



June 2020 Emergency Financial Update

Presentation to MTA Board

June 24, 2020



While the February Plan projected surpluses in 2020 and 2021, COVID-19 has and is expected to further severely impact MTA finances

	<u>2020</u>	<u>2021</u>	<u>2-Year Total</u>
2020 Adopted Budget			
Total Operating Expenses + Debt Service	\$17.12 B	\$17.41 B	\$34.53 B
McKinsey COVID-19 Analysis *			
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%
Federal CARES Act	\$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%

MTA needs additional federal funding to cover the remaining operating losses in 2020, however a \$6.6 billion budget gap would still remain in 2021.

*Estimates by McKinsey & Company are as of May 1, 2020. The McKinsey report can be found on the MTA website, in the Financial and Budget Statements section under Transparency (<https://new.mta.info/document/16951>).



MTA has requested an additional \$3.9 billion in Federal funding

- The Health and Economic Recovery Omnibus Emergency Solutions Act (the HEROES Act) passed the U.S. House of Representatives on May 15, 2020.
- Among its many responses to the COVID-19 pandemic, the HEROES Act would provide \$3.9 billion in federal funding to the MTA.
- \$3.9 billion would cover the remaining McKinsey-estimated* operating losses in 2020.
- The U.S. Senate has not acted on the HEROES Act as of now, nor has the Administration indicated the President's stance on the bill.
- **However, there are no provisions in the HEROES Act to assist with continued losses anticipated in 2021, which total \$6.6 billion.**

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Multi-year problem requires a long-term solution

- Even with federal funding to address the need in 2020, MTA will still face a revenue shortfall of \$6.6 billion in 2021.
- Transit providers around the nation and the world are faced with similar circumstances and making difficult decisions to balance their budgets and continue operations.
- Given uncertainty around additional federal aid, MTA has various liquidity resources such as lines of credit, PAYGO resources, the OPEB Trust, the deferral of federal payroll taxes and the Federal Reserve Bank's Municipal Liquidity Facility to deal with the immediate funding need.
- However, these funds only provide a temporary funding "bridge" to a permanent solution to the lost revenue and higher expenses, and these funds must be repaid or replaced.



Absent additional Federal aid in 2020 and 2021, what alternatives does MTA have?

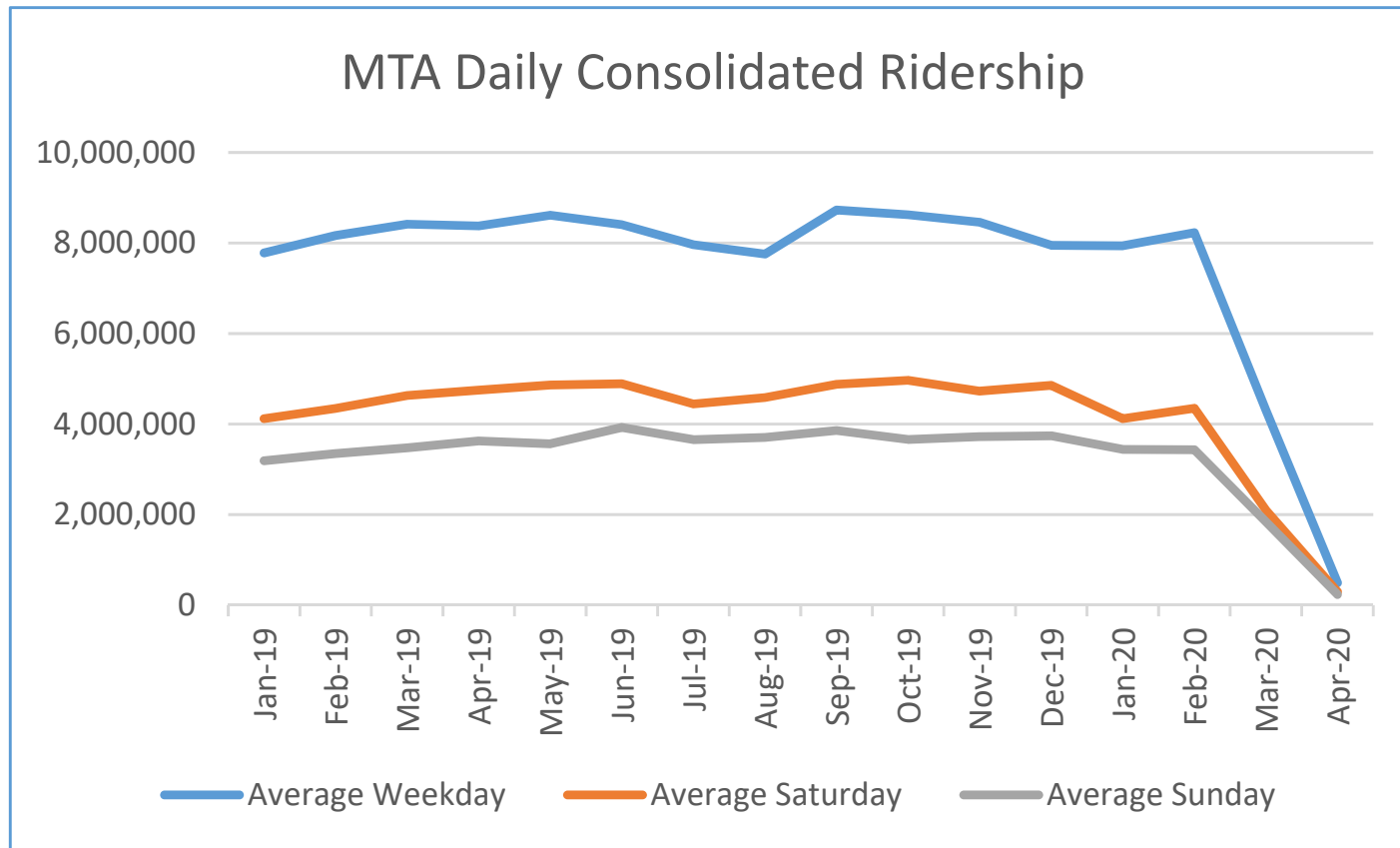
- Wage freezes
- Reduce and/or delay the 2020-2024 Capital Program
- Non-personnel expense reductions
- Reductions in Force
- Fare and toll increases
- Service reductions
- Long-term deficit financing



