

MTA 2019

Final Proposed Budget

November Financial Plan 2019 – 2022



Volume 1
November 2018



Metropolitan Transportation Authority

OVERVIEW

MTA 2019 Final Proposed Budget November Financial Plan 2019-2022 Volume 1

The MTA's November Plan is divided into two volumes:

Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, MTA Efficiencies, Policy Actions, and any MTA Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Managing Director, and a description of the MTA Budget Process.

Volume 2 includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2019 Final Proposed Budget and the Financial Plan for 2019 through 2022. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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I. Introduction

Executive Summary

The **2018 MTA November Financial Plan** (the “November Plan” or “Plan”), which includes the 2018 November Forecast, the 2019 Final Proposed Budget and a Financial Plan for the years 2019-2022, updates the July Financial Plan. Since 2010, MTA financial plans – which are developed in a disciplined, consistent, and transparent process – have included the impact of our continuous pursuit of operational efficiencies and recurring cost reductions which are used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and provide funding for the capital program and enhanced maintenance. The Plans have added service when sustainable while also addressing long-term costs such as pensions, health care, paratransit, and debt service previously considered “uncontrollable.”

Need for Additional Recurring Revenue

MTA’s finances are structurally imbalanced, with expenses surpassing revenues. Budgets for 2017 and 2018 – and now for 2019 as well – have been balanced with “one-shot” actions. Over the past year and a half – since the 2017 July Plan – projected MTA revenues have declined significantly over the Plan period, with fare and toll revenues down \$1,027 million, dedicated taxes down \$586 million and other operating revenue down \$160 million.



Need for Additional Recurring Revenue

MTA projected revenues have declined significantly since the July 2017 Financial Plan
(\$ in millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2018 - 2022</u>
July 2017 - July 2018						
Fare/Toll Revenue	(135)	(121)	(106)	(102)	(124)	(588)
Other Operating Revenue (mostly Advertising)	(50)	(66)	(59)	(32)	(68)	(275)
Dedicated Taxes	<u>(109)</u>	<u>(103)</u>	<u>(121)</u>	<u>(125)</u>	<u>(108)</u>	<u>(566)</u>
Total	(294)	(290)	(286)	(259)	(300)	(1,429)
July 2018 - November 2018						
Fare/Toll Revenue	(11)	(82)	(106)	(116)	(124)	(439)
Other Operating Revenue (mostly Advertising)	5	40	28	22	20	115
Dedicated Taxes	<u>26</u>	<u>14</u>	<u>(5)</u>	<u>(14)</u>	<u>(41)</u>	<u>(20)</u>
Total	20	(28)	(83)	(108)	(145)	(344)

In terms of expenses, the MTA has continued its historic cost-cutting efforts, and by the end of 2018 \$2 billion in annually recurring cost reductions and containment will be achieved, with an additional

\$348 million in additional recurring savings targeted by the end of 2022. However, it has become more difficult to achieve savings targets. Additionally, and as discussed below in further detail, the November Plan maintains major investments from prior plans to address maintenance and operational requirements, including maintenance of Subway Action Plan investments funded from Phase 1 of congestion pricing through for-hire vehicle fees.

Out-year deficits have increased significantly since the July Plan. The MTA requires new sources of sustainable recurring revenue for operations and capital, and without additional recurring revenue in the near-term, options to close these deficits and achieve balanced budgets will be service reductions, reductions in force, and/or additional fare and toll increases.

The July Plan

The 2018 July Plan projected break-even cash balances through 2019 with deficits of \$262 million in 2020, \$424 million in 2021 and \$634 million in 2022. The Plan was based on three key inter-related elements: (i) fare and toll price increases that net 4% in both 2019 and 2021; (ii) increasing the annually recurring cost reduction and containment targets by \$130 million beginning in 2019 that will increase the level of annual savings to \$2.4 billion per year by 2022; and (iii) additional investments of \$1.5 billion to improve Agency operations, including targeted investments made to address Agency-specific concerns in a more comprehensive manner through the Subway Action Plan, the Bus Plan, LIRR Forward and MNR Way Ahead. The July Plan also included several “one-shot” actions to achieve balance the 2018 and 2019: half of the 2018 General Reserve –\$80 Million – was drawn down; and, additional non-recurring savings of \$50 million for 2018 and \$100 million for 2019 were targeted.

What Has Changed Since the July Plan?

Changes since July include:

Changes and re-estimates improving financial results over the Plan period:

- Lower debt service costs (\$194 million)
- Lower energy costs (\$101 million)
- Higher real estate subsidy projections (\$65 million)
- Higher toll revenue projections (\$46 million)

Changes and re-estimates worsening financial results over the Plan period:

- Lower passenger revenue projections (\$485 million)
- Higher paratransit service contracts (\$321 million)
- Higher workers compensation payments (\$125 million)
- Higher overtime expenses (\$100 million)

Over 95 percent of lower passenger revenue is at NYCT. Increased fare evasion, planned subway service changes to accommodate construction and maintenance/repair work, increase in use of for-hire vehicle services, and increases in telecommuting and the use of e-commerce have continued to impact utilization levels.

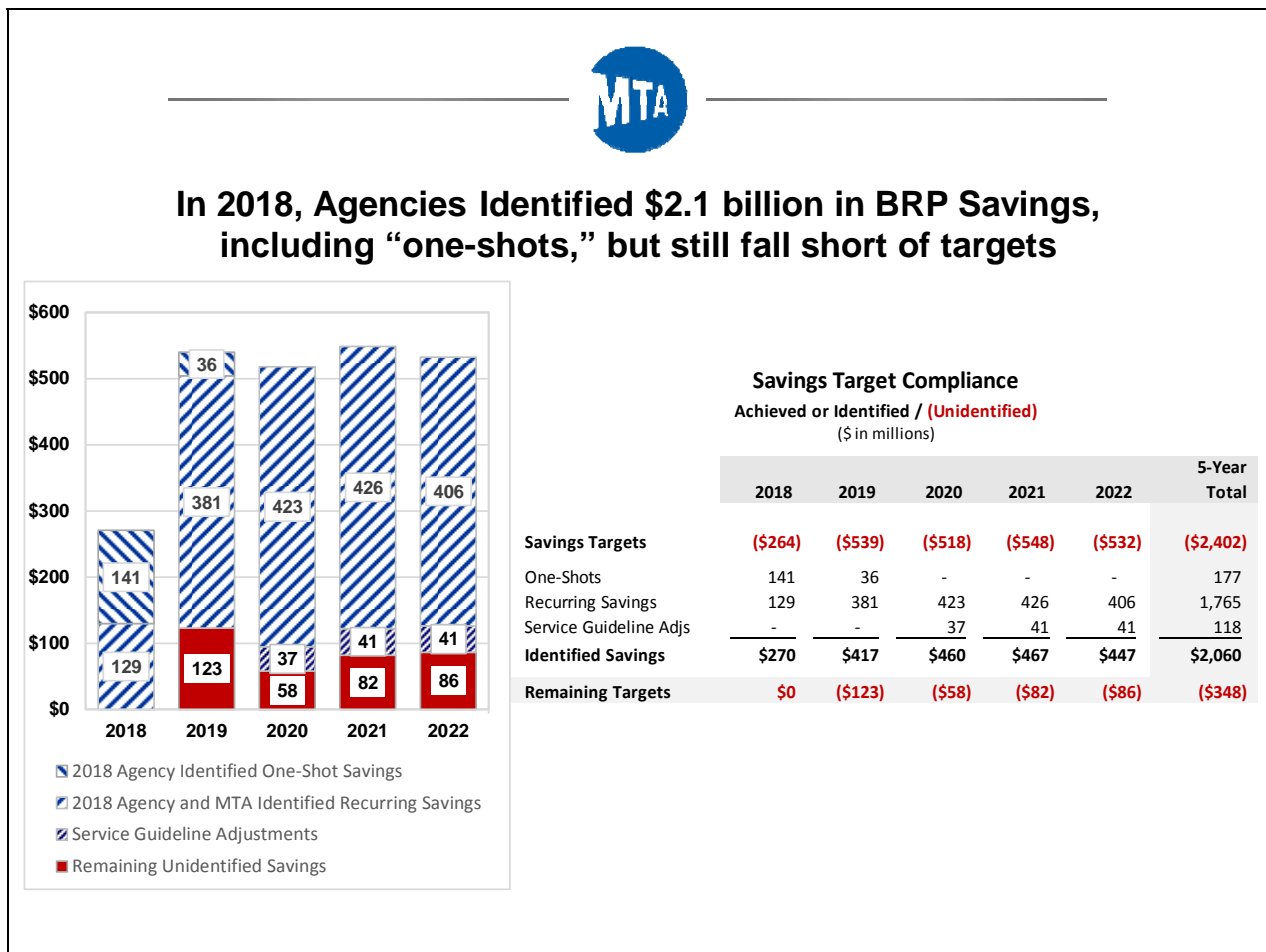
In total, these re-estimates, along with other changes, are \$819 million unfavorable for the Plan period. A reconciliation of Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.

