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New York MTA: New year, same red ink

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Transit providers across the country have been negatively impacted by hybrid work, though perhaps none more so than the New York Metropolitan Transportation Authority (MTA). The MTA has traditionally relied on passenger revenues more than other transit agencies, and thus the financial impact is greater on its bottom line.

The MTA's recently approved 2023 budget is "balanced." However, achieving balance required the use of COVID relief funds (USD 1.8bn) and as-of-yet unidentified new government funding or additional MTA actions (USD 600mn).

The MTA's fiscal year begins 1 January, while New York State's fiscal year will not begin until 1 April; thus, state budget negotiations are just getting underway as a new legislative session also gets underway. The executive budget must be submitted by 1 February, and the MTA will be waiting to see if the governor has included it in her budget submission.

Last fall, the MTA held discussions with state legislators, signaling to them the need for additional funding. We may not know for a few months if those discussions will ultimately bear any fruit, thus leaving the MTA's finances in an indeterminate state.

The MTA CFO indicated he will update the board on how discussions are progressing with the state at the MTA's board meeting on 21 February. If the MTA feels additional funding will not be forthcoming, it can draw down its remaining COVID aid or adjust operations, among other less desirable options.

The November Plan projects deficits of USD 2.6–3bn in 2023–26 before the use of the remaining COVID aid. Remaining COVID funding of USD 5.6bn will be insufficient to cover the projected deficits of USD 11.4bn; however, the aid will reduce them.

The MTA's forecast faces many uncertainties that could cause projected deficits to broaden. To name just a few: Will actual ridership meet projections? Will new government funding materialize this year? Will sensitive dedicated taxes be hampered by a potential recession? Can affordable wage settlements be achieved, and will biennial fare and toll increases be implemented in 2023 and 2025?

The MTA, like all other US public transit providers, relies on public subsidies to fund operations. The MTA is calling for its funding partners—local, state, federal—to step up their funding levels to meet the moment at hand. We will follow developments closely and plan to update our credit assessments as the need arises.

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Read the original blog post, New York MTA: [New year, same red ink](#), 4 January, 2023.

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