Appendix



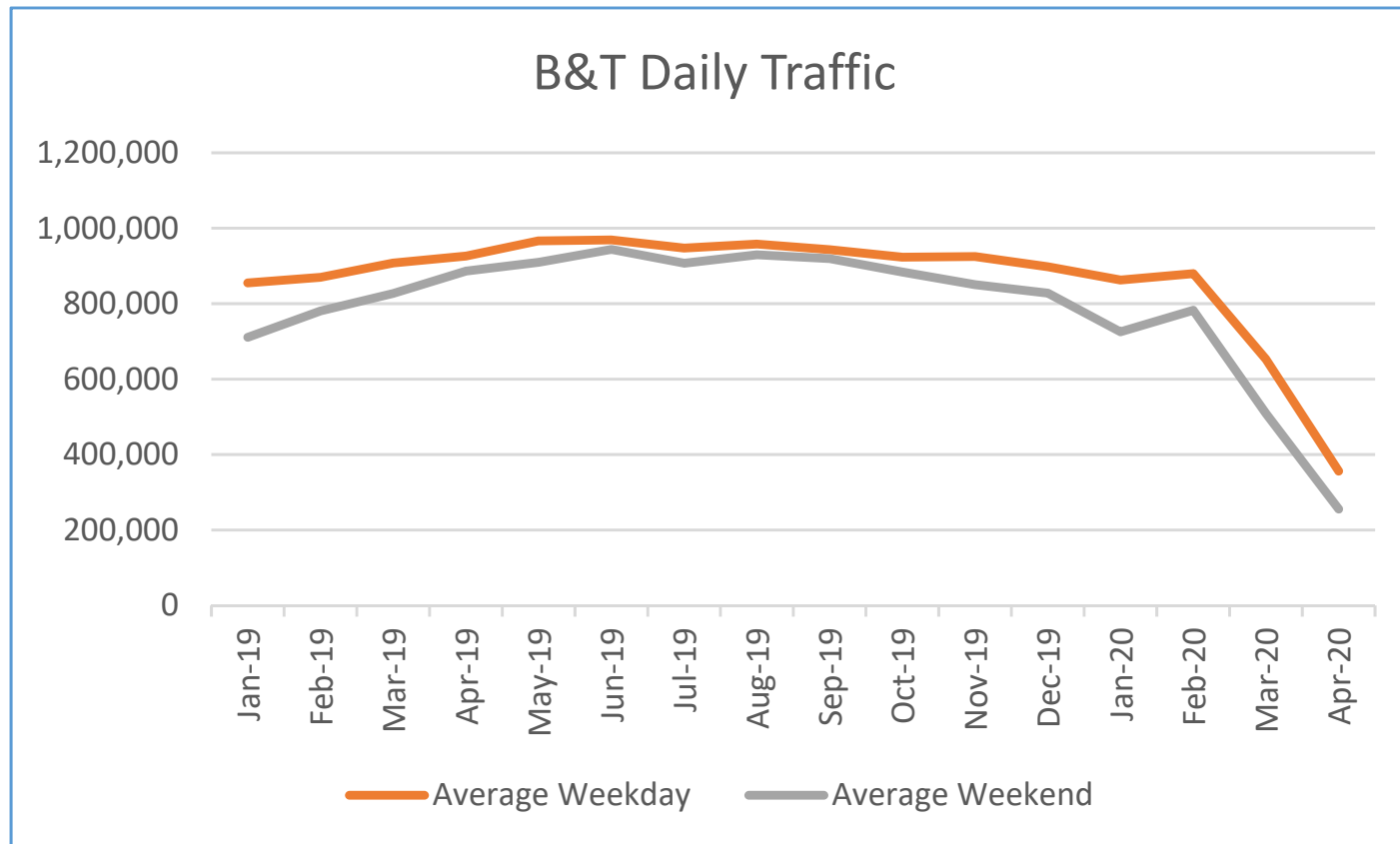
Ridership has plummeted during the COVID-19 pandemic



NYC Re-Opening Phase 1 began on Monday, June 8. As of Monday, June 22, ridership remained below year-ago levels by 82% for NYCT Subway, 52% for combined NYCT Bus and MTA Bus, 84% for LIRR, and 87% for MNR. Due to rear-door boarding, only 2½% of current bus trips have fares collected, which is 99% fewer than a year ago.