Highlights of the November Plan

The November Plan follows an approach similar to those reflected in earlier plans.

Hold projected fare/toll increases to 4% in 2019 and 2021. The Plan continues to project net 4% biennial fare/toll increases (the equivalent of 2% per year) which is lower than the projected two-year inflation rates of 5.3% and 4.7% in 2019 and 2021, respectively. Consistent with recent Plans, a March 1st implementation is assumed for both the 2019 and 2021 increases. The annualized yield of these increases is projected to be \$316 million and \$329 million, respectively.

Achieve annually recurring savings targets. The February Plan required Agencies to identify annually recurring savings of \$214 million beginning in 2018, with larger targets remaining for the following years. In the July Plan, remaining targets from February were \$25 million in 2018, \$99 million in 2019, \$175 million in 2020 and \$206 million for 2021. The July Plan maintained these remaining targets, and included additional “one-shot” targets of \$50 million in 2018 and \$100 million in 2019, as well an additional recurring savings target of \$130 million a year beginning in 2019. At the time, it was acknowledged that while these aggressive targets would be harder to achieve, the MTA was committed to meeting them. Since the February Plan, nearly \$1.9 billion in recurring savings have been identified over the Plan Period. The November Plan maintains the commitment to fully identify the savings goals targeted in the February and July Plans, but does not layer on any additional savings targets.

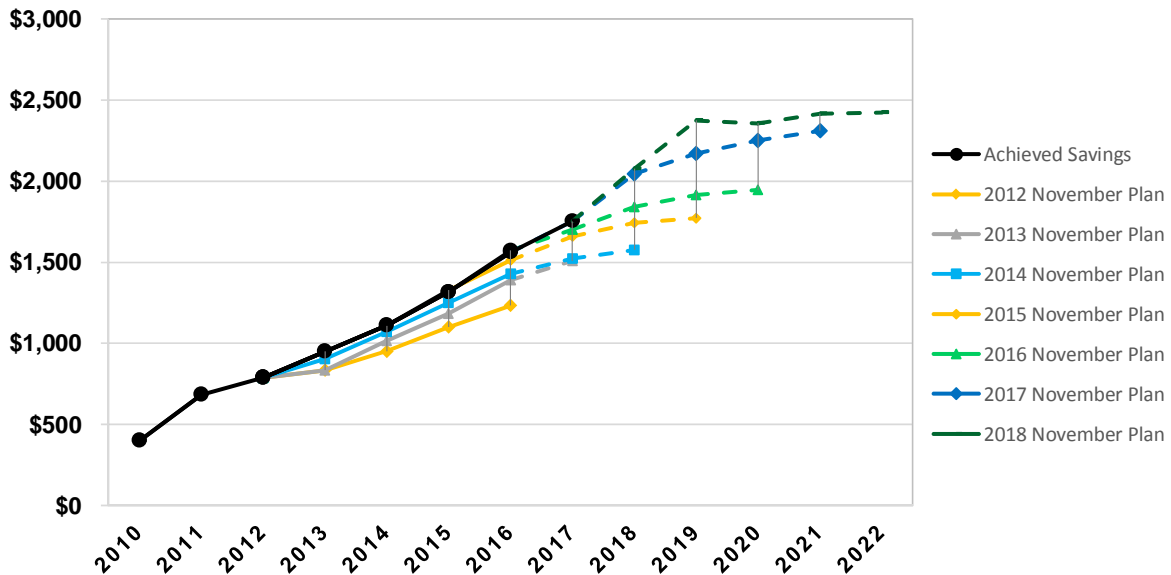


The chart below identifies our cost reduction/cost containment targets by Financial Plan. As indicated, we have steadily increased our targets and have consistently achieved our goals. Through 2018, the MTA has implemented initiatives with annualized savings of \$2.0 billion. These programs will result in annual savings of almost \$2.4 billion by 2022.



We continue to raise and achieve annual recurring savings targets

(\$ in millions)



Maintains prior plan investments. The Plan maintains major investments for the Long Island Rail Road “Forward” plan, the “Bus Plans” at New York City Transit and MTA Bus, and the Metro-North Railroad “Way Ahead” plan. Also included is maintenance of the Subway Action Plan, which will be funded from Phase 1 of congestion pricing, using fees from for-hire vehicle trips.

Additional maintenance and operations investments. Another \$216 million over the Plan period will be invested in additional maintenance and operating needs, including:

- At NYCT, replacing all HVAC refrigerant to meet new environmental regulations; overhaul HVAC and door systems on the R142 fleet; and conduct scheduled maintenance system upgrades.
- At MNR, install roof services at Grand Central Terminal to ensure safe access to restricted areas and maintain ducts and other building systems in a state of good repair; update dry-water line systems at stations; augment resources to support diesel fleet maintenance; and extend indefinitely weekend bus service between Rockland County and the Hudson and Harlem Lines in Westchester County.
- At LIRR and MNR, increase support for weather-related operational coverage requirements.

