
On Track for Recovery? An Examination of the MTA's Pandemic Ridership & User-Revenues

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Summary

The Metropolitan Transportation Authority (MTA) relies heavily on user-revenues. Pre-pandemic, fares accounted for nearly 40 percent of all MTA revenues. This includes subway swipes, commuter-rail tickets, and bus rides. Income from tolls made up another 13 percent, with dedicated taxes, subsidies and other revenues making up the balance. As ridership plummeted in 2020, so did fares, and to a lesser extent tolls. In response the MTA has repeatedly lowered its utilization projections and its corresponding revenue goals, while increasing its reliance on federal aid. As the MTA prepares to release an update to its financial plan next week, IBO explores how ridership and user-revenues have recovered for each MTA service since March 2020 and whether the authority is likely to meet its current 2022 fare and toll revenue goals.

Among our findings:

- As of this fall, ridership on public transit (subway, buses, and commuter rails) hovers around two-thirds of its pre-pandemic rate, while tolled crossings on bridges and tunnels have recovered to pre-pandemic levels. This reflects a rebound after utilization of all services dipped once again during the city's Omicron wave. Among public transit services, subway and bus ridership began their pandemic recovery somewhat more quickly than commuter rail, however, since the start of September 2022, the commuter rail recovery began to outpace them.
- Following the onset of the pandemic, in November 2020, the MTA contracted with McKinsey & Company to develop new fare/toll revenue projections to reflect the drop, which anticipated public transit ridership would reach around 86 percent of pre-pandemic levels by the end of 2024. Before the arrival of Omicron in early 2022, system usage trended toward this target. Following Omicron, utilization fell again, but particularly for public transit. This resulted in the MTA revising these utilization projections again in July 2022, with ridership now expected to reach just 81 percent of pre-pandemic levels by the end of 2026.
- As a result, farebox revenues are now expected to only make up about 25 percent of the authority's \$19 billion in annual revenues over the next several years—up from 17 percent during 2020 and 2021—but considerably lower than the 40 percent of pre-pandemic revenues in 2019. Revenue from tolls is expected to stay around its pre-pandemic share.
- Given the downward revisions made in July, IBO estimates that the MTA will meet its \$6.2 billion fare and toll revenue targets for the year. This is, however, approximately \$700 million less than the Authority's original 2022 target set before Omicron.

Introduction

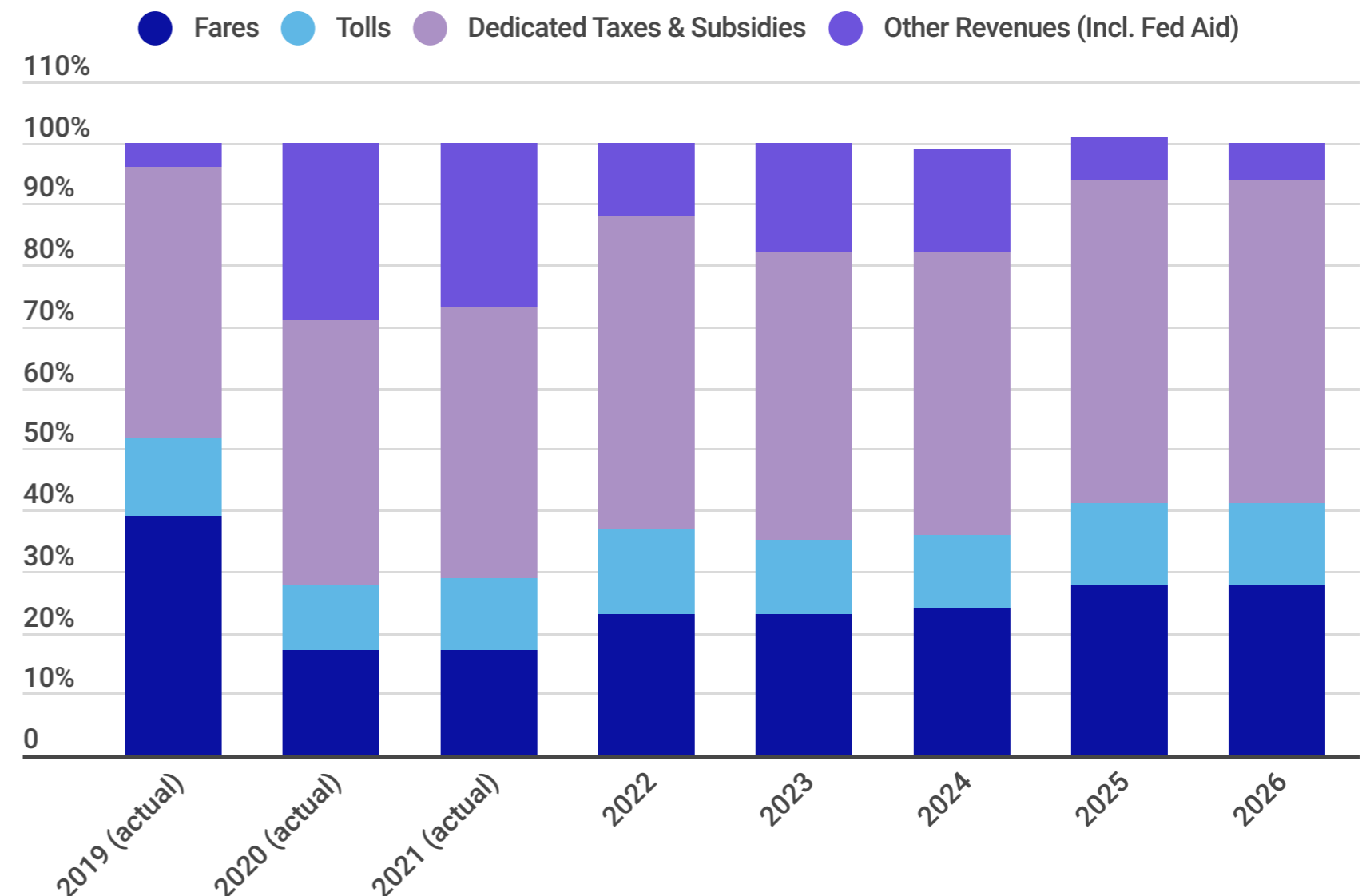
Public Transit Fare Revenues Make Up About 25 Percent of Revenues in the MTA 2023 Preliminary Budget, Down From Nearly 40 Percent Pre-Pandemic

Since the start of 2022, the Metropolitan Transportation Authority (MTA) has seen its fare and toll revenues fall short of budgeted goals. MTA leaders have attributed this to many factors, primarily the unanticipated impact of the Omicron Covid-19 variants on ridership, as well as customer safety concerns and higher-than-anticipated levels of remote work.¹ In July of this year, the MTA updated its 2022-2026 utilization projections (public transit ridership and tolled crossings) based on new analysis from McKinsey & Company, predicting significantly lower ridership through 2026, and reducing expected fare revenues by about \$1 billion (or 15 to 16 percent) in both 2022 and 2023.² (All years refer to calendar years, which align with the MTA's fiscal year.)

Revenues from fares, including the subways, buses and commuter rails are projected to make up about a quarter of the MTA's revenues over the next four years.³ This represents a stark decrease from pre-pandemic levels, when fare revenue accounted for nearly 40 percent of total revenue. Fares remain essential to funding the MTA's services—especially as one-time federal Covid-19 aid is depleted.

Usage and revenues have not fared equally across all of MTA's services during the pandemic. In the following charts, we explore how ridership has recovered for each of the MTA's services since March 2020, and whether the authority is likely to meet its current 2022 fare and toll revenue goals.

Share of MTA Revenues by Source



SOURCES: IBO calculations based on Statement of Operations and Plan Adjustments, MTA 2023 Preliminary Budget and July Financial Plan 2023-2026. Actuals for 2020 and 2019 are from Statements of Operations in the MTA 2022 Adopted Budget and MTA 2021 Adopted Budget, respectively.

NOTES: Excludes prior-year carryovers and planned fare increases. Other Revenues includes items like advertising and rental income, reimbursements, and federal emergency aid. Federal aid was not disaggregated from other revenues for 2020 and 2021, and so projected values are included in this category for 2022 through 2026.

