Analysis of the MTA Revenue in Manhattan in Recent Years

Runyang An

School of Professional Study, New York University, New York,10012, United States of America

Abstract. This essay examines the pattern of the MTA's recent dramatic decline in revenue because of the COVID-19 pandemic. The COVID-19 outbreak has had a significant impact on MTA's annual revenue, hence this article does a thorough economic analysis. The following are the primary conclusions: People in Manhattan started to relocate to and settle in other locations like the suburbs after the COVID-19 breakout in late 2019, 2020, and 2021 when their jobs became online. As a result, the MTA in Manhattan has seen a dramatic decline in revenue. Second, citizens are staying inside during the coronavirus lockdown to prevent contracting the illness, thus the MTA's different modes of transit are being used sparingly. These factors have caused the MTA's annual revenue to drastically decrease throughout the pandemic. In addition, the MTA's revenues have been steadily decreasing in recent years due to the restrictions imposed by social distance and the agency's reliance on government subsidies. This latter piece forecasts MTA's trajectory into the future and offers tactical advice.

Keywords: Manhattan; COVID-19; MTA Revenue.

1. Introduction:

Everyone is aware that more than 4 million vehicles enter and exit Manhattan by bridges or tunnels every day in the renowned metropolis of New York City, making crowding a daily occurrence for residents. 21 bridges and 15 tunnels connect Manhattan Island to the rest of the world. These bridges, which span a century of bridge-building technology and social change, range in complexity from the comparatively straightforward Harlem River Swing Bridge to the magnificent Brooklyn Bridge. Buses, subways, and ferries are employed in addition to bridges and tunnels for getting to Manhattan. The cost of these trips has an impact on the economy of the entire United States, not just New York State.

2. Literature Review:

Basically, according to the MTA's total receivables net report (https://new.mta. info/ document/ 17661 Page 21), the amount was $1,049 million in 2018 and $858 million in 2019. According to my calculations, the net MTA revenue for 2019 was down 18.2% from that of 2018. The overall net receivables for the MTA are $757 million in 2020, a decrease of 13.3% from 2019. (Page 23 of https://new.mta.info/document/41001). The MTA saw a significant increase in revenue in 2021, with a net income of $4,544 million (https://new.mta.info/document/88981 Page 24). Overall, the world economy as well as the US economy began a period of stagnation because of the COVID-19 outbreak at the end of 2019. It is crystal clear from the facts that the MTA has poor fiscal revenue in 2019 and 2020. Since many people are working online and fewer people live in Manhattan during the new coronavirus era, many people opt to relocate to the less expensive suburbs. These areas offer lower rents as well as lower prices for daily necessities and consumption taxes, all of which will enhance their quality of life. Less money exchanged for comparable goods and services is completely consistent with our understanding of economics. The number of move-outs exceeds the number of move-ins (excluding overseas move-ins) in New York City on a year-over-year basis, resulting in a net loss of movers. However, from 2019 to 2020, the net loss more than tripled. In comparison to pre-pandemic trends, net out-migration from the city increased by an estimated 130,837 from March 2020 to June 2021, excluding moves designated as "temporary." More than 60% of net transfers from city locations during the first three months of the epidemic, from March to May 2020, were categorized as temporary, indicating that the person or household intended to return, but since then, 79% of net moves have been marked as permanent. The most likely residents to relocate were those who lived in the city's wealthiest areas. In 2020, there were 109 net move-outs per 1,000 people in the wealthiest 10 percent of city areas, compared to 24 elsewhere, representing a 4.6-fold greater likelihood of leaving than other residents. Additionally, it was more common for moves from affluent areas to be noted as temporary. In 2020, 44 percent of net outmigration from the wealthiest 10 percent of areas was classified as temporary, compared to less than 30 percent elsewhere and 44 percent in the next wealthiest decile. (Page 2 of The Pandemics' Impact on NYC Migration Patterns, available at https://comptroller.nyc.gov/wp-content/uploads/documents/The-Pandemics-Impact.pdf).

3. Based on the CPI Data Model:

To conduct a more thorough study, let's turn to economics. As everyone is aware, the Consumer Price Index (CPI) measures the typical change in prices over time for a typical market basket of consumer goods and services paid by (urban) consumers. From the standpoint of CPI, we may thoroughly examine the MTA revenue of Manhattan in recent years. Consumer Price Index (CPI) data from 2020 revealed several negative values, which is why MTA fiscal revenue in 2020 was less than in prior years (https://www.bls.gov/regions/new-york-new-jersey/news release/ consumer price index newyorkarea.htm). How can individuals afford the pricey transportation in Manhattan when they can't even afford necessities?

