



BLOG | TRANSPORTATION

# What to Look for in the MTA's November Budget Update

November 17, 2021

The MTA will be releasing its operating budget update Wednesday. Here is what we are looking out for.

While the July update's assumptions were somewhat more optimistic about ridership and the economy than the prior plans', the MTA still faces a structural annual deficit of at least \$2.0 billion, which for the time being is covered by the previous rounds of federal aid and borrowing. The MTA should use this runway to implement changes [that increase the efficiency of its operations](#), as well as continue planned fare increases (coupled with the City aggressively rolling out Fair Fares). Together, these will help stabilize the MTA for the future.

## Balanced Budget? MTA July Financial Plan Relied on "Placeholder" Savings Actions and One-Shot Aid (dollars in millions)

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2021-2025 July Plan Total</b>
<b>July Financial Plan Updated Baseline</b>	<b>(\$64)</b>	<b>(\$2,988)</b>	<b>(\$2,276)</b>	<b>(\$2,492)</b>	<b>(\$2,803)</b>	<b>(\$10,623)</b>
Transformation Plan Savings - Not Yet Identified	25	146	151	148	148	618
Fare Increase in November 2021 (4% Yield)	17	178	204	207	213	819
Service Reductions	0	0	220	206	206	632
Two-Year Wage Freeze	0	172	174	191	198	735
<b>July Financial Plan Before One-Shot Aid</b>	<b>(\$22)</b>	<b>(\$2,492)</b>	<b>(\$1,527)</b>	<b>(\$1,740)</b>	<b>(\$2,038)</b>	<b>(\$7,819)</b>
ARPA Federal Aid	22	2,492	1,527	1,740	719	0
MLF Debt	0	0	0	0	1,319	0
<b>July Financial Plan "Balanced" Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: CBC staff analysis of Metropolitan Transportation Authority, 2022 Preliminary Budget, July Financial Plan 2022-2025 (July 2021), Volume 1, pgs. I-4 and II-3.

1. With the CEO's statement that the Transformation Plan is "essentially over," will these savings be completely removed from the plan? Will there be any efficiency initiatives included in the updated plan?
2. What will the impact be of the removal or delay of the 2021 fare increase? Will the planned 2023 fare increase still be included or will those revenues also be removed and what will be the impact on the bottom line?
3. Will the 2023 service reductions be eliminated and what will be the fiscal impact?
4. What will the adjustments be to the baseline fare and toll revenues and what are the underlying assumptions?
5. What will be the changes to underlying expenses and what will be the drivers?
6. Depending on the fiscal implications of the above actions and assumptions, how much of the \$2.9 billion MLF debt will support operations through 2025 and how much will be available to cover the 2026 deficit?
7. Will the federal Infrastructure Investment and Jobs Act have an impact on the MTA's operating budget before 2026? How will this occur given the current 2020-2024 capital plan's uncertain funding outlook, of which \$9.8 billion was said to be "at risk" this summer.
8. Will MTA proffer a new estimate of the structural deficit after federal aid runs out, as was done in July?

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