Trends in Pandemic Utilization Across MTA Services

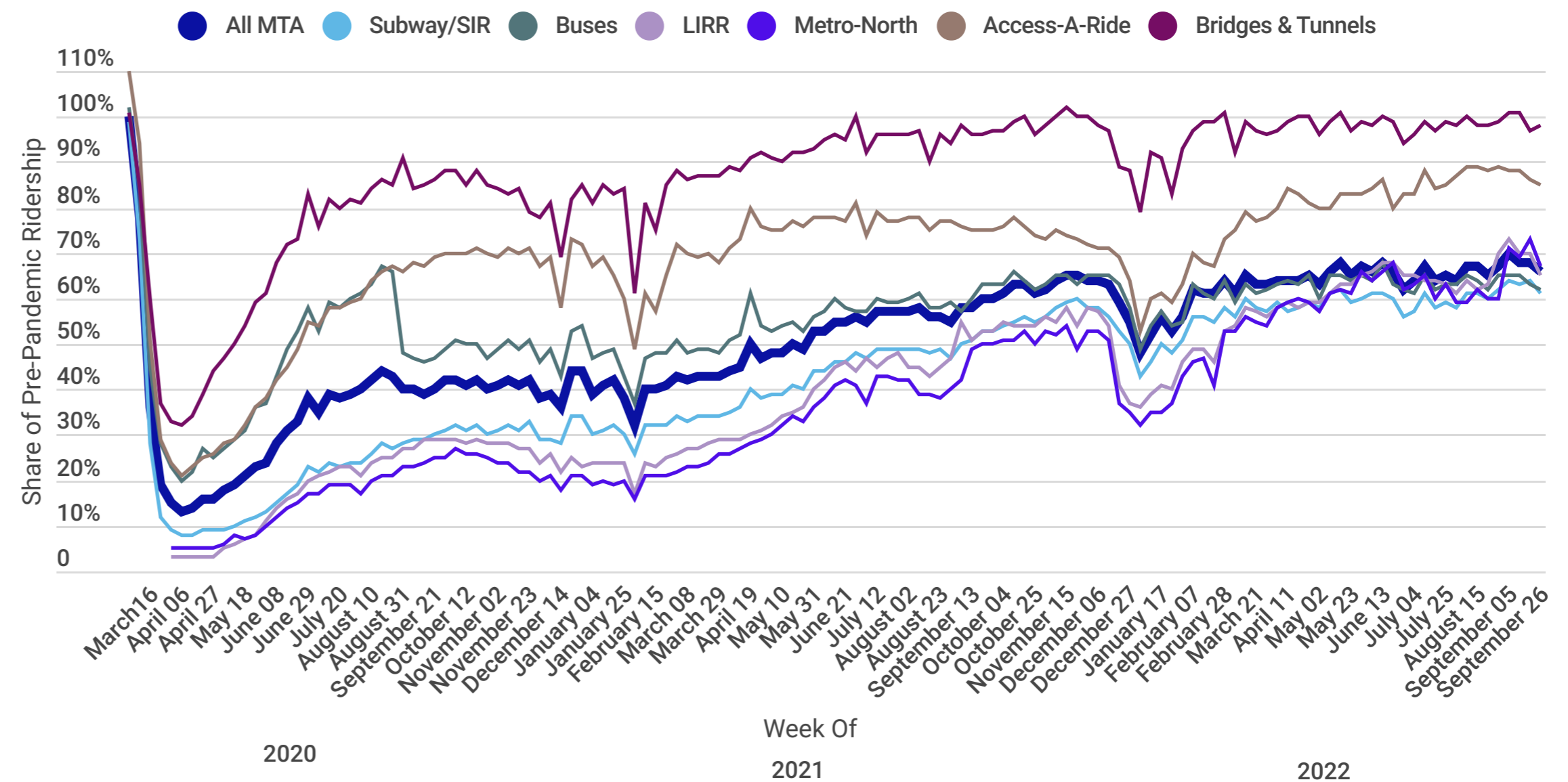
Public Transit Ridership Recovered More Slowly Than Bridge and Tunnel Crossings, And Remains Far Below Pre-Pandemic Levels

While all MTA services experienced a sharp drop in use in March 2020, their recovery has varied. Ridership on commuter-dominated services like the Long Island Rail Road (LIRR), Metro-North Railroad, and the subway reached extreme lows in the spring of 2020, averaging just 3 percent, 5 percent, and 8 percent of pre-pandemic ridership in April, respectively. Since the start of September 2022, commuter rail recovery has begun to outpace that of the city's subway and buses.

Meanwhile, crossings on the MTA's bridges and tunnels saw the least impact from the onset of the pandemic, reaching a low of 32 percent of pre-pandemic levels in the first week of April 2020, and quickly rebounding to over 80 percent by the summer of 2020. Currently, this is the only mode of transit under the MTA's purview to have returned to 100 percent of pre-pandemic weekly ridership.

Bus ridership recovered more quickly through the first half of 2020, but this trend also reflects the suspension of bus fare collection at the outset of the pandemic. After fare collection was reintroduced in September 2020, paid ridership has followed more modest recovery trends.

Total Weekly Ridership as Percent of Pre-Pandemic Ridership



SOURCES: IBO calculations based on MTA day-by-day ridership data.

NOTES: Per MTA source data, subway, bus, Access-A-Ride, and Bridges and Tunnels figures are compared with the equivalent dates between March 1, 2019 and February 29, 2020. LIRR and Metro-North figures are compared with 2019 averages. For buses, ridership between March 23, 2020 and August 30, 2020 was estimated using Automated Passenger Counter data, due to the implementation of rear door boarding and suspension of fare collection.

Weekday Compared With Weekend Trends

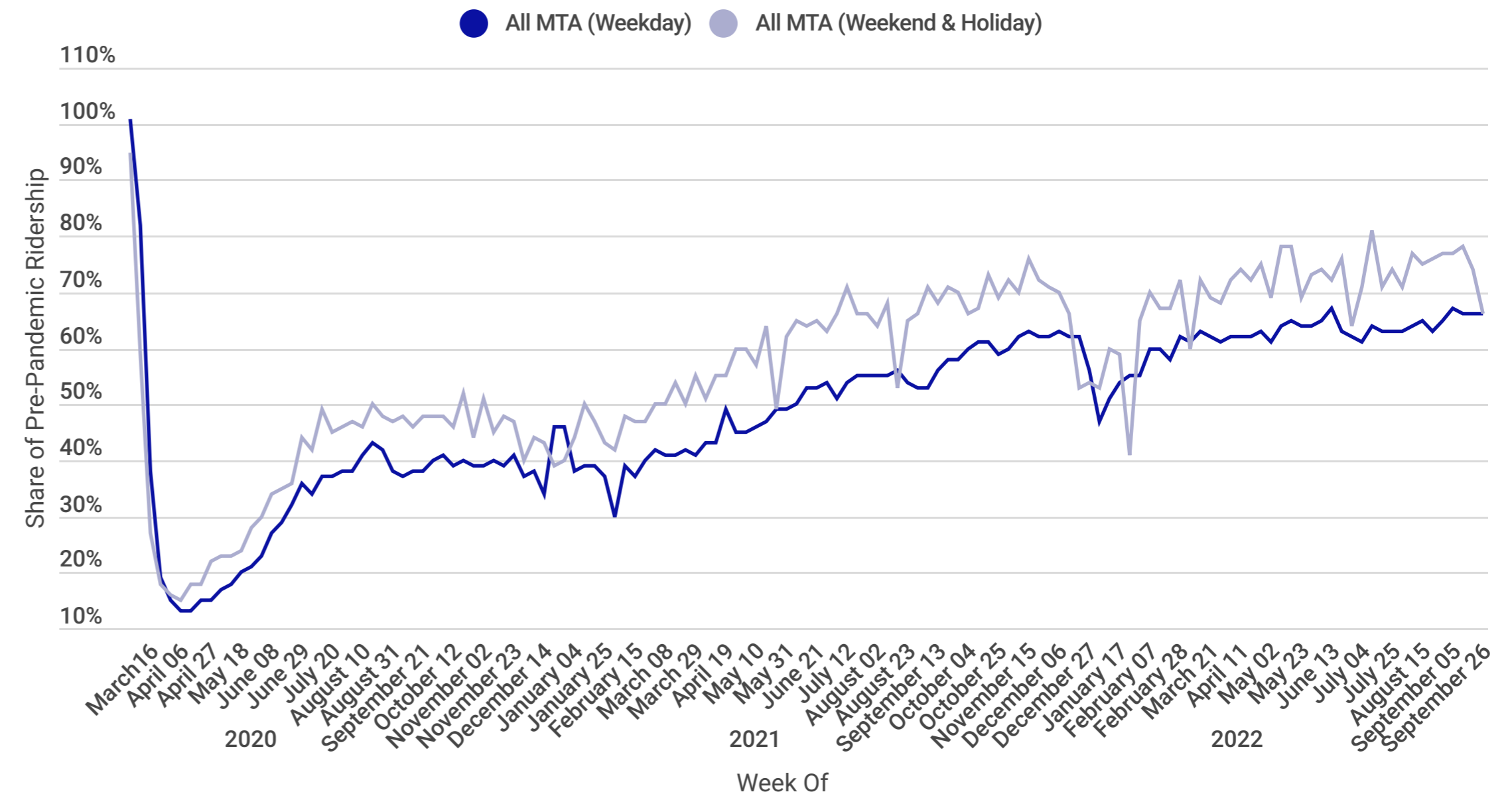
Overall MTA Weekend and Holiday Ridership has Recovered Faster than Weekday Ridership, But not on Buses, Access-A-Ride, and Bridge & Tunnel Crossings

In general, MTA weekend and holiday ridership has recovered sooner and to a greater degree than weekday, non-holiday ridership. This weekend recovery has been most pronounced on commuter rails, and to a lesser degree on the subway. Since June 2022, both the LIRR and Metro-North railroad briefly surpassed 100 percent of pre-pandemic weekend ridership, despite weekday ridership remaining around 65 percent of pre-pandemic levels.