Table 1. New York-newark-jersey city,NY-NJ-PA,CPI-U 1-month and 12-month percent changes,all items index, not seasonally adjusted

Month	2018		2019		2020		2021		2022	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.4	1.4	0.5	1.6	0.8	2.5	0.4	1.2	1.1	5.1
February	0.5	1.7	0.2	1.3	0.2	2.4	0.3	1.4	0.3	5.1
March	0.0	1.7	0.3	1.6	-0.2	2.0	0.4	2.0	1.3	6.1
April	0.3	1.9	0.3	1.6	-0.5	1.1	0.7	3.2	0.9	6.3
May	0.4	2.2	0.2	1.5	0.5	1.4	0.5	3.2	0.5	6.3
June	0.1	2.0	0.3	1.7	0.1	1.3	1.0	4.1	1.4	6.7
July	0.0	2.2	0.0	1.7	0.5	1.7	-0.1	3.5	-0.3	6.5
August	0.1	2.2	0.2	1.8	-0.1	1.4	0.1	3.7	0.2	6.6
September	0.4	2.0	0.0	1.4	0.4	1.9	0.5	3.8		
October	-0.1	2.0	0.0	1.5	-0.2	1.7	0.3	4.3		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

Table 2. Unemployment rate-Seasonally Adjusted

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2012	9.5	9.6	9.6	9.6	9.6	9.6	9.5	9.4	9.3	9.2	9.2	9.2	
2013	9.1	9.1	9.0	9.0	8.9	8.9	8.9	8.9	8.7	8.6	8.4	8.2	
2014	8.0	7.8	7.6	7.5	7.3	7.1	6.9	6.8	6.6	6.5	6.4	6.3	
2015	6.2	6.1	6.0	5.9	5.7	5.6	5.4	5.2	5.2	5.1	5.2	5.2	
2016	5.2	5.2	5.2	5.1	5.1	5.2	5.2	5.3	5.2	5.2	5.0	4.9	
2017	4.7	4.6	4.5	4.5	4.5	4.6	4.6	4.6	4.5	4.5	4.4	4.3	
2018	4.3	4.2	4.2	4.1	4.1	4.0	4.0	4.0	4.0	4.1	4.2	4.2	
2019	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	
2020	3.7	3.7	3.7	14.3	21.0	17.4	16.9	15.2	14.8	13.5	13.3	13.0	
2021	12.8	12.5	11.2	11.1	10.3	10.5	9.6	9.3	8.4	7.9	7.5	7.4	
2022	7.6	6.9	6.4	6.4	6.1	6.2	6.0	(P) 6.6					

Footnotes
(P) Preliminary

Let's talk about the financial state of Manhattan's transportation system recently from the standpoint of the unemployment rate. The U.S. Bureau of Labor Statistics reports that between April 2020 and June 2021, the unemployment rate increased significantly because of the pandemic, which caused many people to lose their jobs and their income (https://www.bls.gov/regions/new-york-new-jersey/data/xg-tables/ro2xglausnyc.htm). This comes from the transportation industry and has an impact on Manhattan. We are aware that the U rate varies with the state of the economy. The U rate typically rises when the economy is weak and contracting, which is inconsistent with the natural rate of unemployment. This familiar stagnation is present.

The dip in overall MTA income is predicted given the sharp decline in unemployment, job losses, and a reduction in the number of individuals who commute and live in their homes utilizing MTA transportation.

4. Due to the Intense Social Distance:

People preserve their social distance during the recent COVID-19. For the MTA, social isolation made it difficult for people to access transit, which reduced their ability to earn money. Before the Pandemic, commuters to Manhattan from New Jersey, Long Island, or Upper State frequently used trains. In contrast, many would continue to opt to drive into Manhattan rather than use MTA transportation when the Pandemic started, even though doing so would be more expensive in terms of petrol, traffic, or tickets.

