTA's monthly Budget Watch reports](#) - note that the reports coincide with Board meetings, so data is incomplete for some months).

While federal aid plugged the gap from decreased ridership, stagnant fare revenues will continue to hurt the MTA's bottom line.

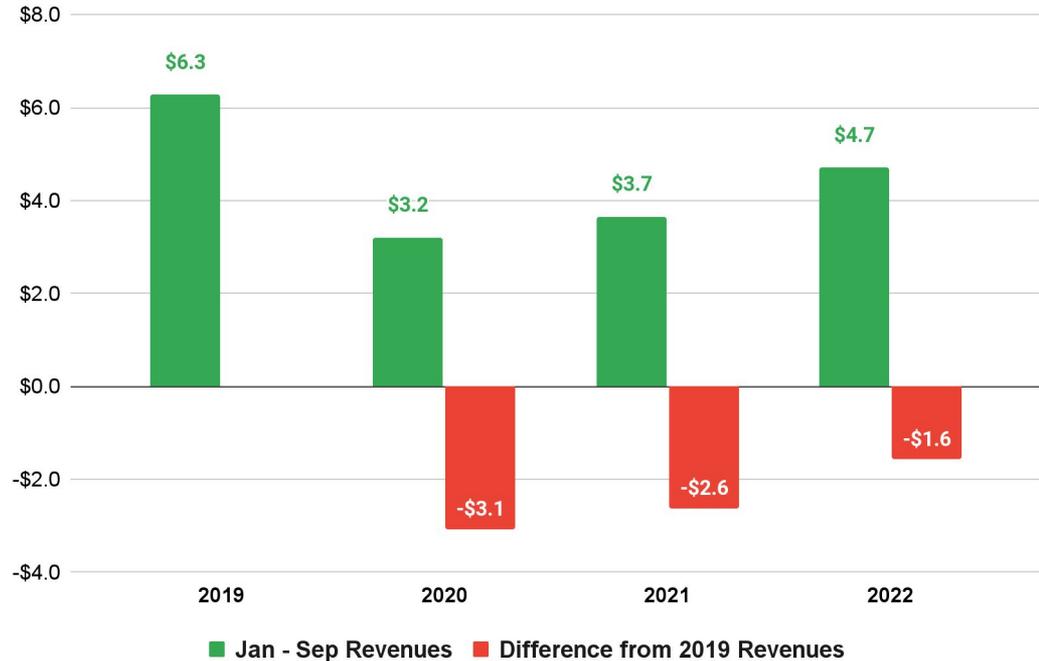
Fare revenue decreased to 26% of the MTA's operating budget in 2022, down from 38% in the pre-COVID 2020 budget. Tolls remain at 12% of the budget.

MTA 2022 Adopted Budget - Revenue Chart



The MTA has collected \$1.6B less in 2022 than 2019 through September in passenger and toll revenues.

Reinvent Albany Analysis: MTA Passenger and Toll Revenues Collected from January - September (in billions)



(Data from the [MTA's monthly Budget Watch reports](#)).

Fewer Fare Dollars Can't Stretch Far with Historically High Debt Loads and Inflation

The MTA recently amended its capital plan to address increased costs from inflation. **The operating budget faces similar challenges, with increased staffing and fuel costs.**

Debt remains a large burden as a fixed and growing cost that is consuming a larger percentage of the MTA's recurring revenues every year – 21% of 2022 operating dollars when federal emergency funds are taken out.