Bus and Subway Guidelines. Bus and Subway service guidelines, which have been reviewed and approved by the MTA Board, are used to maintain an appropriate level of service based upon actual ridership on a route. The guidelines provided an objective standard of maximum loads for different times of day, and are intended to minimize the occurrences when buses or trains are either overcrowded or underutilized. During years of ridership growth, these service guidelines were the basis for increased service where it was warranted, but over the past several years as ridership has

declined, guideline-based service reductions had been deferred. With ridership levels not rebounding, NYCT is proposing service guideline adjustments beginning in 2020 that result in savings of \$41 million annually, with reductions of \$10 million for subway service and \$31 million for bus service.

Other MTA Actions

To balance the budget for the remainder of 2018 and for 2019, a number of “one-shot” actions are being taken. For each year of the Plan period, the MTA sets aside an amount approximating one percent of its annual budget in a General Reserve to cover revenue and subsidy shortfalls and unanticipated expenses. With half the year elapsed, the 2018 Mid-Year Forecast was balanced in part by using \$80 million of the \$160 million set aside in the 2018 General Reserve; in this Plan, the 2018 November Forecast is being balanced, in part, by using the remaining \$80 million of the 2018 General Reserve. Other actions during 2018 include:

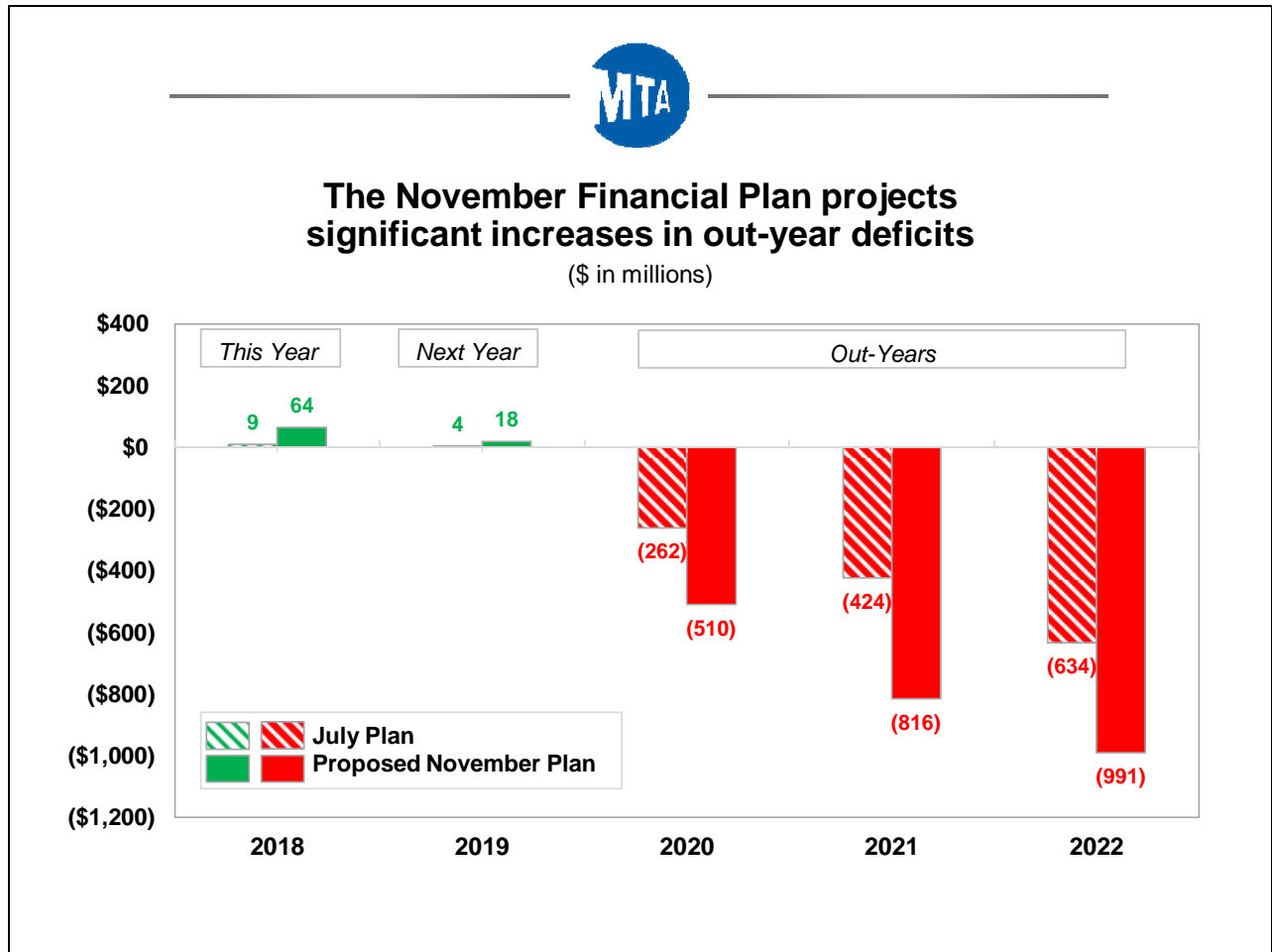
- Reduced Committed to Capital (“PAYGO”) to offset Payroll Mobility Tax reductions (\$65 million).
- Freeze on filling non-essential vacancies (\$54 million).
- Other restrictions on non-essential spending, including travel, membership and non-revenue vehicle purchases (\$46 million).
- 2017 favorable year-end balance (\$27 million).
- Inventory drawdowns (\$7 million).

Additional “one-shot” actions to balance the 2019 budget include:

- Continuation of non-essential spending restrictions, including a freeze on the filling of non-essential vacancies (\$115 million).
- 2018 favorable year-end balance (\$64 million).
- Reduction of excess fuel hedge collateral (\$40 million).

The “Bottom Line”

The above noted changes result in a net improvement to MTA’s financial forecast for 2018 and 2019, although this is accomplished primarily with the savings from “one-shot” actions. Over the remainder of the Plan period, however, the projected deficits have increased. As detailed in the following chart, this Plan is balanced through 2019; however, the November Plan projects deficits of \$510 million, \$816 million and \$991 million for 2020 through 2022, respectively.



Imperatives and Challenges

Implementation Board Working Group Initiatives. In an effort to identify possible future initiatives to reduce capital costs and improve service and operational efficiencies, in December 2017 the MTA Chairman formed four working groups, including Board members and senior staff, to take a new and intense look at four key areas: Construction Cost Containment; Procurement Reform; Paratransit/Access-a-Ride; and, Station Accessibility. Working groups have been reporting back to the full MTA Board with findings and initiatives, among them:

Construction Cost Containment

- Empowering project leadership
- Streamlining change order process
- Accelerating payments to contractors
- Guaranteeing track outages
- Reducing bond performance from 100% to 50%
- Allowing partial payments for undisputed portions

- Allowing contractors to submit alternative forms of security to pay subcontractors and suppliers
- Moving to performance-based compensation – bonuses for success / penalties for poor performance
- Revising contracts and using an expedited process with a neutral third-party arbitrator to decide disputes
- Making contract and design specifications less prescriptive