Bus ridership showed the least difference between weekday and weekend recovery rates, perhaps reflecting the broader geographic coverage of bus service beyond commuter service to the Manhattan commercial core. Vehicle crossings on the system's bridges and tunnels recovered to pre-pandemic rates by the fall of 2021. While initially weekday trips recovered to a greater degree than weekends, since the start of 2021, ridership trends have remained similar across weekends and weekdays.

Access-A-Ride—the city’s paratransit system that provides transportation for eligible customers with disabilities that prevent them from using the bus or subways—is the only service on which weekday ridership has generally trended higher than weekend ridership, likely reflecting differences in service provision on weekdays and the purpose of those trips (e.g., to weekday appointments).

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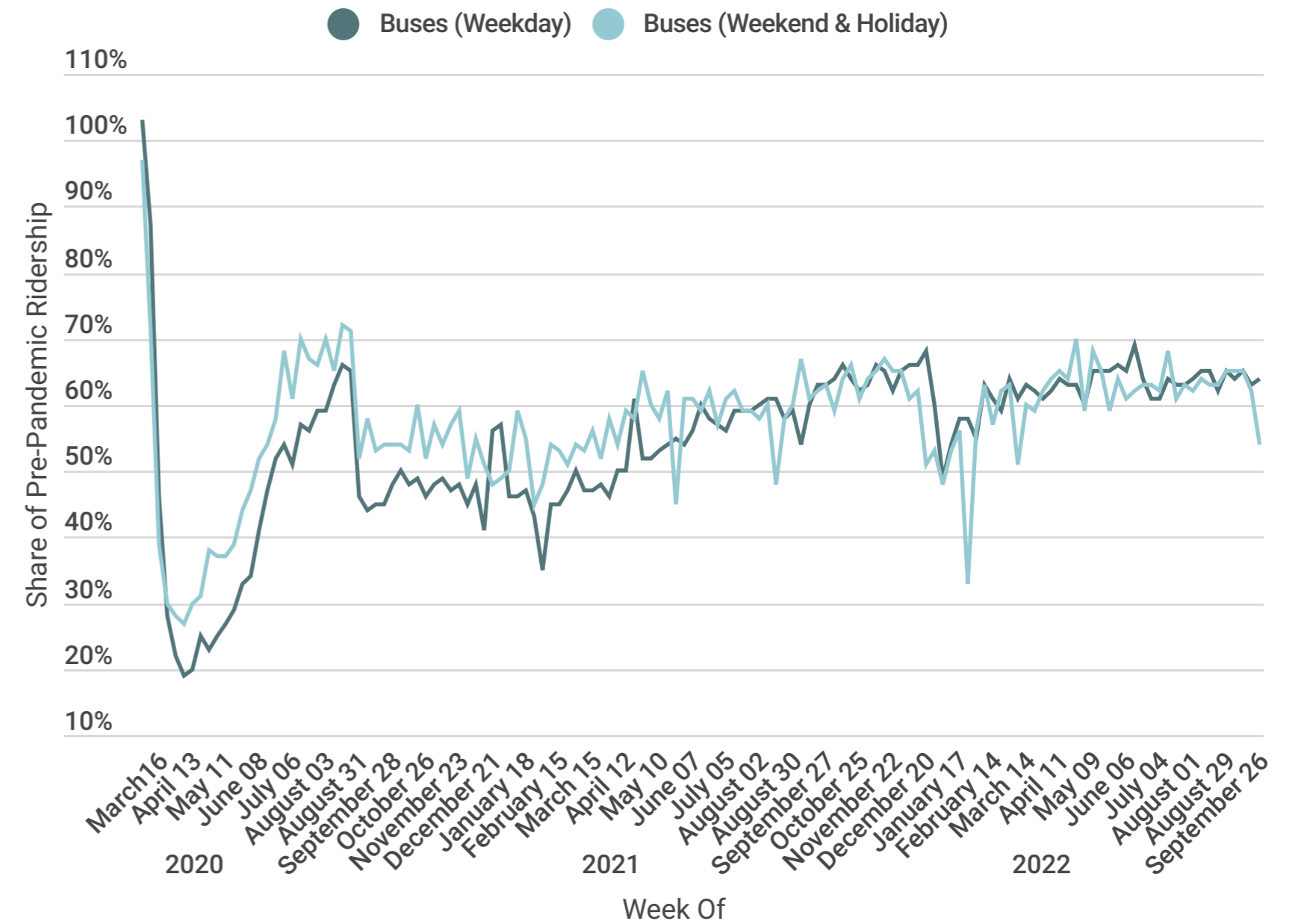
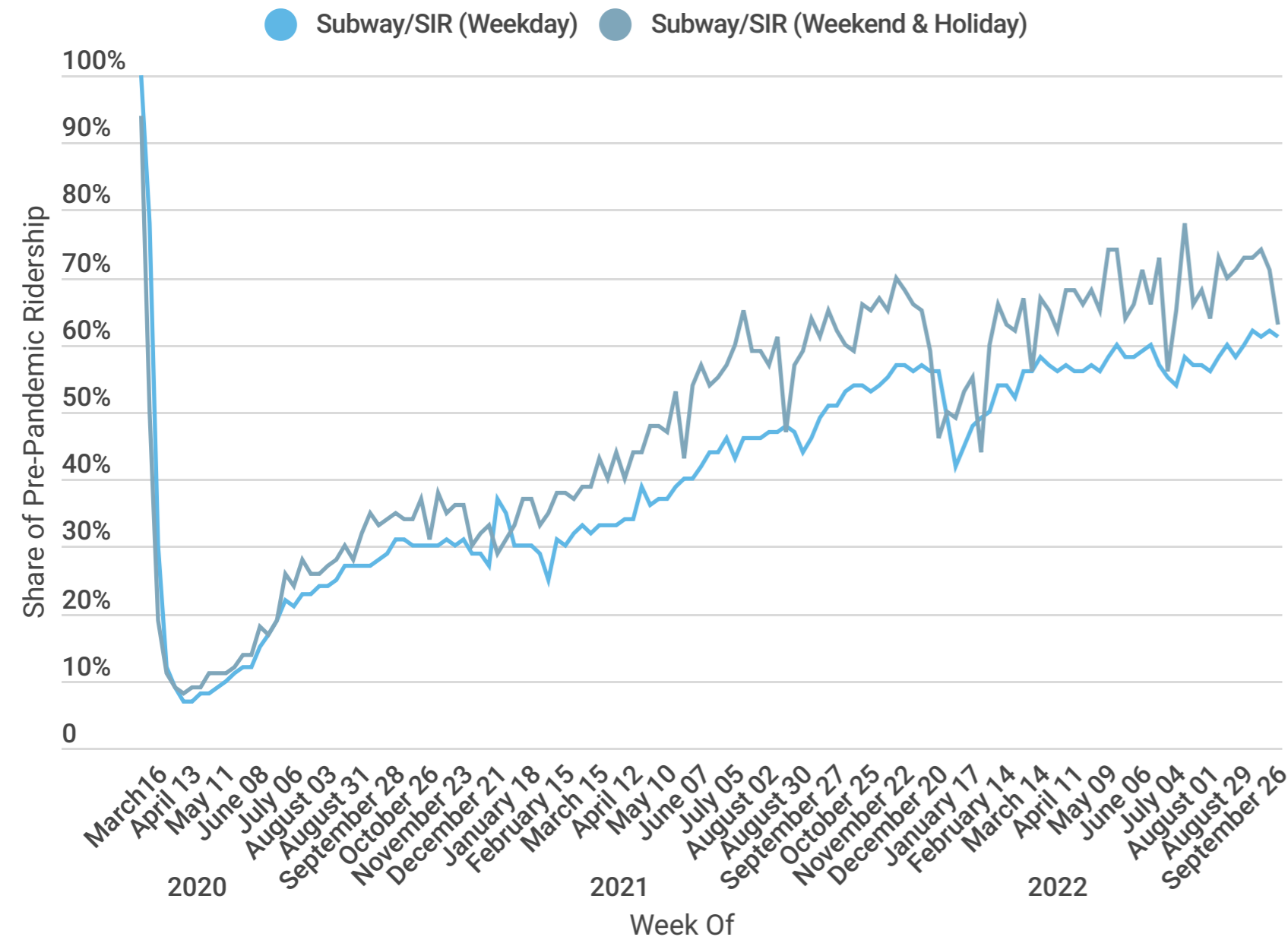
SOURCE: IBO calculations based on MTA day-by-day ridership data.

NOTES: Holidays are defined using United States federal public holidays. Per MTA source data, subway, bus, Access-A-Ride, and Bridges and Tunnels figures are compared with the equivalent dates between March 1, 2019 and February 29, 2020. LIRR and Metro-North figures are compared with 2019 averages. For buses, ridership between March 23, 2020 and August 30, 2020 was estimated using Automated Passenger Counter data, due to the implementation of rear door boarding and suspension of fare collection.