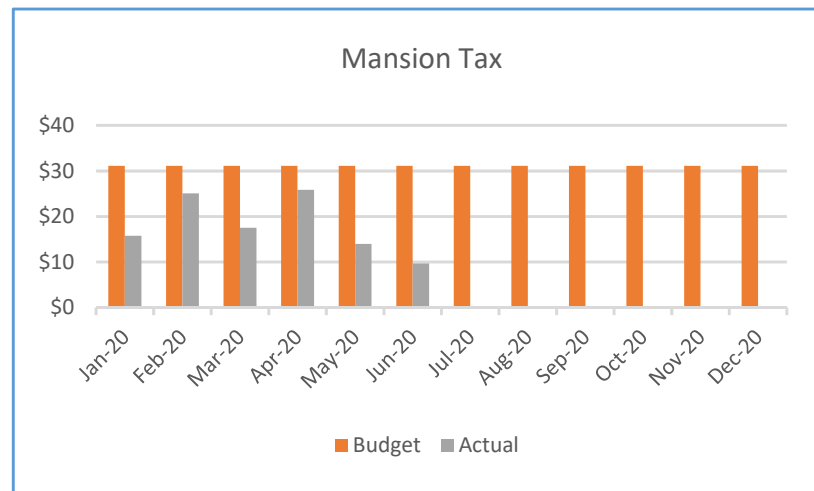
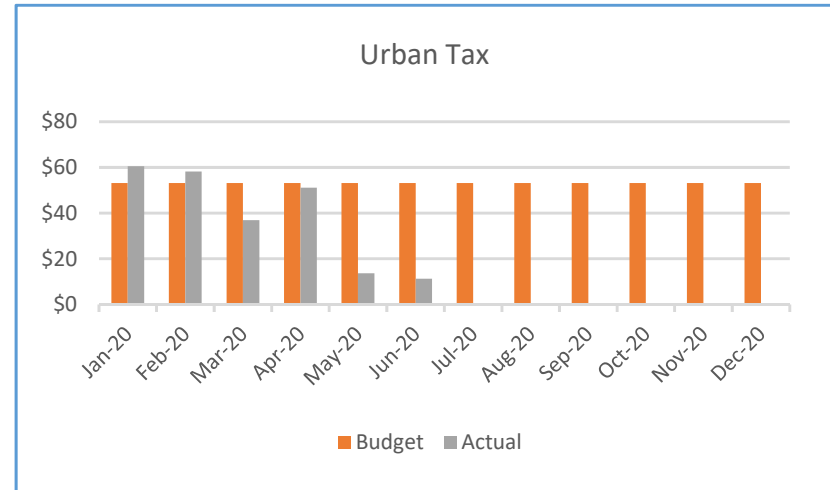
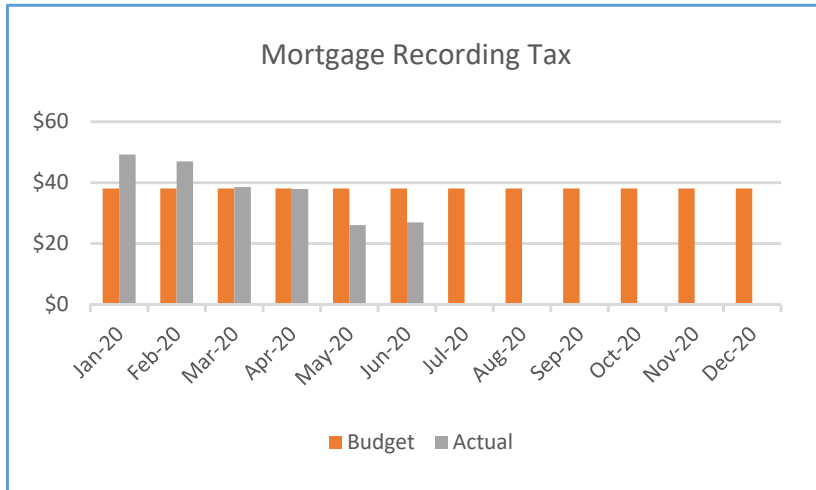
B&T traffic has also experienced significant declines during the COVID-19 pandemic



NYC Re-Opening Phase 1 began on Monday, June 8. As of Monday, June 22, traffic remained 25% below last year.



Real estate transaction tax revenues have fallen short of forecast





Other subsidies have also fallen short of forecast