Procurement Reform

- Reduce time to prepare biddable scopes of work by engaging pool of technical writers
- Streamline process to perform vendor background checks for significant adverse information on low bidders, all other proposed contract awardees and on certain subcontractors, and to obtain approval to award despite the existence of significant adverse information where necessary
- Reduce time to obtain approvals by implementing an electronic system to route and approve staff summaries
- Reduce time for procurement processes (perform vendor outreach, prepare contract documents, review scopes of work, answer questions from bidders, review bids, perform technical qualification hearings, prepare staff summaries, etc.)
- Reduce time to tabulate bids after opening
- Streamline legal review
- Streamline goal and utilization review
- Streamline insurance requirement determination and review
- Create dashboard to track, manage and achieve the reductions from task force initiatives

Paratransit/Access-A-Ride

- Partner with external providers to deliver driver training for new providers
- Roll out additional training program focused on customer service, with content regularly updated based on key issues raised in customer feedback
- Expand on-demand ride options through E-Hail as sustainable, including a range of vendor options
- Develop enhanced website with vehicle location (Primary and Broker) and trip booking capabilities
- Perform quarterly, cross-functional review of Access-A-Ride data across all departments to identify key issues (i.e., drivers with repeated moving violations and high numbers of customer complaints), and develop and implement actions plans with Primary vendors
- Develop My-AAR app in collaboration with Access-A-Ride community
- Increase frequency of Primary vehicle location updates from 2 minutes to 30 seconds
- Expedite award and implementation of new scheduling and AVL system
- Work with external partners for Access-A-Ride access to bus lanes
- Integrate Paratransit into contactless fare payments
- Benchmark Access-A-Ride applications at other Agencies and shorten/streamline
- Launch and improve public dashboard with Access-A-Ride metrics
- Provide regular updates at Committee and Board meetings

Station Accessibility

- Survey and conceptual design plans for remaining non-accessible subway stations
- Engineering review of elevator/escalator best practices
- Improved station signage and wayfinding
- Improved customer service and communications for customers with disabilities

We are committed to the implementation of the recommendations made by the working groups, and many of these initiatives are already being put into practice. As actions result in cost savings and efficiencies, they will be captured in future financial plans.

And the MTA is continuing to face a number of challenges:

Achieve increased cost reduction targets. Unidentified savings targets of \$123 million in 2019, \$58 million in 2020, \$82 million in 2021 and \$86 million in 2022 remain. We recognize the difficulty of achieving this savings, but we are committed to meeting these goals. If we do not achieve our targets, we will have an operating deficit in 2019, and out-year deficits will be larger. We must also remain focused on maintaining existing cost control efforts to avoid “backsliding”, as we cannot afford to give back any of the savings that we have worked so hard to achieve.

Implement biennial fare and toll increases that net to 4 percent. While we work diligently to control costs, the reality is that combined fares and tolls only cover approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total costs, including capital-related costs (“Farebox Recovery Ratio”). Moreover, many costs are dependent on pricing factors beyond our direct control (e.g., energy, health & welfare and pensions). If projected fare and toll increases are not implemented, our financial situation will quickly deteriorate as revenue will not be able to keep pace with inflation and other cost growth. There have also been suggestions that a one-year delay in the implementation of the proposed 2019 fare and toll increases could be accommodated by a one-time allocation of additional funds to the MTA. However, delaying the next biennial fare and toll increase to March 2020, and then resuming the biennial timeline to 2022, 2024, and so on, would result in a revenue reduction of approximately \$325 million every two years.

Increase investments to address reliability and service. Our challenge is to continue maintaining, improving and modernizing the operations of our aging infrastructure, including our 114-year old subway system. We need to find more efficient ways to improve our System, move our customers, and enhance their experience.

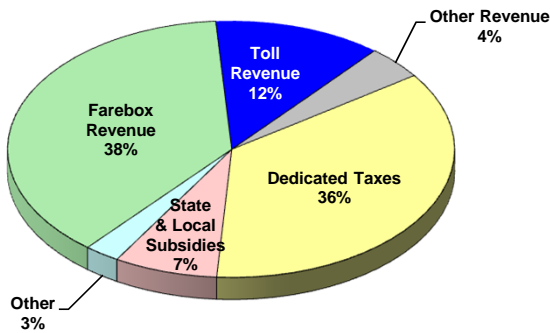
Respond to developing economic environment. The finances of the MTA are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the health of the economy. If the economic assumptions reflected in the Plan are not realized, the November Plan projected results could be adversely affected.

Secure new sustainable funding for operations and capital. While the Plan is benefiting from years of aggressive cost-cutting, significant out-year deficits are still projected. In order to sustain operations and protect investments made to date and/or planned, the MTA will need a new source of recurring funding. If new funding is not secured, the MTA’s options for achieving balanced budgets are service reductions, reductions in force, and/or additional fare and toll increases. If actions were limited to fare and toll increases, an additional 15% increase, on top of the 4% increases proposed for 2019 and 2021, would be required to address the deficits.

II. MTA Consolidated Financial Plan

MTA 2019 Final Proposed Budget
Baseline Expenses After Below-the-Line (BTL) Adjustments
Non-Reimbursable

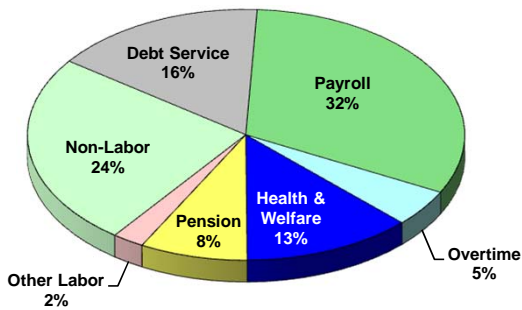
Where the Dollars Come From ...



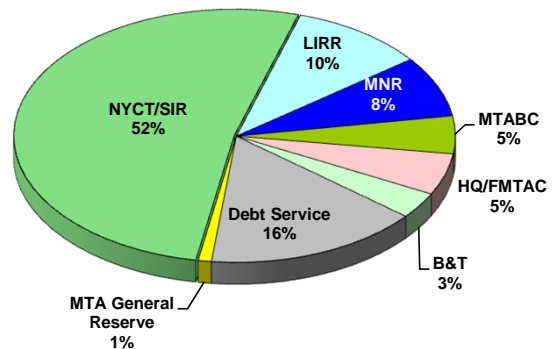
By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,322
Toll Revenue	2,045
Other Revenue	705
Dedicated Taxes	5,996
State & Local Subsidies	1,252
Other ¹	429
Total ²	\$16,750

Where the Dollars Go ...

By Expense Category



By MTA Agency



By Expense Category ³ includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,392
Overtime	811
Health & Welfare	2,129
Pension	1,354
Other Labor	400
<i>Total Labor</i>	<i>\$10,086</i>
Non-Labor	4,205
Debt Service	2,692
BTL Adjustments for Expenses ⁴	(251)
Total ²	\$16,732

By MTA Agency ³ includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$8,820
LIRR	1,687
MNR	1,322
MTABC	818
HQ/FMTAC	906
B&T	574
Debt Service	2,692
MTA General Reserve	165
BTL Adjustments for Expenses ⁴	(251)
Total ²	\$16,732

¹ Includes cash adjustments and prior-year carryover.