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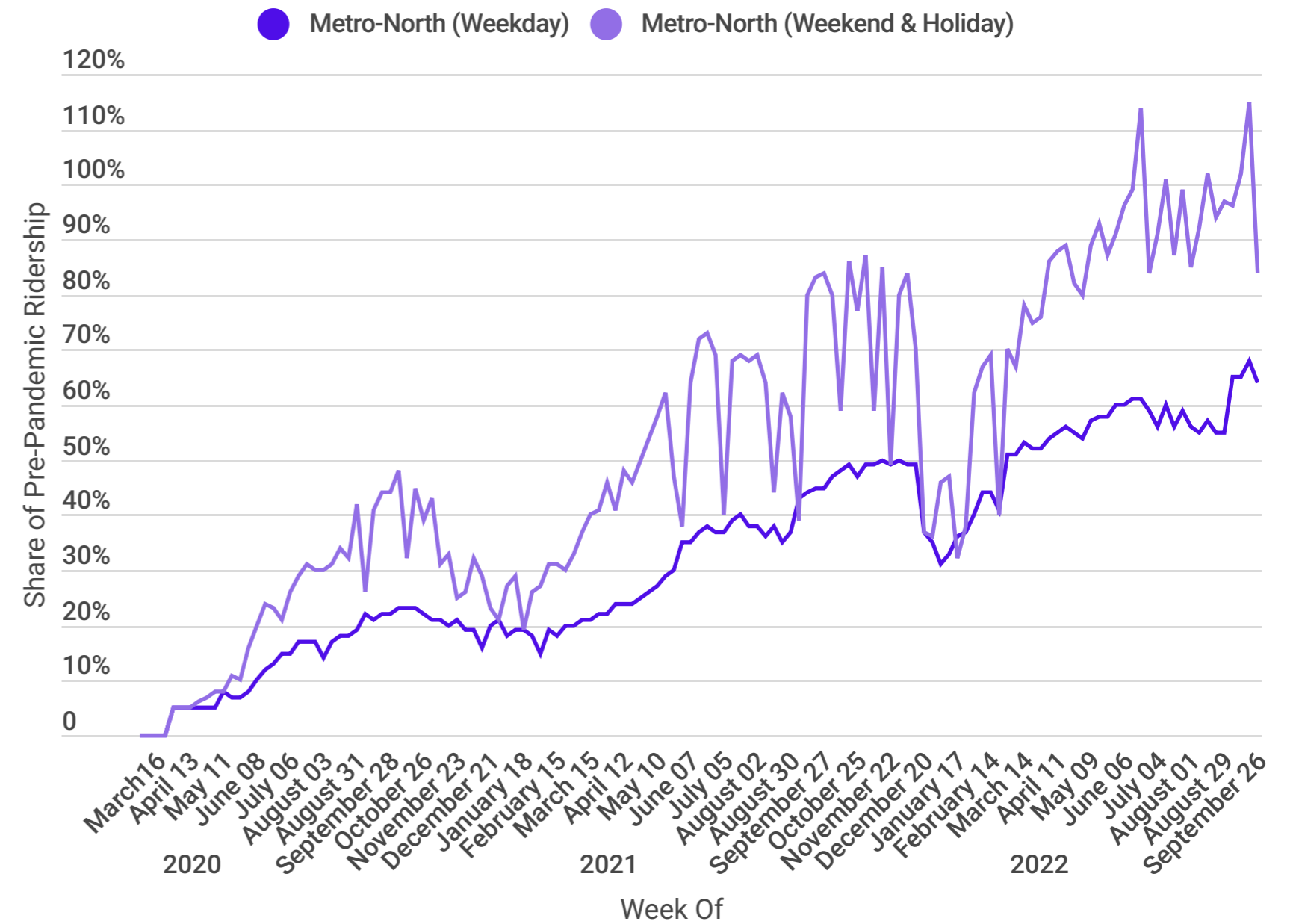
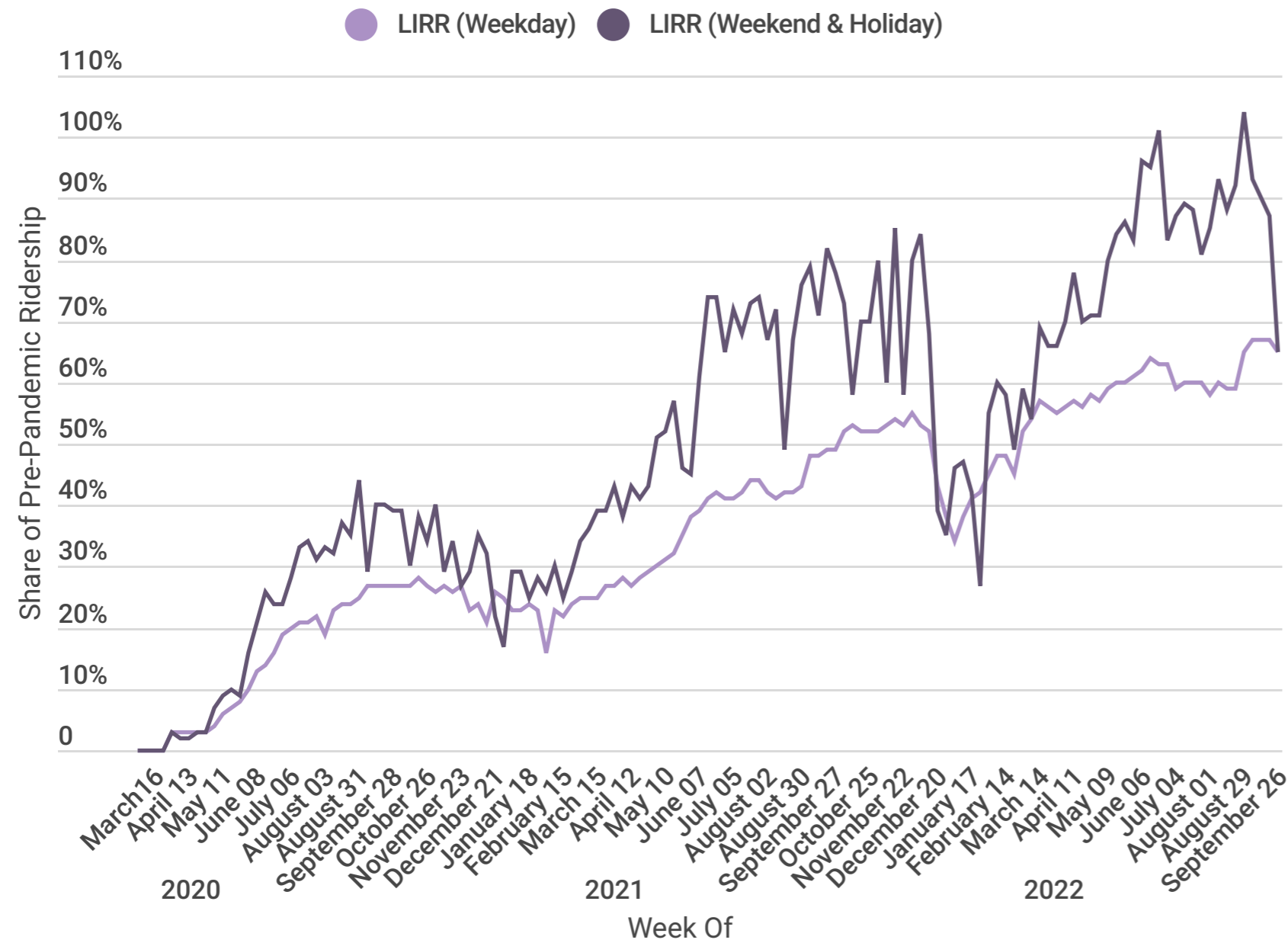
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