



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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Mr. Gene Russianoff
Senior Attorney
NYPIRG/Straphanger's Campaign
9 Murray Street
New York, NY 10007

Dear Mr. Russianoff:

In response to your questions about the Metropolitan Transportation Authority's most recent fiscal projections as well as options for addressing the agency's budget shortfalls, we have prepared the [attached review and analysis](#).

We have focused our review of the MTA's budget projections most closely on its revenue forecast. We do this in large part because it has been the unexpected strength of the property-related sales and mortgage taxes dedicated to the MTA that has bolstered the transportation authority's fiscal condition over the past couple of years. Based on our forecast models, we project lower revenue from the property-related taxes in 2008-2010 than does the MTA. This suggests that the MTA's projections are not particularly conservative and that the agency's projected budget gaps of \$799 million in 2008 and growing to \$1.8 billion in 2010 are a real possibility.

Our review of options for closing the MTA's projected budget gaps also focus primarily on revenues, including fares, tolls, taxes, and subsidies. Although we briefly discuss some savings from service reductions or greater efficiency, IBO does not have the operational data necessary to provide independent estimates of savings from these measures.

The discussion of revenue options included here are meant to be illustrative rather than exhaustive and are intended to give some sense of the effort required to balance the MTA's budget. Towards this end, we assume that the portion of revenue derived from each of the MTA's major revenue sources is frozen at their 2006 share to show how much in additional funds would be needed from fares, tolls, taxes, and subsidies to close the projected gaps in each of the next three years. We also calculate how much the average fare would have to rise if the gap was closed only by fares, and how much fares and tolls would have to rise if the gap was closed only using these two sources of revenue. *We present these examples to illustrate the effort that will be needed to close the MTA's budget gaps and not as an endorsement or recommendation of any of the examples.*

We hope you find the information presented here useful and informative. Please feel free to call me if you have additional questions on this or any other matter.

Sincerely,

Ronnie Lowenstein
Director