² Totals may not add due to rounding.

³ Expenses exclude Depreciation, OPEB Obligation, GASB 68 Pension Adjustment and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

⁴ These below-the-line adjustments impact expense dollars and have not been allocated to specific Agencies as yet.

Note: The revenues and expenses reflected in these charts are on an accrued basis.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2019 - 2022
Accrual Statement of Operations By Category
(\$ in millions)

	Actual 2017	November Forecast 2018	Final Proposed Budget 2019	2020	2021	2022
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,172	\$6,153	\$6,122	\$6,144	\$6,134	\$6,144
Toll Revenue	1,912	1,967	1,984	1,990	1,998	1,998
Other Revenue	653	662	705	733	757	743
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$8,737	\$8,782	\$8,810	\$8,867	\$8,889	\$8,886
Operating Expenses						
Labor:						
Payroll	\$5,021	\$5,212	\$5,392	\$5,529	\$5,645	\$5,776
Overtime	934	1,051	811	825	852	865
Health and Welfare	1,209	1,322	1,448	1,535	1,628	1,736
OPEB Current Payments	564	616	682	744	812	886
Pension	1,345	1,333	1,354	1,332	1,317	1,266
Other Fringe Benefits	792	880	857	896	943	968
Reimbursable Overhead	(492)	(494)	(457)	(424)	(407)	(396)
Total Labor Expenses	\$9,373	\$9,919	\$10,086	\$10,437	\$10,791	\$11,100
Non-Labor:						
Electric Power	\$430	\$475	\$451	\$464	\$483	\$540
Fuel	150	186	190	188	183	181
Insurance	(3)	11	17	24	31	38
Claims	526	376	379	387	391	395
Paratransit Service Contracts	393	452	483	501	518	548
Maintenance and Other Operating Contracts	695	780	899	836	884	872
Professional Services Contracts	507	578	555	485	479	490
Materials and Supplies	588	677	677	688	692	697
Other Business Expenses	217	225	231	225	240	242
Total Non-Labor Expenses	\$3,505	\$3,761	\$3,882	\$3,797	\$3,902	\$4,004
Other Expense Adjustments:						
Other	\$49	\$134	\$158	\$84	\$36	\$22
General Reserve	0	160	165	170	175	180
Total Other Expense Adjustments	\$49	\$294	\$323	\$254	\$211	\$202
Total Expenses Before Non-Cash Liability Adjs.	\$12,927	\$13,974	\$14,291	\$14,487	\$14,904	\$15,306
Depreciation	\$2,608	\$2,697	\$2,778	\$2,844	\$2,908	\$2,968
OPEB Liability Adjustment	1,567	1,809	1,910	2,014	2,125	2,246
GASB 68 Pension Expense Adjustment	(168)	(240)	(224)	(289)	(324)	(307)
Environmental Remediation	13	6	6	6	6	6
Total Expenses After Non-Cash Liability Adjs.	\$16,948	\$18,247	\$18,761	\$19,062	\$19,618	\$20,220
Conversion to Cash Basis: Non-Cash Liability Adj.	(\$4,021)	(\$4,273)	(\$4,469)	(\$4,575)	(\$4,714)	(\$4,913)
Debt Service (excludes Service Contract Bonds)	2,525	2,559	2,692	2,840	3,080	3,223
Total Expenses with Debt Service	\$15,452	\$16,534	\$16,983	\$17,328	\$17,983	\$18,529
Dedicated Taxes and State/Local Subsidies	\$6,416	\$7,254	\$7,249	\$7,370	\$7,576	\$7,807
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$300)	(\$498)	(\$924)	(\$1,091)	(\$1,518)	(\$1,837)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	(\$4)	\$0	\$0
Conversion to Cash Basis: All Other	174	282	365	155	(4)	88
Cash Balance Before Prior-Year Carryover	(\$126)	(\$216)	(\$560)	(\$940)	(\$1,523)	(\$1,749)
Adjustments	\$0	\$159	\$514	\$411	\$706	\$758
Prior Year Carryover Balance	248	121	64	18	0	0
Net Cash Balance	\$121	\$64	\$18	(\$510)	(\$816)	(\$991)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2019 - 2022
Plan Adjustments
(\$ in millions)

	Actual 2017	November Forecast 2018	Final Proposed Budget 2019	2020	2021	2022
Cash Balance Before Prior-Year Carryover	\$(126)	(\$216)	(\$560)	(\$940)	(\$1,523)	(\$1,749)
Fare and Toll Increases:						
<i>Fare and Toll Increase on 3/1/19 (4% Yield)</i>	\$0	\$0	\$269	\$316	\$316	\$317
<i>Fare and Toll Increase on 3/1/21 (4% Yield)</i>	0	0	0	0	280	329
<i>Subsidy Impact of Fare and Toll Increases</i>	<u>0</u>	<u>0</u>	<u>(7)</u>	<u>(9)</u>	<u>(16)</u>	<u>(18)</u>
Subtotal	\$0	\$0	\$262	\$308	\$580	\$627
MTA Efficiencies:						
<i>MTA Efficiencies</i>	\$0	\$0	\$123	\$58	\$82	\$86
<i>Service Guideline Adjustments</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37</u>	<u>41</u>	<u>41</u>
Subtotal	\$0	\$0	\$123	\$95	\$122	\$126
Policy Actions:						
<i>Drawdown 50% 2018 General Reserve</i>	\$0	\$80	\$0	\$0	\$0	\$0
<i>Drawdown Remaining 2018 General Reserve</i>	0	80	0	0	0	0
<i>Excess Fuel Hedge Collateral</i>	<u>0</u>	<u>0</u>	<u>40</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	\$0	\$160	\$40	\$0	\$0	\$0
MTA Re-Estimates						
<i>MTA Re-estimates</i>	\$0	(\$1)	(\$12)	(\$2)	(\$2)	(\$2)
<i>Additional Savings Actions</i>	<u>0</u>	<u>0</u>	<u>101</u>	<u>11</u>	<u>6</u>	<u>6</u>
Subtotal	\$0	(\$1)	\$89	\$9	\$4	\$4
TOTAL ADJUSTMENTS	\$0	\$159	\$514	\$411	\$706	\$758
<i>Prior Year Carryover Balance</i>	\$248	\$121	\$64	\$18	\$0	\$0
Net Cash Surplus/(Deficit)	\$121	\$64	\$18	(\$510)	(\$816)	(\$991)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2019 - 2022
Cash Receipts and Expenditures
(\$ in millions)