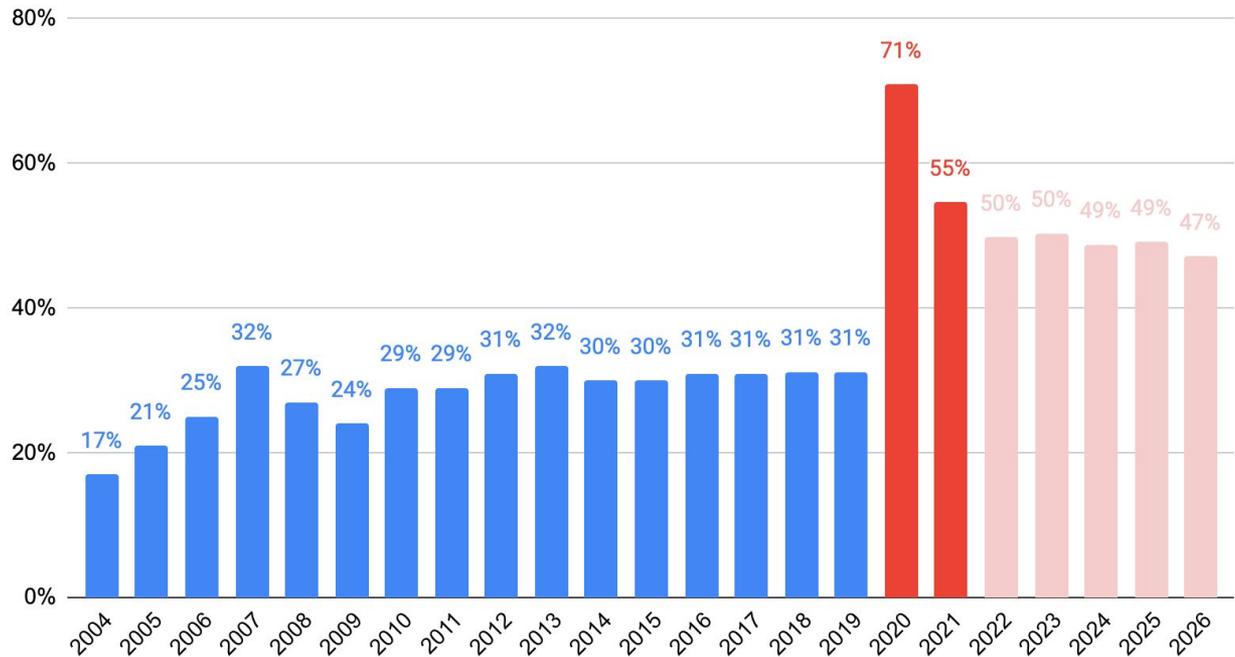
Debt Compared to Fare and Toll Revenues



The MTA's debt affordability statements provided with its financial plans includes the metric of debt as a percentage of fare and toll revenues. (See page 24 of the MTA's [July 2022 Financial Plan](#).)

The MTA included federal aid with fare revenue, which had the effect of downplaying the severity of its debt woes. This burden is even more unmanageable without federal aid, as shown in the chart at right.

Reinvent Albany Analysis: MTA Debt Service as a Percentage of Fare & Toll Revenues, 2004 - 2026 (July 2022 Financial Plan, not including federal aid)