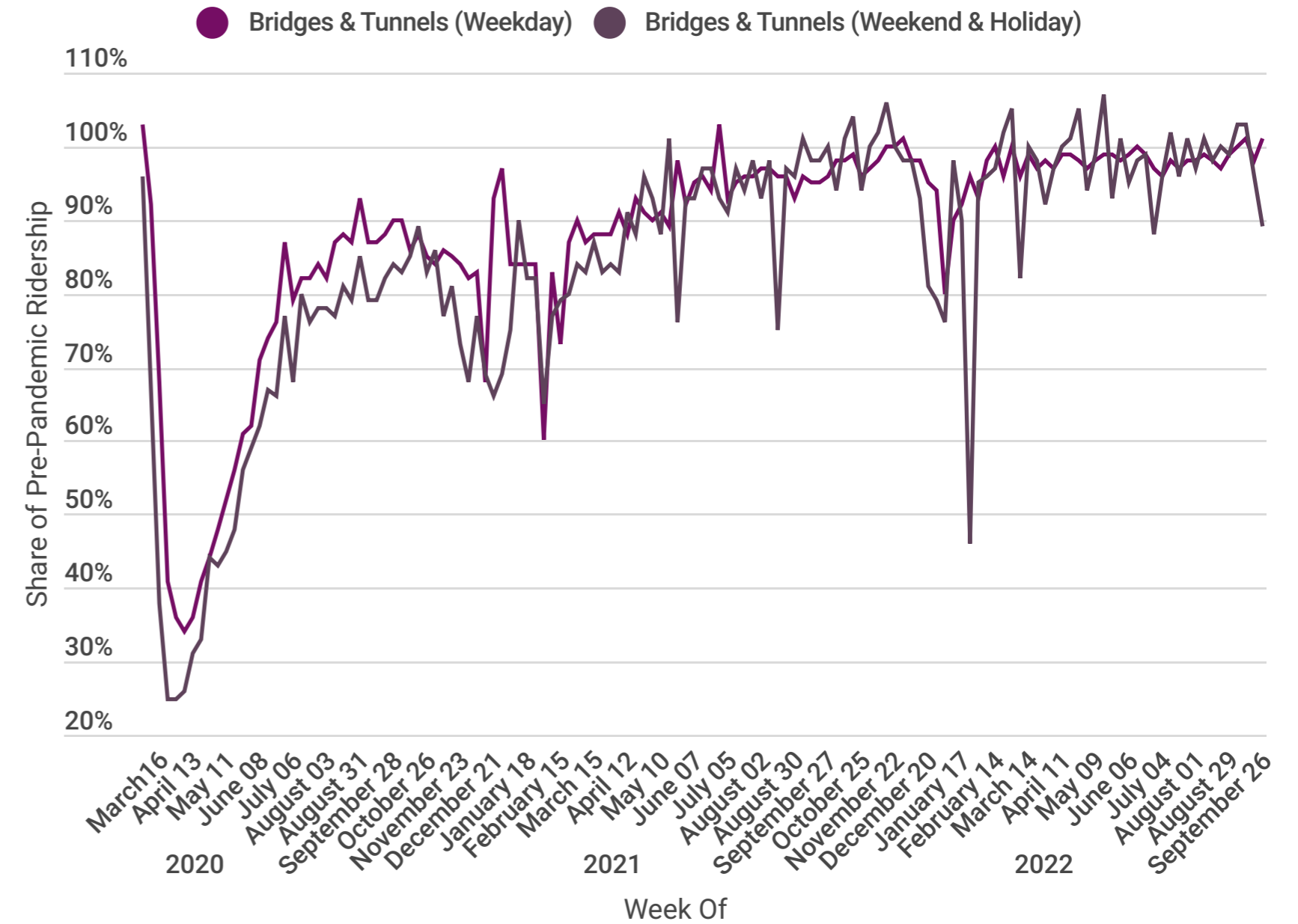
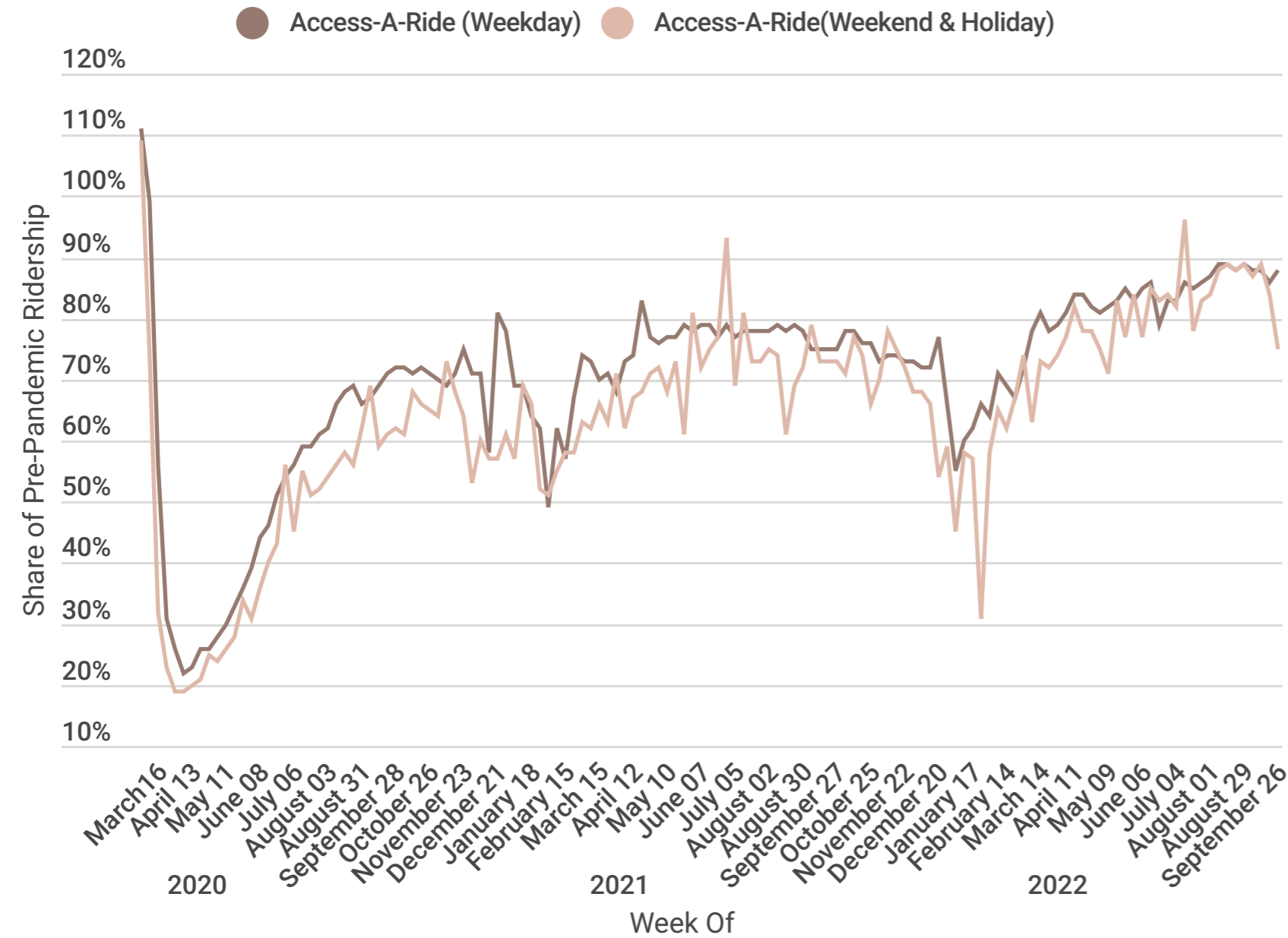
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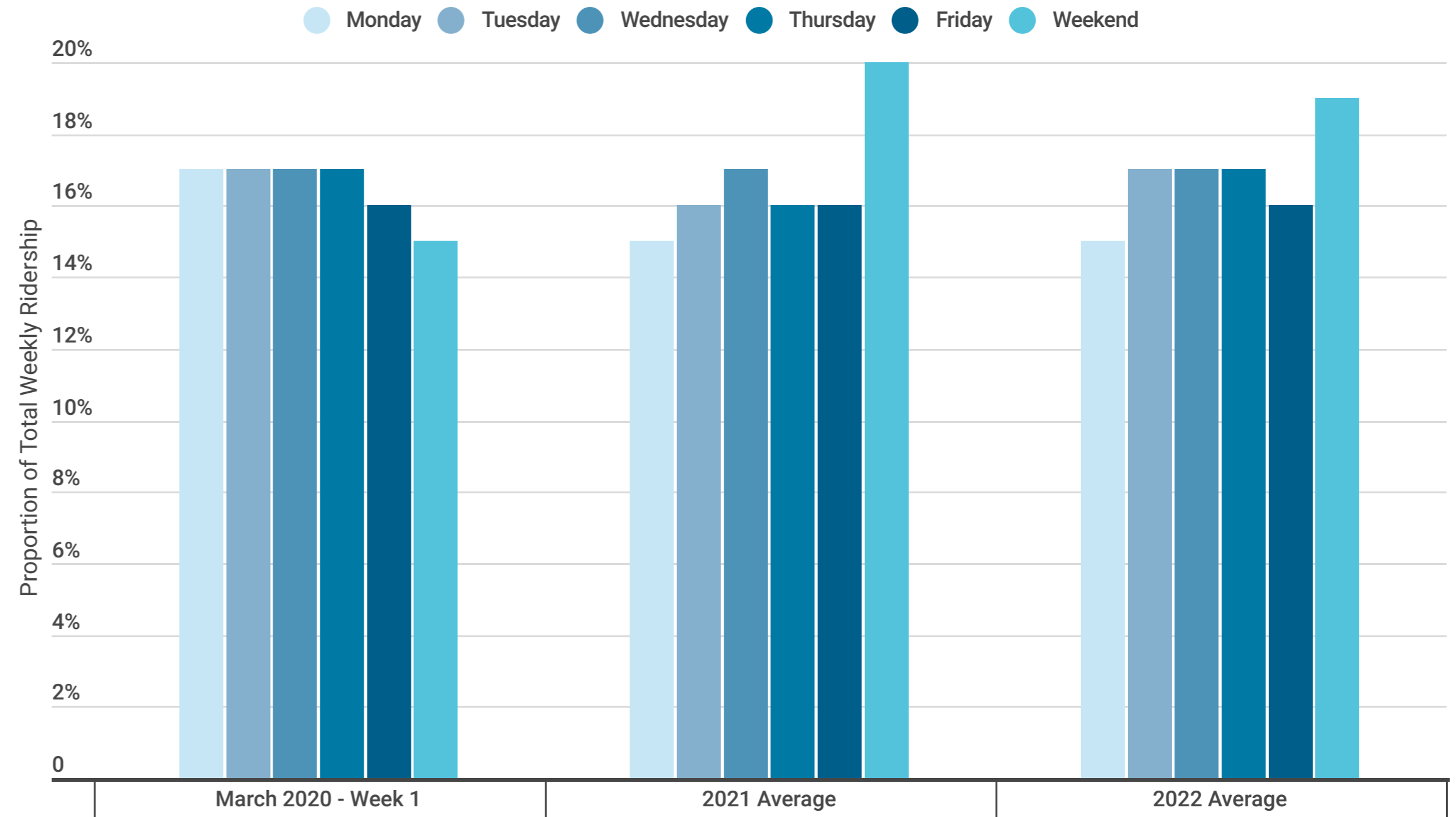