	Actual 2017	November Forecast 2018	Final Proposed Budget 2019	2020	2021	2022
Cash Receipts and Expenditures						
Receipts						
Farebox Revenue	\$6,179	\$6,157	\$6,125	\$6,147	\$6,136	\$6,147
Other Revenue	691	671	747	847	772	759
Capital and Other Reimbursements	2,057	2,437	2,463	2,109	1,970	1,932
Total Receipts	\$8,927	\$9,266	\$9,335	\$9,103	\$8,878	\$8,838
Expenditures						
Labor:						
Payroll	\$5,491	\$5,767	\$6,056	\$6,127	\$6,172	\$6,300
Overtime	1,166	1,297	976	970	990	1,006
Health and Welfare	1,270	1,355	1,492	1,571	1,665	1,772
OPEB Current Payments	553	606	671	733	800	873
Pension	1,393	1,399	1,423	1,394	1,377	1,323
Other Fringe Benefits	863	923	939	948	973	1,003
Contribution to GASB Fund	0	0	0	4	0	0
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$10,735	\$11,347	\$11,556	\$11,747	\$11,978	\$12,278
Non-Labor:						
Electric Power	\$440	\$473	\$448	\$460	\$479	\$536
Fuel	142	183	188	184	180	179
Insurance	12	9	18	24	28	34
Claims	286	268	249	254	260	265
Paratransit Service Contracts	390	450	481	499	516	546
Maintenance and Other Operating Contracts	631	772	881	780	776	740
Professional Services Contracts	487	690	627	512	476	474
Materials and Supplies	770	842	830	809	806	808
Other Business Expenses	198	203	219	195	207	209
Total Non-Labor Expenditures	\$3,357	\$3,890	\$3,940	\$3,718	\$3,728	\$3,790
Other Expenditure Adjustments:						
Other	\$70	\$107	\$165	\$158	\$154	\$177
General Reserve	0	160	165	170	175	180
Total Other Expenditure Adjustments	\$70	\$267	\$330	\$328	\$329	\$357
Total Expenditures	\$14,163	\$15,505	\$15,826	\$15,793	\$16,034	\$16,424
Net Cash Balance before Subsidies and Debt Service	(\$5,236)	(\$6,239)	(\$6,491)	(\$6,691)	(\$7,156)	(\$7,586)
Dedicated Taxes & State and Local Subsidies	\$6,967	\$7,914	\$7,909	\$7,855	\$7,937	\$8,270
Debt Service (excludes Service Contract Bonds)	(1,858)	(1,891)	(1,978)	(2,104)	(2,304)	(2,432)
Cash Balance Before Prior-Year Carryover	(\$126)	(\$216)	(\$560)	(\$940)	(\$1,523)	(\$1,749)
Adjustments	\$0	\$159	\$514	\$411	\$706	\$758
Prior-Year Carryover Balance	248	121	64	18	0	0
Net Cash Balance	\$121	\$64	\$18	(\$510)	(\$816)	(\$991)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2019-2022
MTA Consolidated November Financial Plan Compared with July Financial Plan
Cash Reconciliation after Below-the-Line Adjustments
(\$ in millions)

	Favorable/(Unfavorable)				
	2018	2019	2020	2021	2022
JULY FINANCIAL PLAN 2019-2022					
NET CASH SURPLUS/(DEFICIT)	\$9	\$4	(\$262)	(\$424)	(\$634)
Agency Baseline Adjustments	(\$78)	(\$353)	(\$229)	(\$281)	(\$250)
<i>Farebox/Toll Revenues</i>	(11)	(82)	(106)	(116)	(124)
<i>Rates:</i>					
<i>Electric Power</i>	20	32	30	59	26
<i>Fuel</i>	(2)	(15)	(18)	(19)	(12)
<i>Paratransit (Transportation Costs Only)</i>	(33)	(47)	(58)	(46)	(43)
<i>Worker's Compensation/FELA</i>	(20)	(32)	(24)	(32)	(41)
<i>Timing</i>	47	(93)	61	6	(19)
<i>Other Baseline Re-estimates ¹</i>	(79)	(115)	(115)	(133)	(38)
New Needs/Investments	\$21	(\$37)	(\$59)	(\$60)	(\$81)
<i>Maintenance / Operations</i>	21	(37)	(59)	(60)	(81)
Savings Program	\$84	\$207	\$209	\$213	\$203
<i>2018 BRP Savings (New)</i>	84	207	209	213	203
Subsidies (Cash)	\$23	\$215	\$13	(\$47)	(\$9)
<i>Petroleum Business Tax (PBT) Receipts</i>	4	4	4	4	4
<i>Real Estate Taxes</i>	22	17	(3)	(6)	(21)
<i>Payroll Mobility Tax</i>	-	(7)	(6)	(12)	(23)
<i>City Subsidy for MTA Bus ²</i>	(57)	160	(24)	(72)	(9)
<i>Other Subsidies</i>	55	41	42	39	41
Debt Service	\$16	\$39	\$47	\$44	\$48
Other ³	(\$16)	(\$22)	(\$20)	(\$18)	(\$21)
Below-the-Line Adjustments	\$4	(\$91)	(\$224)	(\$243)	(\$247)
<i>Fare/Toll Increases</i>	-	1	(4)	(5)	(10)
<i>MTA Efficiencies:</i>					
<i>MTA Efficiencies - Identified in the 2018 November Plan</i>	(75)	(207)	(209)	(213)	(203)
<i>Additional MTA Efficiencies - Service Guideline Adjustments</i>	-	-	(37)	(41)	(41)
<i>Policy Actions:</i>					
<i>Drawdown Remaining 2018 General Reserve</i>	80	-	-	-	-
<i>Excess Fuel Hedge Collateral</i>	-	40	-	-	-
<i>Service Guideline Adjustments</i>	-	-	37	41	41
<i>MTA Re-estimates:</i>					
<i>MTA Re-estimates</i>	(1)	(26)	(21)	(31)	(39)
<i>Additional Savings Actions</i>	-	101	11	6	6
Prior Year Carryover	\$0	\$55	\$14	\$0	\$0
NOVEMBER FINANCIAL PLAN 2019-2022					
NET CASH SURPLUS/(DEFICIT)	\$64	\$18	(\$510)	(\$816)	(\$991)

* Totals may not add due to rounding

¹ Changes capture updated reimbursable assumptions, revised inflation forecasts and adjustments for operating capital and cash. The B&T Operating Surplus Transfer is captured as a subsidy. While B&T's impacts are also captured in individual reconciliation categories in the Agency Baseline Adjustments above, the duplication is eliminated within the line "Other Baseline Re-estimates."

² In addition to reflecting updated net expenses for MTA Bus operations, City Subsidy to MTA Bus Company includes the impact of a revised billing and payment methodology, which reduces timing delays of payments of reimbursement from the City to MTA.

