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New York's MTA Gets Direct Access to Fed's Lending Program.

- **State allows mass-transit agency to tap MLF program directly**
- **MTA faces potential \$8.5 billion deficit by the end of 2020**

New York's Metropolitan Transportation Authority will be able to access the Federal Reserve's \$500 billion lending program for states and local governments, giving the mass-transit agency another avenue to raise cash as it faces a potential \$8.5 billion deficit this year.

The MTA is the largest U.S. mass-transit system. Ridership has sunk on its subways, buses and commuter rail lines as people avoid public transportation and work from home. The agency faces a deficit of as much as \$8.5 billion through December. Last month Pat Foye, MTA's chairman and chief executive officer, sent a letter to Fed Chairman Jerome Powell requesting to tap the municipal lending program directly.

The Fed Wednesday expanded the new program to include smaller borrowers and to allow governors to pick two issuers whose revenue comes from operating government activities — such as mass-transit, airports and toll roads — to access the MLF program directly. New York has designated the MTA as one of them.

"We thank the state for its designation of the MTA as an eligible issuer to the Federal Reserve's Municipal Liquidity Facility program," Foye said in a statement Thursday. "This is welcome news that will help improve our dire financial outlook by enabling us to refinance existing short-term debt."

The Fed created the lending program after concerns over the coronavirus shook the \$3.9 trillion municipal-bond market in March. Prices temporarily dropped by the most since at least 1980 and investors yanked record amounts out of mutual funds. The market has since recovered, helped by the possible intervention by the central bank.

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