Weekday Compared With Weekend Trends

On Subways, a Greater Proportion of Each Week's Trips are Occurring on Weekends

On subways, weekend rides have increased as a share of weekly trips since the start of the pandemic, while the proportion of trips occurring on Mondays has decreased. The share of each week's rides occurring on weekends was greatest in 2021—at one-fifth of all rides—and has changed little in 2022.

Distribution of Weekly Subway Ridership, by Day of Week



SOURCES: IBO calculations based on MTA day-by-day ridership data. Data prior to March 1, 2020 are not available from this source.

NOTES: Weeks are defined as beginning on Monday and ending on Sunday.

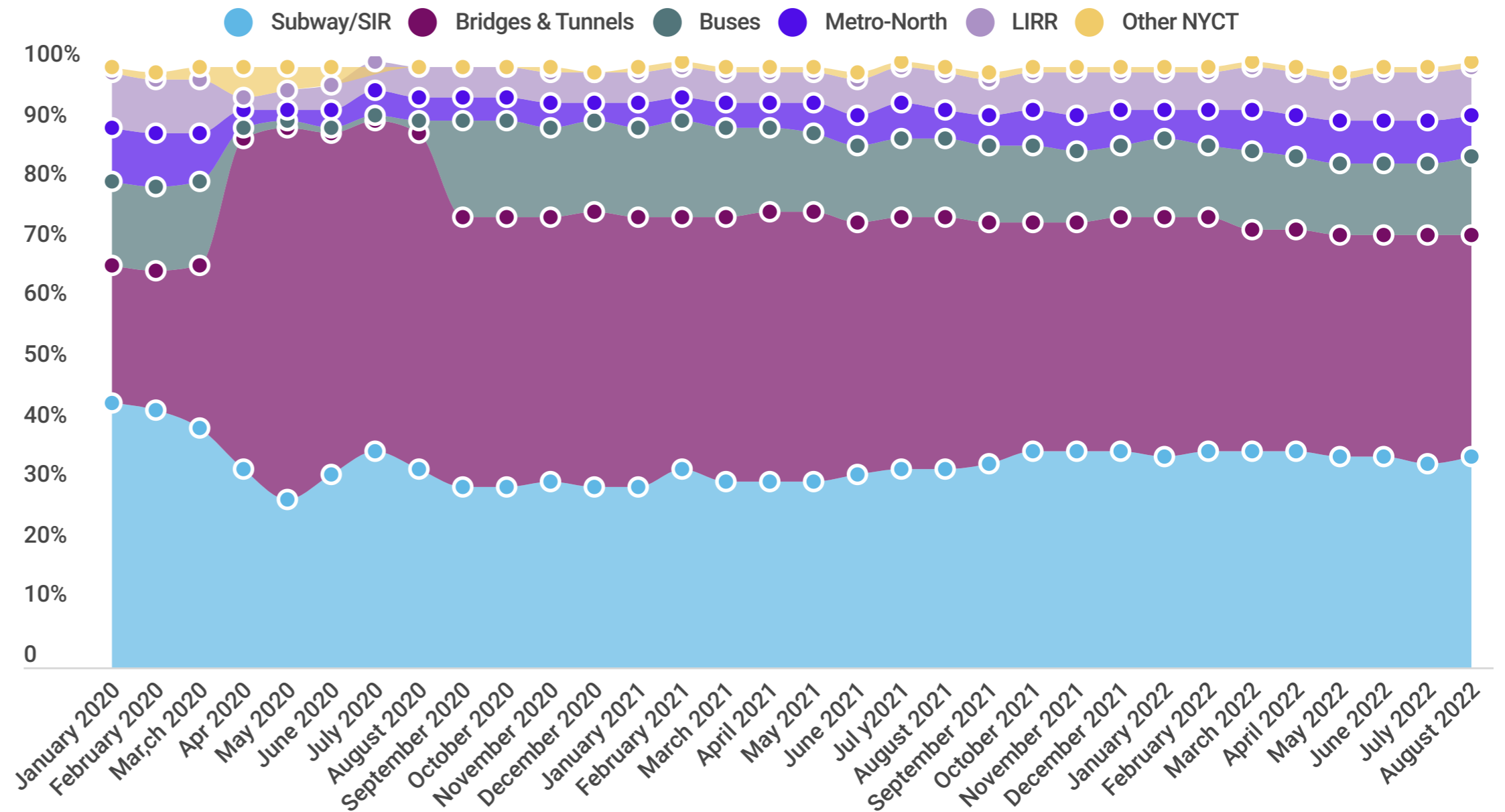
Which Services Produce the Most Revenue?

Since the Start of the Pandemic, Bridge and Tunnel Crossings Have Produced the Largest Share of All User Revenue

The various MTA services do not contribute equally to the authority's revenue; commuter rail generates the greatest revenue per ride, at approximately \$9, while buses have tended to yield the lowest revenue per ride, at around \$2. However, most MTA user revenue is generated from tolls and high-volume services like the subway.

At the start of 2020, subway ridership yielded the greatest proportion of monthly fare and toll revenue, at 44 percent. This changed during the initial wave of the pandemic: from April through August 2020, toll revenue from paid bridge and tunnel crossings grew to more than half of all MTA user revenues and has since remained the largest source of these revenues. In August 2022, bridge and tunnel crossings made up 37 percent of user revenues, while subway fares contributed 35 percent.

Proportion of Total Monthly Fare/Toll Revenue, by Service



SOURCE: IBO calculations based on revenues from MTA BudgetWatch Reports. In months for which BudgetWatch reports were not available, monthly revenues were taken from MTA committee reports, and in some cases, imputed from differences in reported year-to-date values.

NOTES: Totals do not reach 100% in July 2020 due to negative reported fare media liability that month. (Fare media liability refers to the value of unused fare on valid Metrocards, which MTA tracks as a revenue liability. Once these cards expire, this value is tracked as an asset.) For buses, fare collection was suspended between March 23, 2020 and August 30, 2020 in order to help protect frontline employees from the spread of COVID-19. During this time, ridership was estimated using Automated Passenger Counter (APC) data. Tolls on Bridges & Tunnels were increased in April 2021.

