

# Massive cuts loom as New York transit agency stakes its budget on federal bailout

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On Wednesday, New York's Metropolitan Transportation Authority (MTA) formally approved a budget plan for 2021 that hinges on a highly uncertain aid package from the federal government to avoid immediate, draconian cuts. Absent a full bailout, the agency will move forward with a plan advanced last month to reduce service by up to half and lay off more than 9,000 workers. These cuts would fatally undermine mobility in the United States' largest metropolis.

The plan approved Wednesday also assumes the controversial proposal for a 4 percent hike on fares and an 8 percent increase to bridge and tunnel tolls will be approved by the board next month. The rate increases, which are now standardized every two years, come at a time when millions of New Yorkers have lost their jobs or a significant portion of their income.

By linking the budget to the hopes of a federal bailout, transit officials together with their union "partners" are gambling that they can buy some time and wear down opposition among workers and riders before imposing mass austerity.

The crisis facing the agency is extreme. "Federal funding remains our best shot at survival—and I use that word advisedly, survival," MTA Chairman Pat Foye said at Wednesday's hearing. He also noted the draconian cuts being prepared for transit systems in California, Washington, D.C., Philadelphia, and elsewhere.

With the pandemic sinking ridership on the public transportation system to a fraction of normal levels, the loss of fares has led to staggering budget shortfalls. The MTA has already maxed out a \$3.4 billion Federal Reserve lending program, expended all of its \$3.9 billion federal aid from March, reduced its payroll by more than 2,600 positions this year, and transferred

funding from its capital budget and pension trust fund to cover operating expenses. Yet the MTA still faces a shortfall of \$4.5 billion in 2021. The budget gaps projected in 2022–2024 amount to at least another \$8 billion collectively.

The prospects of immediate relief from the federal government for the MTA budget gap remain highly uncertain, despite the moves toward a last-minute stimulus package this week. Over the past several months, both Democratic and Republican legislators, along with Trump, have been content to allow mass suffering by the working class so long as Wall Street continued its rise. The latest congressional deal being floated, a "compromise" package, will do little to alleviate the Depression-like conditions prevailing throughout the country, but will hand over further vast sums to corporate America.

At the MTA board meeting, Transport Workers Union (TWU) International President John Samuelson advanced illusions that a transit bailout was a "near certainty." Whether or not this rosy prediction materializes, what is currently contemplated in Washington is grossly inadequate to prevent job losses and service cuts. The best-case scenario in the package now under consideration would provide funding to cover expenses over just the next 12 months.

Even with this funding, the MTA's financial plan approved Wednesday includes savage attacks on the working class, including a wage freeze, 9,367 layoffs, and cuts to subway and bus service by 40 percent and commuter rail by 50 percent starting in 2022. While the annual "savings" amount to \$1.3 billion, the MTA still faces a shortfall after the cuts of \$3.3 billion in 2022.

To make matters worse, the MTA depends upon nearly \$8 billion annually in taxes and subsidies from the state and city. The present aid package contains no

support for state and local governments facing their own acute crises. There is a serious risk that these revenue sources will be diverted to cover other shortfalls.

In the absence of sufficient federal aid, the MTA has relied upon borrowing to cover payroll and operating expenses. This week the agency closed a \$2.9 billion borrowing deal from the Federal Reserve, adding to the mountain of debt accumulated over the past two decades to fund its capital program. The agency's bond debt increased from \$11 billion in 2000 to \$46 billion last month.

The implications of the massive run-up of debt were made clear by two rating agencies that downgraded the MTA's debt rating earlier this year. In September, Moody's downgrade cited "growing and relatively inflexible labor costs" that must be "reduced." Back in March, before the full impact of the pandemic was clear, Fitch put the MTA on a "Rating Watch Negative" and demanded that the agency drive down the costs of labor, including health and pension benefits for existing and retired employees.

The massive accumulation of debt means wealthy bondholders will have even more leverage to push through attacks on transit workers and re-engineer service to serve profit accumulation to an even greater degree.

The pandemic has exposed a funding model for subways, buses and commuter rail service which places the entire transit system on the brink of collapse. Access to transportation for millions depends on emergency funding and loans controlled by Wall Street executives and their servants in Washington and Albany. They withhold funding for transit even as the billionaires in the United States added over \$1 trillion to their wealth this year.

More than 140 transit workers in New York have already succumbed to COVID-19 in 2020, forced to work amid a pandemic without adequate protection. Now the entire workforce is to be held in a permanent state of siege, with thousands of layoffs looming for the foreseeable future.

Poverty and sickness for the working class, obscene wealth accumulation for the financial aristocracy: this is the framework that the Democratic Party and their partners in the TWU and other unions work to maintain.

Transit workers and riders must reject this outright. The WSWS and the Socialist Equality Party urge transit workers to organize rank-and-file safety committees, independent of the unions and big business political parties, to unite with other workers in New York City and beyond in a struggle for what the working class needs to live, not what the ruling elite are willing to spare.



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