

Opening / Budget Overview

Good morning, and thank you all for having us here today, especially our Committee Chairs – Krueger, Weinstein, Kennedy, Comrie, Paulin, and Magnarelli. I’m Janno Lieber, MTA Chairman and CEO. I’m joined virtually by Jai Patel, MTA Deputy CFO.

This is my first time back before the legislature since being confirmed last month. Fortunately, in these last few weeks, ridership has started to return now that Omicron is receding. Weekday subway ridership surpassed 3 million last Tuesday for the first time since early December. And including all modes, we’re back at more than 4 million customers a day.

This is obviously great news—for our effort to get New York back to work and to get our economy back on track. But it’s also important for MTA financial stability. The MTA’s budget is heavily reliant on farebox and toll revenue. We need every rider we can get. Dedicated taxes and government subsidies also make up a significant portion of the budget – and thankfully, we’ve received generous aid from our leaders in Congress to offset the revenue hit from COVID.

More help for MTA and its riders is coming from Governor Hochul’s proposed budget – with updated revenue forecasts increasing the State’s contribution to the operating budget by \$337 million in the 2022 fiscal year alone. This financial lifeline allows us to cancel the planned fare increase for 2022 that was included in the MTA’s November Financial Plan – a major relief, since a fare hike makes no sense when we are trying to win back riders. It’s just bad business logic.

But this is short-term support, and we’re staring down a very real and substantial structural deficit in the outyears – over \$2 billion in 2025. The MTA’s financial plan is out of balance -- even with state funding and federal support-- because expense growth (mostly labor costs) has far outpaced revenue growth. This has been true for some years before COVID. Filling the gaps will not be easy, but we need to come up with a plan now, while we have time.

I have already begun discussions with the Governor’s office and spoken with several of you individually on this issue. The MTA is committed to identifying cost savings and working with our partners in labor to become more efficient. But with a \$1 billion-plus hit from COVID adding to our deficit, it’s clear we are going to need Albany to identify new sources of recurring revenue to support our budget in the years ahead.

Promoting Public Safety

This isn't just about the MTA's bottom line. It's also about the City and State's economic recovery. The region needs strong mass transit to support its revival. That means the MTA has to provide the safest, most reliable, and most affordable service we can in order to win back riders.

First, on safety. Customers have made very clear in surveys that they won't return to transit unless they feel safe. And right now, a lot of people don't, which is a huge problem. You've all read about the violent and disruptive episodes that have occurred in the last few weeks – from the tragic killing of Michelle Go to incidents where shopping carts have been set on fire or thrown onto the tracks in front of trains. These events cannot be tolerated.

Governor Hochul and Mayor Adams have committed to working with us to restore a sense of order underground and provide assistance to the homeless and other New Yorkers struggling with mental health issues.

I'm very encouraged by the commitment we're seeing from the NYPD. Commissioner Sewell has said she is deploying officers to the places our riders feel most vulnerable – the platforms and on-board trains. My own personal experience says this is starting to happen. I'm seeing cops where I didn't before. We need our police to help make the subways safer by being on the platforms and subway cars and also enforcing the rules of our system.

Fares / Capital Upgrades

Apart from safety, our greatest priority is improving the system— especially to make it more accessible and more affordable. That's where the historic 2020-2024 Capital Program comes in. We're in a great place — despite effectively losing an entire year to the pandemic, where we had to pause the majority of the capital plan. In 2021, the MTA actually initiated more than \$8 billion worth of work—one of our best years ever.

Ongoing work never stopped during the pandemic. The MTA's two biggest projects, East Side Access and LIRR Third Track, remain on schedule to be finished this year. And we're about to break ground on Metro-North Penn Station Access, which will add four new railroad stations in the East Bronx, cutting commutes to Midtown by up to 50 minutes each way. There's also Governor Hochul's Interborough Express proposal. That is not funded in the current capital plan, but the environmental review process is underway – a first step to its possible inclusion in the next five-year program.

But it's not just about the megaprojects. The MTA is moving aggressively to expand ADA accessibility systemwide, modernizing our subway signal system, and bringing our \$1 trillion in assets into a state of good repair.

On system accessibility: we've completed 14 brand-new ADA stations since the onset of the pandemic and in December awarded contracts for improvements at another 26 stations. A new, first-in-the-nation public private partnership is also in the works to add 8 more ADA stations and rehabilitate elevators at many other locations.

On affordability, not only are we freezing fares, we're launching new fare pilots to make transit cheaper. Set to launch this month, these new fare promotions include our first-ever fare-capping pilot for subway and bus customers paying with OMNY.

On the commuter railroads, LIRR and MNR customers will see a new 20-trip ticket option and discounts for monthly ticketholders – plus expansion of the City Ticket to all off-peak trains throughout the week, which will take advantage of capacity the railroads currently have and provide more options for areas in the outer boroughs that lack sufficient subway access.

We're also looking for the City's cooperation on transit affordability. The Fair Fares program provides discounted MetroCards to low-income New Yorkers. We'd really like to see it fully funded and aggressively advertised. Right now, the program is wildly underutilized. Just a fraction of the ~800,000 people eligible for it have enrolled, and of that number, less than half actively use these benefits. The City should expand eligibility by raising the income ceiling to qualify, and then promote the program as it does other public assistance programs like SNAP.

Other Legislative Priorities

The Governor's proposed budget also includes a number of MTA legislative priorities, and we hope we can count on your support as well. I specifically want to highlight our worker assault proposal, which would expand the list of protected employee titles covered by existing felony assault provisions and re-classify so-called lesser assaults – things like spitting, kicking, or punching a transit worker – as class A misdemeanors.

Currently these despicable acts are only a violation and must be witnessed by a police officer in order for them to issue a citation. Unfortunately, we continue to see more and more assaults against our frontline workforce, and we ask you to provide them greater protection as they help keep the city moving. We appreciate

Chair Comrie, Chair Kennedy, and Assemblymember Walker introducing versions of our legislation and hope to see it included in the enacted budget this year.

We also would like to update our existing design-build mandate after putting it to use for the least two and a half years. We are seeing great results from design-build on larger capital projects, but smaller and more straightforward rehab and replacement work is benefitting from more traditional design-bid-build or A+B project delivery.

In 2021, on design-build projects we saw 2% savings compared to MTA estimates, compared to 21% on A+B awards. What Governor Hochul has proposed will help us diversify the contractors who can bid on MTA projects – making these projects more achievable for smaller firms, including MWBE and SDVOB contractors, who may not have the ability to take on the risk of design-build work.

Conclusion

I look forward to working with all of you to bring back ridership and restore the MTA's financial health. I'm now happy to take your questions.