MTA Budget Performance During the Pandemic

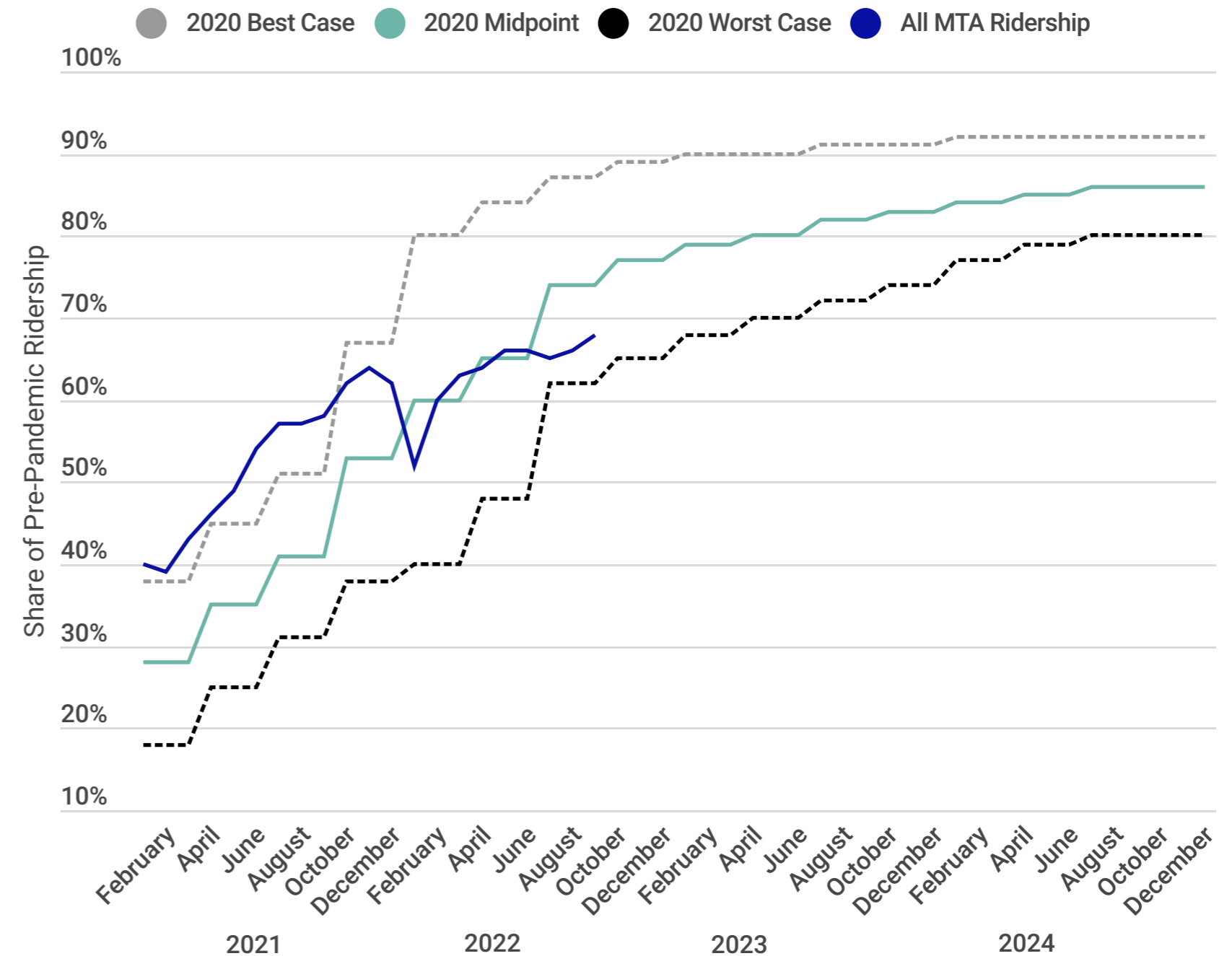
Since January, Overall System Ridership Has Tracked At or Below 'Midpoint' Projections

Over the past two years, the MTA's annual budgets have been based on ridership assumptions at the midpoint between the "best case" and "worst case" scenarios for recovery developed by McKinsey & Company in November 2020.⁴ These scenarios forecast ridership returning to a "new normal" level of between 80 percent and 92 percent of pre-pandemic levels by the end of 2024. Notably, these scenarios conceived of the Covid-19 pandemic as a single outbreak with one or two waves of infections, without the development of new variants interrupting progress toward a "new normal".⁵

Overall, MTA utilization (public transit ridership and tolled crossings) trended above the best-case scenario until the Omicron variant of Covid-19 caused a surge of cases in New York in December 2021. Since then, system utilization has trended close to the midpoint scenario, and as of September 2022 had reached just 68 percent of pre-pandemic levels, between the midpoint and worst-case scenarios.

However, this overall picture belies a more complicated ridership story across MTA services. While tolled bridge and tunnel crossings have outperformed even the "best case" expectations, public transit ridership has remained below projections since January, necessitating a new series of revised scenarios released in July 2022. Going forward, the MTA will base its financial plans on much slower projections for transit ridership growth, reaching just 81 percent of pre-pandemic levels by the end of 2026.

MTA Monthly Ridership as Percent of Pre-Pandemic Ridership, Compared to McKinsey Scenarios

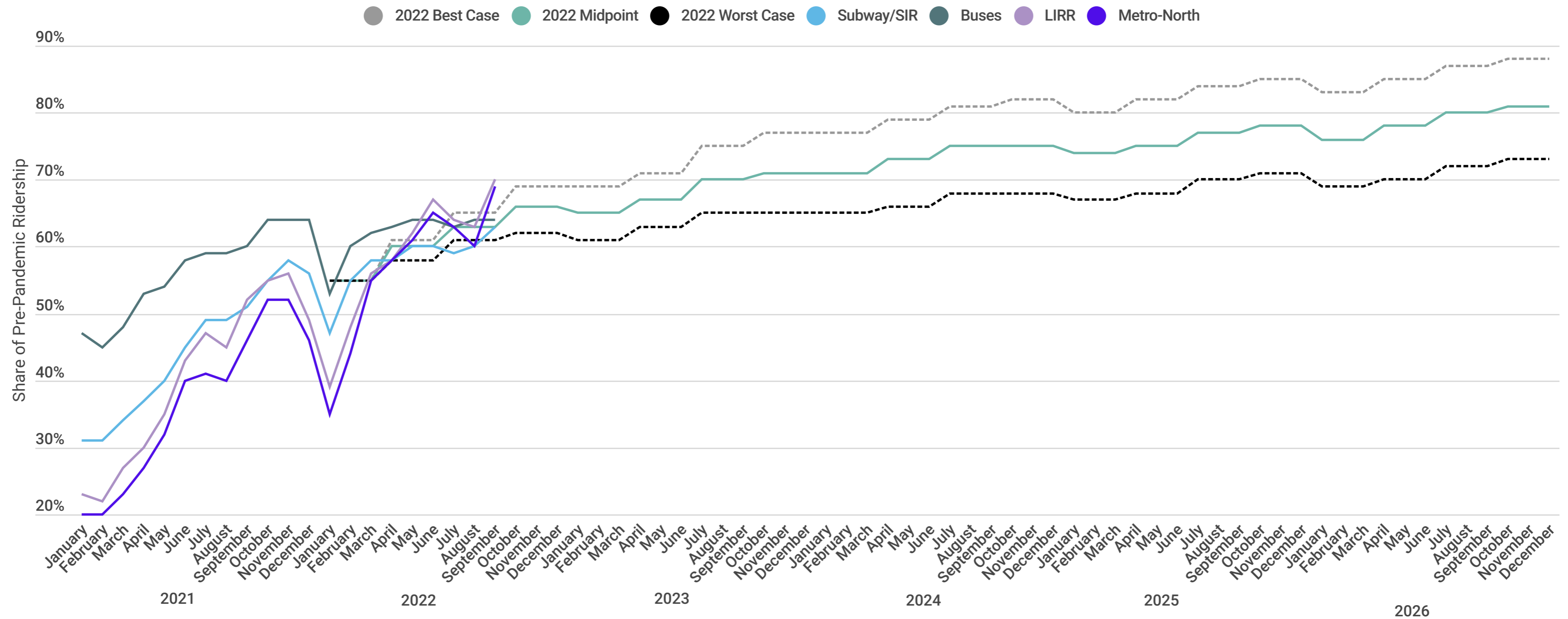


SOURCE: McKinsey ridership estimates from MTA July 2022 Board Meeting materials and MTA February 2021 board presentation. Ridership trend is from IBO calculations based on MTA day-by-day ridership data.

MTA Budget Performance During the Pandemic

New Ridership Projections Assume Slower Growth of Transit Ridership Toward a Lower "New Normal"