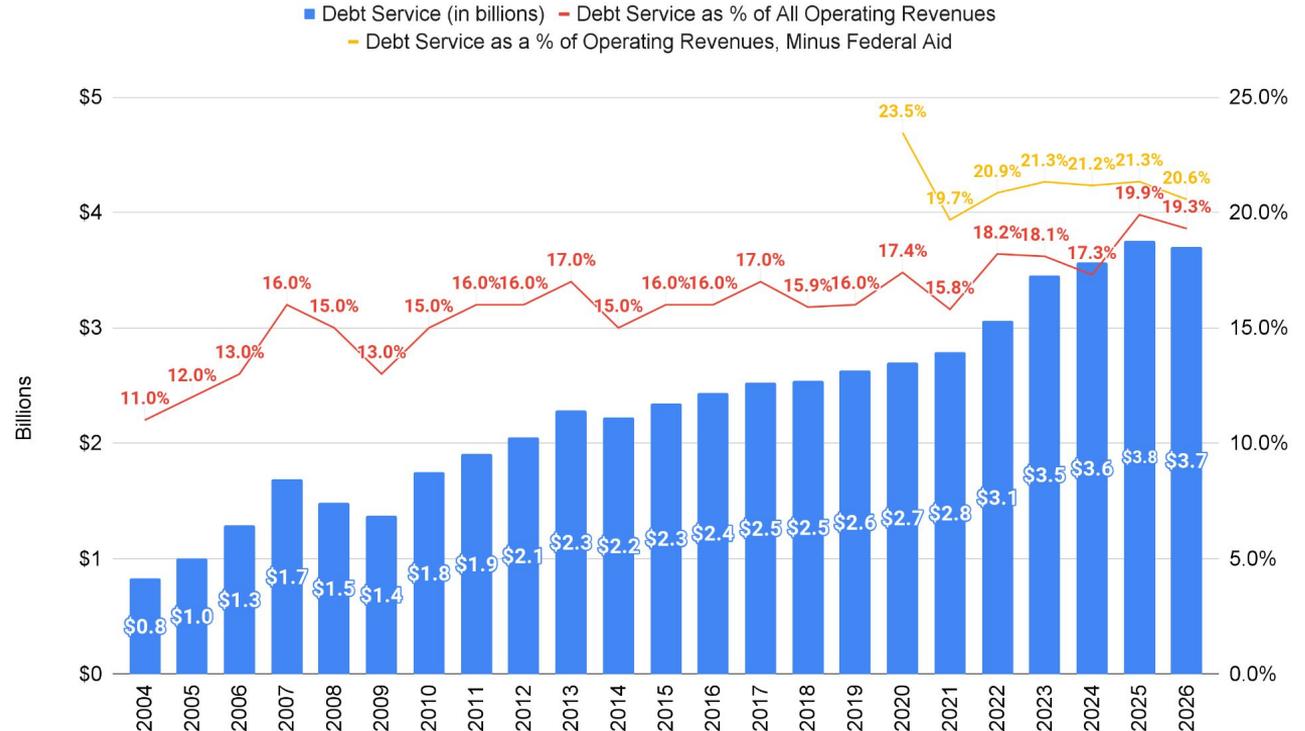
Historically High MTA Debt Loads Exacerbated by COVID-19



The MTA's debt loads were already in the danger zone before COVID, up to 17 percent of operating revenues, compared to 11 percent in 2004.

Federal aid again cushioned the MTA and allowed it to make debt payments, which in the past were largely paid for by riders via fares. Without federal aid, the debt burden would be over 20 percent of operating revenues.

Reinvent Albany Analysis: Total MTA Debt and Operating Revenue Ratio, With and Without Federal Aid, in billions (as of Nov 2021 Financial Plan)



The MTA needs new state dedicated funding – its fiscal cliff is real. Open, consistent budget data can help make the case.

1. The MTA should continue implementing the MTA Open Data Law, prioritizing release of new open data from its operating budget and capital plans.
2. Debt affordability statements should be presented by staff and discussed by the MTA Board at their public meetings, not be lost among the dozens of pages of the budget.
3. The MTA should only use *recurring* revenues in its debt affordability metrics. Federal emergency aid should not be counted when measuring debt affordability.
4. The MTA should report revenue and spending trends over a longer period of time, not just changes from prior financial plans or capital amendments (end the practice of “rebaselining”).
5. Ridership projections should be updated and publicly released with each financial plan update, not on an ad hoc basis.

Dedicated Transit Funds Must be Both Increased and Safeguarded

1. Existing NYS transit dedicated operating funds should be remitted directly to the MTA and other transit systems across the state, not subject to the annual budget appropriation process. This will protect operating funding from raids by the Governor and increase transit systems' bond ratings.
2. Any crucial new state dedicated operating funds should also be remitted directly to the MTA. (All MTA contracts and bond issuances should be subject to State Comptroller oversight regardless of how funding is delivered to the MTA.)
3. The Legislature should use the Outer Borough Transit Fund to improve bus, subway, and commuter rail service, rather than provide toll discounts.
4. The Governor and Legislature should reject any attempts to continue the gas tax holiday, which disproportionately benefited high-income individuals and gas companies.