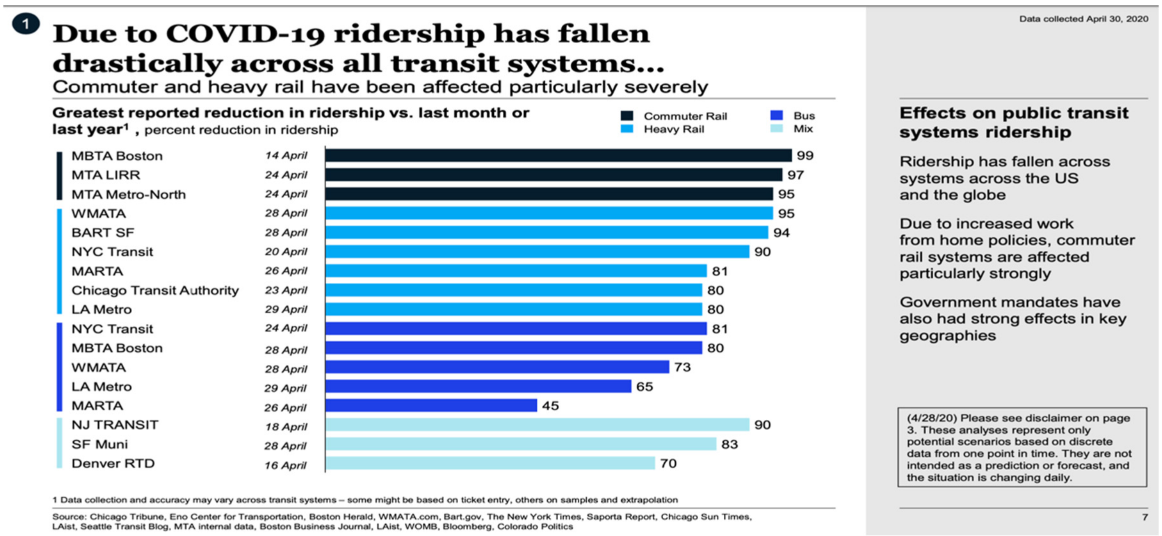

Fig 1. Changing the way people travel during the pandemic

5. Unlike Other Transit Systems, the MTA Relies More Heavily on Subsidies, Which are Subject to Fluctuations, than on Taxes:

Unlike other transit systems, the MTA's funding is more dependent on ephemeral government grants rather than taxes, as detailed in the report. During economic downturns, real estate transaction taxes have shown to be especially sensitive. But the MTA is counting on more money from real estate transactions thanks to its current financial plan, even though New York City expects a significant drop in real estate transaction taxes in FY 2023. As such, the city does not anticipate real estate transaction taxes to reach the MTA's projected levels until after FY 2026. The MTA is unique among public transportation providers in that it benefits financially from the tolls collected at MTA Bridge and Tunnel crossings. DiNapoli said tolls brought in about $1.1 billion this year, but that once costs for bridges and tunnels are covered, the surplus will likely decrease. DiNapoli urged the MTA to keep looking for ways to cut costs and increase operational efficiencies to close anticipated budget gaps. However, the size of these gaps makes it unlikely that they can be closed by reducing spending alone without causing a significant reduction in services and harming the regional economic recovery. Even though the MTA has limited sway over fare and toll increases and the enhancement of other sources of operating revenue, such as advertising, it must still present its board with revenue-raising options.

If the MTA is to find and secure additional subsidies to achieve balanced budgets and maintain operations, state, city, and federal leaders will need to be involved.

6. Forecasting Too Late:

Advocated for a reduction in MTA's revenue projection, which would result in an annual loss of profits of $350 million. According to McKinsey's updated forecast, it may take the MTA until 2026 to regain 80% of its commuter rail, subway, and bus ridership from before the pandemic. Passenger volume on the MTA will not likely increase to pre-pandemic levels until 2035. It has been predicted that the recovery of Long Island Railroad ridership will lag behind that of subway and bus ridership. In comparison to June 2021, the LIRR saw a 51% increase in ridership last month. The New Haven line of Metro-North also saw an increase, this time of 63%, but with nearly 40% fewer riders than in 2019. The consultant claims that more people are working from home and taking shorter vacations because of the abundance of online resources. Examples include the availability of telemedicine appointments and the widespread availability of grocery delivery services. What's more, if people don't feel safe using public transportation, they may stop using it altogether, as was mentioned by Kevin Willens.

7. Decisions and Alternatives to Aid MTA's Financial Woes:

Essentially, the capital program is being reevaluated with an eye toward prioritizing those projects most crucial to maintaining the system's state of good repair and lowering future maintenance costs. Matching service levels to fluctuations in demand and meeting essential economic needs. It's possible that bus, subway, and commuter rail service overlaps will be adjusted, as will the frequency of service. Commuter rail service, for instance, is predicted by the MTA to maintain below 25% of 2018's ridership for the remainder of 2020. The MTA might want to rethink its 'Essential Service' plans to avoid having trains run mostly empty while still meeting social distance guidelines. In 2020, the Long Island Railroad and Metro North farebox recovery ratios are expected to fall to 10% and 14% respectively. Restoring the ratios to their 2019 levels of 31% and 40%, respectively, could necessitate either less frequent trains or trains that stop at every station along the entire route.

Additionally, putting off hiring more people. In the fiscal year 2021, the budget calls for an additional 776 positions, at a cost of $250 million in additional personnel spending. And also, since the return of toll traffic has outpaced the growth of ridership, a larger toll increase than the 4% planned for 2021 is being considered.

Thirdly, deciding not to conduct a new headcount. The financial plan calls for an increase in the number of positions by 776 in the fiscal year 2021, which will result in an increase in personnel costs of $250 million; this is not affordable at this time.

8. Conclusion:

In conclusion, the New Crown epidemic was not the only factor reducing MTA revenue; the many secondary effects of the epidemic are also having an impact. Until ridership and economic activity recover, the MTA must examine all aspects of its operations and make the tough decisions necessary to reduce spending and keep the system running. The MTA's progress over the past few decades is too important to risk with hasty decisions that will have lasting negative effects.

References

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