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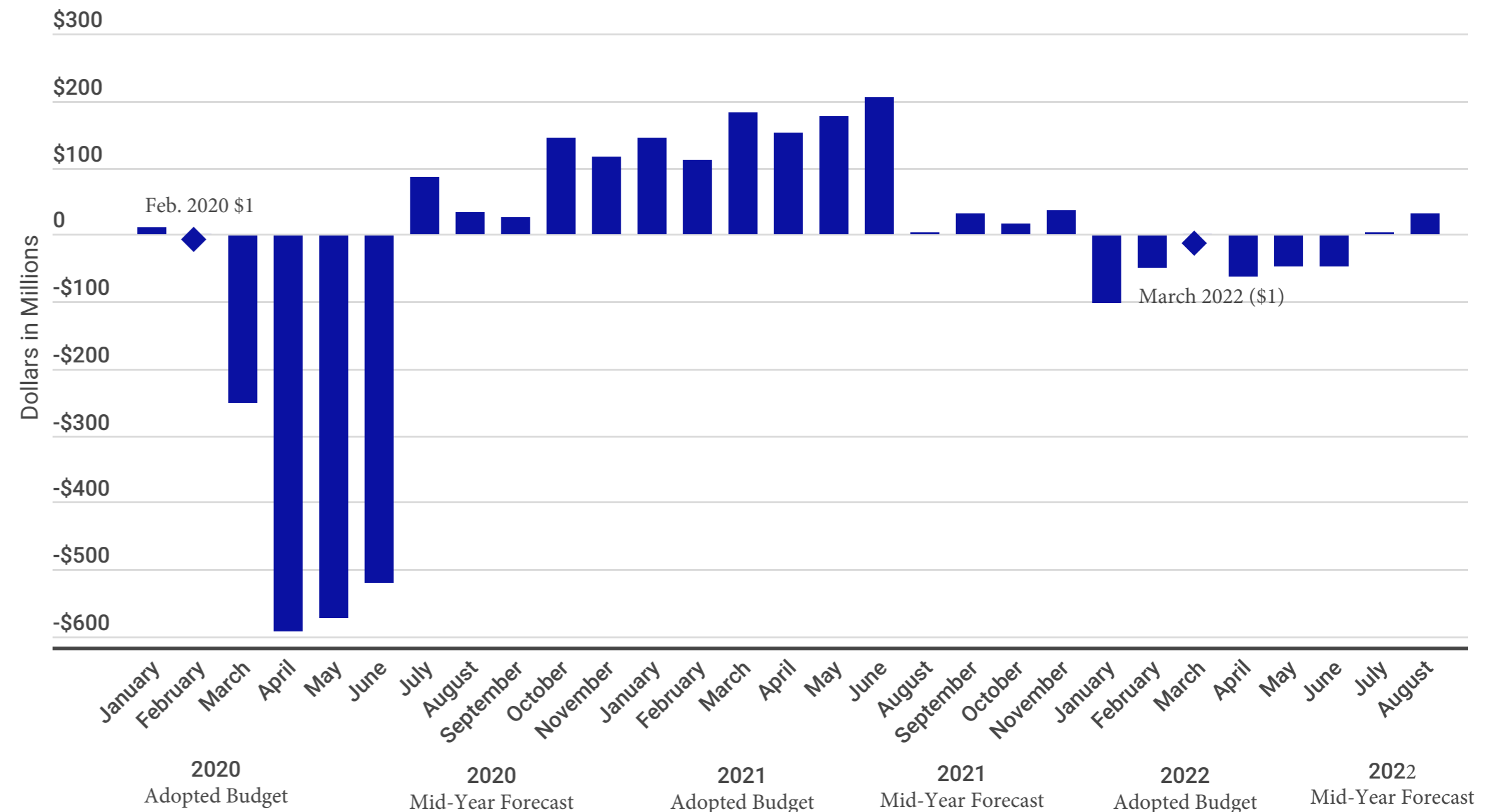
MTA's Fare & Toll Revenue Projections Have Struggled to Keep Up with Pandemic Ridership Impacts

Throughout the pandemic, the MTA's revenue projections have struggled to keep up with changes to ridership. In the first half of 2020, fare and toll revenues plummeted nearly \$2 billion below projections, which were drastically revised in the MTA's July 2020 mid-year forecast to account for the pandemic. From July 2020 through 2021—prior to the emergence of the Omicron Covid-19 variant—fare and toll revenue generally exceeded MTA's conservative forecasts.

As 2022 ridership once again lagged behind projections, overall fare and toll revenues fell short of the MTA's 2022 Adopted Budget. Through June, 2022 fare and toll revenues were approximately \$296 million below budgeted values, underscoring the disconnect between the MTA's expectations and actual revenue.

Each July, the MTA revises its revenue and ridership forecasts for the rest of the year; so far, the 2022 mid-year forecast has been a much more accurate predictor of monthly fare and toll revenues.

Difference Between MTA Monthly Fare and Toll Revenue and Estimates



SOURCES: MTA BudgetWatch Reports. In months for which BudgetWatch reports were not available, monthly revenues and forecasts were taken from MTA committee reports, and in some cases, imputed from differences in reported year-to-date values.

NOTES: Monthly values were not available for the months of July 2021 and December 2020 and 2021.

Is the MTA on Track to Reach Fare and Toll Revenue Goals?

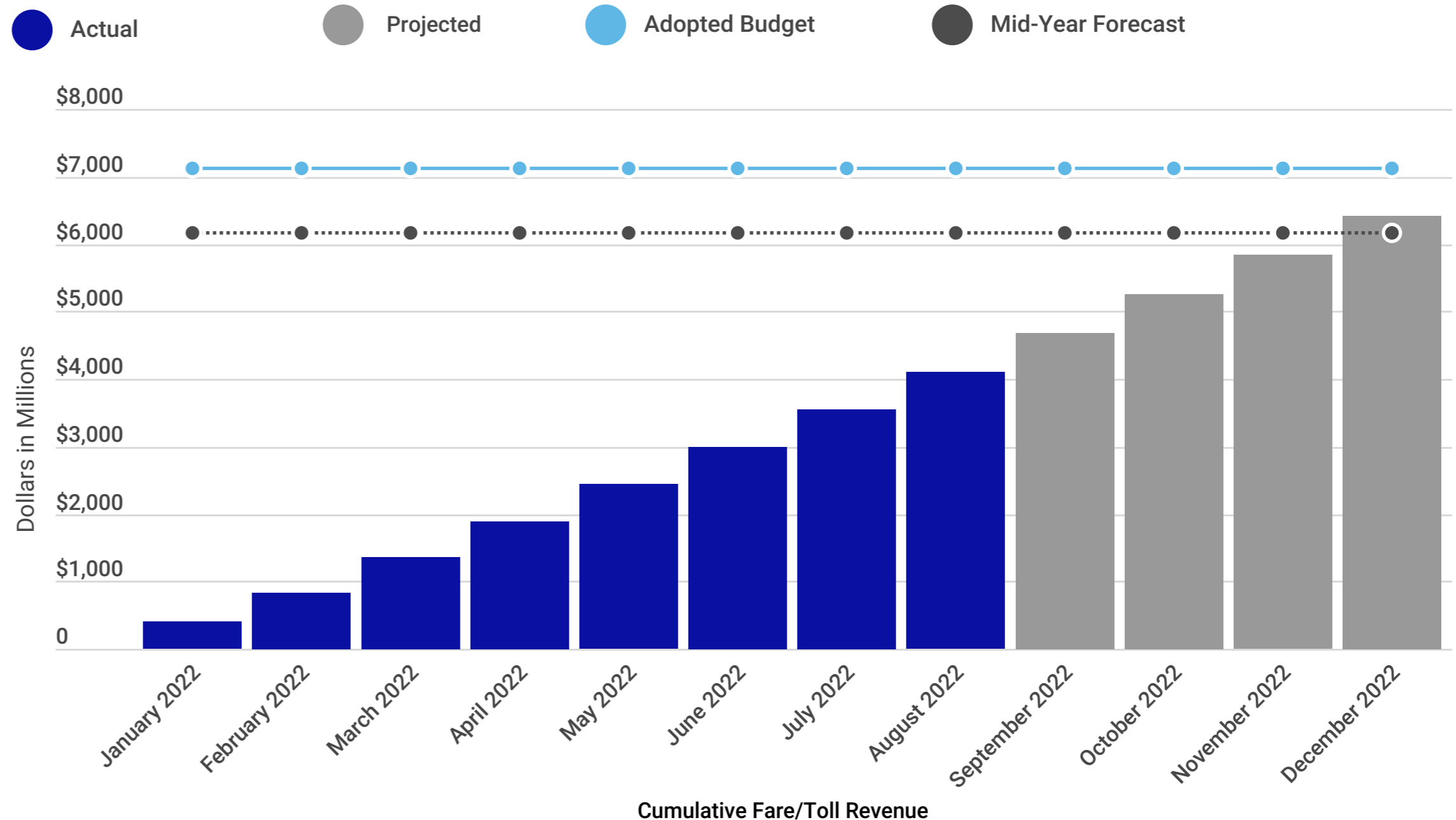
If Ridership Growth Continues at Current Rates, MTA Will Reach New, Mid-Year Fare/Toll Revenue Goals, But Miss its Adopted Budget Goals by Nearly \$700 Million

Assuming average revenues per ride remain at current values, and monthly ridership continues to grow as it has over the past six months, the MTA should easily reach its annual fare and toll revenue goal in the July 2022 Mid-Year Forecast (compared to the outlook in December, there will be a shortfall of \$696 million).

The adjusted revenue goals in the MTA's July 2022 Financial Plan are quite conservative; even if there is zero growth in system ridership in through the end of 2022, the authority should still meet its new target of \$6.2 billion in fare and toll revenue. However, given the potential for new pandemic impacts in the fall and winter, assuming flat ridership growth could be a prescient assumption.

Prepared By Emily Pramik
New York City Independent Budget Office

Total and Projected Fare/Toll Revenue, Compared to Adopted Budget and Mid-Year Forecast



SOURCE: IBO calculations based on revenues from MTA BudgetWatch Reports. In months for which BudgetWatch reports were not available, monthly revenues were taken from MTA committee reports, and in some cases, imputed from differences in reported year-to-date values.



Endnotes

¹See July Plan discussion in MTA 2023 Preliminary Budget and July Financial Plan 2023-2026. Executive Summary, pages I-1:I-2. For return-to-office expectations, see Volume II: Executive Summary, p. II-3.

²MTA 2023 Preliminary Budget and July Financial Plan 2023-2026. Executive Summary, I-3.

³Note that MTA financial plans use the calendar year, not fiscal years. All years in this document refer to the calendar year.

⁴Some exceptions apply in MTA's budget: Staten Island Railroad's budget is based on the "worst case" scenario and Bridges & Tunnels reflects the "best case" scenario.

⁵See discussion of the development of ridership scenarios in McKinsey's original April 2020 analysis, pages 12-13. [16951 \(mta.info\)](#)