³ Reflects adjustments to offset B&T, MTA Bus and SIRTGA debt service changes that are also captured within changes to Subsidies.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2019 - 2022
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	Actual 2017	November Forecast 2018	Final Proposed Budget 2019	2020	2021	2022
Subsidies						
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,668.0	\$1,686.6	\$1,777.6	\$1,840.4	\$1,918.3	\$1,999.4
Petroleum Business Tax (PBT)	617.1	628.2	637.4	637.3	633.8	632.9
Mortgage Recording Tax (MRT)	461.4	442.8	452.9	469.2	483.3	498.2
MRT Transfer to Suburban Counties	(4.1)	(4.9)	(5.6)	(6.0)	(6.4)	(6.8)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(23.8)	(23.8)	(23.8)	(23.8)	(23.8)
Interest	5.4	5.3	5.3	5.3	5.3	5.3
Urban Tax	585.5	638.1	626.4	603.3	603.3	615.8
Other Investment Income	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
	\$3,299.5	\$3,363.6	\$3,461.4	\$3,516.9	\$3,605.0	\$3,712.3
PMT and MTA Aid						
Payroll Mobility Tax (PMT)	\$1,435.6	\$1,526.4	\$1,594.9	\$1,668.3	\$1,739.1	\$1,810.5
Payroll Mobility Tax Replacement Funds	244.3	244.3	244.3	244.3	244.3	244.3
MTA Aid	<u>306.2</u>	<u>303.0</u>	<u>308.2</u>	<u>308.2</u>	<u>309.2</u>	<u>310.2</u>
	\$1,986.1	\$2,073.7	\$2,147.3	\$2,220.7	\$2,292.5	\$2,365.0
New Funding Sources						
NYS Operating Support for SAP	\$0.0	\$254.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	254.0	0.0	0.0	0.0	0.0
NYC Transportation Assistance Fund	<u>0.0</u>	<u>0.0</u>	<u>365.0</u>	<u>385.0</u>	<u>385.0</u>	<u>385.0</u>
	\$0.0	\$508.0	\$365.0	\$385.0	\$385.0	\$385.0
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	188.4	187.9	187.9	187.9	187.9	187.9
Station Maintenance	<u>166.1</u>	<u>168.7</u>	<u>172.4</u>	<u>177.2</u>	<u>181.9</u>	<u>186.7</u>
	\$542.4	\$544.5	\$548.2	\$553.0	\$557.8	\$562.6
Other Subsidy Adjustments						
NYCT Charge Back of MTA Bus Debt Service	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)
Forward Energy Contracts Program - Gain/(Loss)	2.3	15.8	9.4	(0.3)	0.0	0.0
MNR Repayment of 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital Program Contributions	(300.9)	(38.8)	(63.9)	(122.8)	(180.6)	(120.2)
Drawdown of GASB 45 OPEB Reserves	<u>17.0</u>	<u>132.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$295.6)	\$95.8	(\$68.5)	(\$137.0)	(\$194.5)	(\$134.1)
Subtotal Dedicated Taxes & State and Local Subsidies	\$5,532.3	\$6,585.5	\$6,453.4	\$6,538.6	\$6,645.8	\$6,890.7
Other Funding Agreements						
City Subsidy for MTA Bus Company	\$519.9	\$463.9	\$693.8	\$500.1	\$453.8	\$540.4
City Subsidy for Staten Island Railway	53.0	58.5	51.0	54.0	53.5	59.7
CDOT Subsidy for Metro-North Railroad	<u>130.6</u>	<u>121.0</u>	<u>118.6</u>	<u>120.6</u>	<u>124.3</u>	<u>130.1</u>
	\$703.5	\$643.4	\$863.5	\$674.7	\$631.6	\$730.3
Total Dedicated Taxes & State and Local Subsidies	\$6,235.9	\$7,229.0	\$7,316.9	\$7,213.3	\$7,277.4	\$7,621.0
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	<u>\$731.0</u>	<u>\$684.8</u>	<u>\$592.4</u>	<u>\$641.6</u>	<u>\$659.7</u>	<u>\$649.0</u>
	\$731.0	\$684.8	\$592.4	\$641.6	\$659.7	\$649.0
TOTAL SUBSIDIES	\$6,966.9	\$7,913.8	\$7,909.3	\$7,854.9	\$7,937.1	\$8,270.0

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between November and July Financial Plans
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	2018	2019	2020	2021	2022
Subsidies					
Dedicated Taxes					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT)	3.8	3.8	3.8	3.8	3.8
Mortgage Recording Tax (MRT)	(8.9)	(14.7)	(19.2)	(22.2)	(25.4)
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Urban Tax	30.7	31.8	16.3	16.3	4.3
Other Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$25.6	\$20.9	\$0.9	(\$2.1)	(\$17.4)
PMT and MTA Aid					
Payroll Mobility Tax (PMT)	\$0.0	(\$7.3)	(\$5.6)	(\$12.1)	(\$23.3)
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0	0.0
MTA Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$0.0	(\$7.3)	(\$5.6)	(\$12.1)	(\$23.3)
New Funding Sources					
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0	0.0
NYC Transportation Assistance Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State and Local Subsidies					
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Station Maintenance	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Subsidy Adjustments					
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	1.7	3.1	(1.7)	0.0	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	0.0	0.0	0.0	0.0	0.0
Drawdown of GASB 45 OPEB Reserves	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$1.7	\$3.1	(\$1.7)	\$0.0	\$0.0
Subtotal Dedicated Taxes & State and Local Subsidies	\$27.3	\$16.8	(\$6.4)	(\$14.2)	(\$40.6)
Other Funding Agreements					
City Subsidy for MTA Bus Company	(\$56.8)	\$160.3	(\$24.0)	(\$71.8)	(\$9.3)
City Subsidy for Staten Island Railway	0.0	2.2	7.4	3.7	3.4
CDOT Subsidy for Metro-North Railroad	<u>4.3</u>	<u>(10.8)</u>	<u>(4.0)</u>	<u>(7.3)</u>	<u>(8.0)</u>
	(\$52.6)	\$151.7	(\$20.7)	(\$75.4)	(\$14.0)
Total Dedicated Taxes & State and Local Subsidies	(\$25.2)	\$168.5	(\$27.1)	(\$89.6)	(\$54.6)
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	<u>\$48.6</u>	<u>\$46.8</u>	<u>\$39.9</u>	<u>\$42.8</u>	<u>\$45.7</u>
	\$48.6	\$46.8	\$39.9	\$42.8	\$45.7
TOTAL SUBSIDIES	\$23.4	\$215.3	\$12.9	(\$46.7)	(\$8.9)

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III. Plan Adjustments

Plan Adjustments

The discussion that follows reflects proposed Plan Adjustments to the Baseline.

Fare/Toll Increases

Fare and Toll Increase in March 2019 – An increase in fare and toll rates, yielding a 4% increase in farebox and toll revenues, is assumed for implementation in March 2019 and is projected to generate an annualized increase of \$316 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by \$269 million in 2019, by \$316 million in both 2020 and 2021, and by \$317 million in 2022.

Increases in farebox revenues generated at MTA Bus and SIR are used to hold down NYC subsidies that cover the costs associated with these operations. Additionally, 10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited. These items are offsets to the consolidated farebox and toll revenue generated from the fare and toll increases and are included within “Subsidy Impacts of 2019/2021 Fare/Toll Increase”; when factored in, the net change to the MTA from the proposed 2019 increase is \$262 million in 2019, \$308 million in 2020, \$307 million in 2021, and \$308 million in 2022. These net projections, compared with the July Plan, are \$1 million higher in 2019, \$4 million lower in 2020, and \$5 million lower in both 2021 and 2022; compared with the February Plan, the net projections are \$1 million lower in 2019, \$6 million lower in 2020 and \$7 million lower in 2021.

