

Good morning, and thank you all for having us here today, especially our Committee Chairs – Krueger, Weinstein, Kennedy, Comrie, Zebrowski, and Magnarelli. I'm Janno Lieber, MTA Chair and CEO. I'm joined by MTA Chief Financial Officer Kevin Willens and Deputy CFO Jai Patel.

I'm here to discuss the most pressing issue for the MTA right now: our challenging financial situation. We have been raising the alarm for over a year now, so none of this is news. But the reality is our agency is facing a projected \$2.8 billion deficit in 2024. And that figure grows to \$3 billion by the end of our current financial plan which takes us through 2026. As I've said many times, we're in dire need of new funding to preserve our vital transit system – and the regional economy.

Thankfully, we have a Governor and a Legislature that recognize the importance of the issue. In her executive budget address last week, Governor Hochul proposed a bold path forward to ensure the financial stability of the MTA, as she committed to doing in her State of the State Address.

The Governor's plan keeps the MTA and New York moving with a balanced approach, combining

- a slight increase the Payroll Mobility Tax,
- \$400 million in the MTA's own cost savings that do not impact service,
- re-aligning some outdated cost-sharing arrangements we have with the City of New York,
- a near term, one-time infusion to deal with this year's deficit,
- and, longer-term, new revenue for the agency in the form of a portion of future casino revenues.

I want to acknowledge members of the Legislature, who have come up with many proposals and ideas for the MTA in the last few months and also raised awareness in their communities about the existential situation facing the MTA due to the persistence of remote work. We recognize your commitment to frequent, safe, and reliable public transit. We look forward to working with you and the Governor to finalize this plan home in the enacted budget come April 1.

We all understand the vital importance of public transportation to the New York metro region. As I always say, for New Yorkers it's like air and water – we need it to survive. COVID proved the point. Remember? Everyone insisted the MTA had to keep running full service, even when the pandemic had us down to just 10% ridership, because essential workers needed it. Even the brief late-night closure to facilitate cleaning was met with howls. And when the City's recovery got underway, again we were urged to provide full service to power that revival.

Today, transit remains as essential as it ever was. There are dozens of working-class and low-income communities where ridership is back at the 80-90% level relative to pre-pandemic. Those New Yorkers are back to work five, six or even seven days a week. They can't afford a \$50 Uber. They deserve the same frequent, reliable, and affordable service they have come to depend on over time, even if more affluent New Yorkers in white collar jobs are not using mass transit as frequently. It just doesn't make sense that low-income riders should see service slashed because others can work from home or dial it in from Aspen or East Hampton.

So, service must be frequent, and it must be safe. Again, this is an area where we've gotten incredible support from Governor Hochul and from Mayor Adams. Their Cops, Cameras, and Care initiative – which was announced back in October – really kicked our years-long efforts on public safety into overdrive.

The NYPD surged their numbers in the subways with 1,200 officers to patrol platforms and trains, the places where our riders feel most vulnerable. Transit crews are announcing when cops are on trains or nearby, so everyone knows. NYS Safe Operations Support teams and NYC DHS teams are out there working to connect homeless New Yorkers with serious mental illness and addiction issues to services in a holistic way. And for the MTA's part, we're ramping up installation of new security cameras onboard trains. Soon, every car in the fleet will have coverage – on top of the 10,000+ cameras we already have in place at stations today.

It's only been three months, but we're already seeing results from this strategy. I talked about this at our Board meeting last week. Crime for the last three months is down double digits compared to the same period a year ago. When comparing that same span of three months to historical data, we're currently at the second-lowest overall crime level since 1995. And for the month of January, crime was down 30% versus last year. 30%! A big turnaround.

And customers are noticing the difference. In our December survey, when asked how safe they feel, nearly 60% of respondents said 'Safe' or 'Very safe' – up significantly from prior months. And 18% of customers stated they feel safer than a month ago. That's the highest since we started asking that question. And 39% of customers said they were seeing 'about the right amount' of police in the system – up from 26% in October. Again, the highest percentage we've seen.

We want our customers to keep coming back, and so we're doing everything we can to make transit safe, easy, and convenient -- from fare promotions to major capital projects. But I have to make the point again: everything is at risk if we can't achieve fiscal stability.

The MTA is prepared to work with all stakeholders – Albany, Washington, City Hall, Comptrollers, advocates, budgeteers, and more – to address the Authority's financial issues. And we are ready to do our part, with plans to cut operating costs by more than \$400 million by 2024. This will be achieved through a series of strategic moves developed by NYCT President Rich Davey and Railroads President Cathy Rinaldi that will save money without sacrificing any of the progress we've made on service frequency, reliability, and quality.

Previous MTA fiscal crises have been solved in large part by service cuts. This time has to be different, and instead we need to rethink the way mass transit is funded. Pre-pandemic the MTA was seeing farebox recovery ratios over 50% while many of our domestic peers were in the 25-35% range. We cannot continue to rely on the farebox as the principal driver of our operating budget.

We have made so much progress in recent years – dramatically improving subway, bus, and commuter rail service; delivering the Third Track and Grand Central Madison megaprojects, opening a modern and spacious new LIRR Concourse at Penn Station, expanding subway accessibility faster than ever, and completing successful Bus Network Redesigns in the Bronx and Staten Island, to name a few accomplishments.

Most important, the people who operate our subway, bus and commuter rail systems are just crushing it. January subway service was the strongest it's been in 10 years, with on-time performance of

approximately 85%. Commuter railroads have never been better with 97% OTP for Metro-North and 96% for LIRR. Best performance ever, with exception of the height of COVID.

But if we can't balance the budget, we can kiss those gains goodbye. In that case, state law would force the MTA Board to utilize the only tools available, which are all undesirable last resorts: fare hikes, service cuts, and layoffs. The fourth doomsday lever we don't want to pull is shifting funds from the historic \$55 billion Capital Plan. Remember 2017 -- the Summer of Hell? That came after the 2008 fiscal crisis led to dramatic cuts in basic State of Good repair capital work. As the agency's Chair and CEO, I'm determined -- with your help -- to keep us moving forward. I'm now happy to take your questions.