Fare and Toll Increase in March 2021 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2021 and is projected to generate a \$329 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$280 million in 2021 and by \$329 million in 2022. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of the 2019/2021 Fare/Toll Increase”, the net increase to the MTA is \$273 million in 2021 and \$320 million in 2022. Compared with the July Plan, these net projections are unchanged for 2021 and lower by \$5 million in 2022; compared with the February Plan, the net projection is \$2 million lower in 2021.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions Including the Impact of Fare & Toll Yield Increases

		November Forecast	Final Proposed Budget	2020	2021	2022
		2018	2019			
Fare Revenue						
Long Island Rail Road	Baseline	\$740.170	\$743.650	\$746.314	\$746.592	\$746.257
	2019 Yield Increase	0.000	25.429	29.853	29.864	29.850
	2021 Yield Increase	0.000	0.000	0.000	26.551	31.044
		\$740.170	\$769.079	\$776.166	\$803.007	\$807.152
Metro-North Railroad ¹	Baseline	\$747.923	\$758.005	\$764.450	\$764.963	\$772.089
	2019 Yield Increase	0.000	21.058	24.815	24.817	25.027
	2021 Yield Increase	0.000	0.000	0.000	21.758	25.671
		\$747.923	\$779.063	\$789.265	\$811.538	\$822.787
MTA Bus Company ²	Baseline	\$219.317	\$221.404	\$221.981	\$221.085	\$221.195
	2019 Yield Increase	0.000	7.549	8.879	8.843	8.848
	2021 Yield Increase	0.000	0.000	0.000	7.839	9.202
		\$219.317	\$228.953	\$230.860	\$237.768	\$239.245
New York City Transit ³	Baseline	\$4,438.309	\$4,391.400	\$4,404.216	\$4,393.857	\$4,397.404
	2019 Yield Increase	0.000	146.482	173.029	172.614	172.756
	2021 Yield Increase	0.000	0.000	0.000	152.323	179.543
		\$4,438.309	\$4,537.882	\$4,577.245	\$4,718.794	\$4,749.704
Staten Island Railway ²	Baseline	\$6.964	\$7.041	\$7.083	\$7.060	\$7.059
	2019 Yield Increase	0.000	0.240	0.283	0.282	0.282
	2021 Yield Increase	0.000	0.000	0.000	0.250	0.294
		\$6.964	\$7.281	\$7.366	\$7.592	\$7.635
Total Farebox Revenue	Baseline	\$6,152.683	\$6,121.501	\$6,144.044	\$6,133.558	\$6,144.005
	2019 Yield Increase	0.000	200.757	236.859	236.421	236.764
	2021 Yield Increase	0.000	0.000	0.000	208.720	245.754
		\$6,152.683	\$6,322.258	\$6,380.903	\$6,578.699	\$6,626.522
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$1,967.062	\$1,983.637	\$1,990.392	\$1,998.341	\$1,998.269
	2019 Yield Increase	0.000	68.425	79.616	79.934	79.931
	2021 Yield Increase	0.000	0.000	0.000	71.690	83.128
		\$1,967.062	\$2,052.063	\$2,070.008	\$2,149.965	\$2,161.328
TOTAL FARE & TOLL REVENUE						
	Baseline	\$8,119.745	\$8,105.138	\$8,134.436	\$8,131.899	\$8,142.274
	2019 Yield Increase	0.000	269.182	316.475	316.354	316.695
	2021 Yield Increase	0.000	0.000	0.000	280.410	328.882
		\$8,119.745	\$8,374.320	\$8,450.911	\$8,728.664	\$8,787.850

¹ Metro-North Railroad utilization figures include both East of Hudson and West of Hudson services.

² MTA Bus and Staten Island Railway revenues from fare increases are used to reduce NYC subsidies to MTA Bus

³ New York City Transit utilization figures include Paratransit and Fare Media Liability.

⁴ Distribution of 10% of B&T surplus toll revenue is delayed to subsequent year per MTA Board resolution.

MTA Efficiencies

In 2009 and 2010, the MTA introduced a number of savings initiatives and programs categorized as MTA Efficiencies. These included administrative reductions, operational consolidations, strategic initiatives and improved MTA-wide business practices. In each year since, the MTA has increased its savings target and continued to whittle away at these targets by identifying savings initiatives that have generated funding for the capital program, safety, service and operational needs and reduced the amount of planned fare and toll increases to a 4% yield. Over the years, the MTA has been successful in achieving these targets and efforts to identify efficiencies continue, but additional savings initiatives are becoming more difficult to attain.

MTA Efficiencies – Not Yet Implemented – The November Plan recognizes identified savings from the Agencies – included in Agency baseline projections – totaling \$84 million in 2018, exceeding the target in that year, \$207 million in 2019, \$209 million in 2020, \$213 million in 2021 and \$203 million in 2022; included in the total savings identified “one-shots” of \$69 million in 2018 and \$18 million in 2019. Efficiencies, resulting in savings, yet to be implemented total \$123 million in 2019, \$58 million in 2020, \$82 million in 2021 and \$86 million in 2022.

Service Guidelines Adjustments – Service guidelines have been reviewed and approved by the MTA Board. They are used to maintain an appropriate level of service based upon actual ridership on a route, minimizing occurrences when buses or trains are either overcrowded or underutilized and providing a standard for maximum loads for different times of day. Following these guidelines, NYCT is proposing service guideline adjustments beginning in 2020 that result in net savings of \$37 million in 2020 and \$41 million in 2021 and 2022, of which \$10 million is for subway service and \$31 million for bus.

Policy Actions

Drawdown 50% of General Reserve – As first captured in July, the MTA is proposing the drawdown of half (\$80 million) of the \$160 million 2018 General Reserve to help balance the 2018 budget.

Drawdown Remaining 2018 General Reserve – In the November Plan, the MTA is proposing the drawdown of the remaining \$80 million of the 2018 General Reserve to help balance the 2018 budget.

Excess Fuel Hedge Collateral – The MTA is proposing the elimination of excess fuel hedge collateral in 2019, which will help balance the 2019 budget.

MTA Re-estimates

MTA Re-estimates – Included in the November Plan are re-estimates of savings for prior-year BRP savings.

Additional Savings Actions – The November Plan includes additional reductions and re-estimates resulting in savings beyond those captured in Agency Baseline projections. Certain of these savings programs are Agency-specific and will be reflected as such in the February Plan, with the remainder expected to be implemented in time for inclusion within Agency baselines in the 2019 July Financial Plan.

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IV. Appendix

**Certification of the Managing Director
of the Metropolitan Transportation Authority
in accordance with Section 202.3(l) of the
State Comptroller's Regulations**

I, Veronique Hakim, Managing Director of the Metropolitan Transportation Authority (“MTA”) hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: 

Veronique Hakim
Managing Director

Dated: November 14, 2018

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough on-going process and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three following calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” items;
- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year’s finances, a preliminary presentation of the following year’s proposed budget, and a three year re-forecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis on which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance and is presented to the MTA Board for review and approval.

February Plan

Finally, certain below-the-line policy issues included in the December Adopted Budget are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The Adopted Budget is allocated over the 12 month period and becomes the basis on which monthly results are compared.

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