

MTA 2019 Preliminary Budget

July Financial Plan 2019-2022



**Volume 1
July 2018**



Metropolitan Transportation Authority

OVERVIEW

MTA 2019 Preliminary Budget July Financial Plan 2019-2022 Volume 1

The MTA's July 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 Preliminary 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 July Financial Plan** (the “July Plan” or “Plan”), which includes the 2018 Mid-Year Forecast, the 2019 Preliminary Budget and a Financial Plan for the years 2019-2022, updates the February 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.”

As discussed below in further detail, the July Plan includes significant additional investments to address maintenance and operational requirements. Despite projected biennial fare and toll increases that generate a four percent net increase in farebox and toll revenue, increased savings targets and favorable re-estimates, the Plan continues to project significant out-year deficits. As stated previously in both the 2017 November Plan and the 2018 February Plan, the MTA continues to require a new source of sustainable revenue to cover operating and capital costs.

The February Plan

The 2018 February Plan projected break-even cash balances through 2019 with deficits of \$403 million in 2020 and \$602 million in 2021. 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) annually recurring cost reduction and containment targets that will increase the level of annual savings to \$2.3 billion per year by 2021; and (iii) support for \$100 million in additional funding needed for the amended Capital Program.

The February Plan reflected significant changes occurring during the preceding year. The MTA's finances were adversely impacted by reductions in real estate transaction tax revenues of approximately \$200 million a year, lower farebox revenue of about \$100 million a year, and reduced Metropolitan Mass Transportation Operating Assistance (“MMTOA”) funding averaging over \$130 million a year. The February Plan also reflected the inclusion of funding for half the operating and capital costs for the Subway Action Plan (“SAP”) in Governor Cuomo’s State Fiscal Year 2018 Executive Budget and a corresponding “phase-in” of the SAP, prioritizing the elements most critical to reducing incidents and delays, and improving service reliability. Debt service savings, including the draw down on cash balances in lieu of issuing bonds, totaled \$413 million over the Plan period and were incorporated into the February Plan. The February Plan also relied on “one-shot” drawdowns of the \$155 million 2017 General Reserve and \$149 million from the GASB Fund.

What Has Changed Since the February Plan?

In April, the approved 2018-2019 New York State Budget committed both the State and City to equally cover the costs of the 2017-2018 Subway Action Plan, enabling the SAP to be restored to its originally intended \$836 million level (\$508 million of which is operating-funded; \$324 million is capital). This action will provide the MTA with funds already used to advance the SAP, as well as to cover the cost of the remaining SAP through the end of 2018.

Additionally, State legislation also established a surcharge on For-Hire Vehicle (FHV) trips that begin, end or pass through a congestion zone in Manhattan south of 96th Street, starting in 2019. The surcharge is anticipated to generate about \$415 million in 2019 and \$435 million annually thereafter, providing \$342 million in 2019, \$301 million in 2020, and \$300 million annually thereafter to maintain the level of effort started with the SAP; another \$50 million is earmarked for outer borough transportation projects, and any remaining funds from the surcharge – currently expected to be \$23

million in 2019 and \$85 million per year thereafter – will be distributed directly to the MTA. As a result, the net impact is favorable to the MTA by \$365 million in 2019 and \$385 million per year starting with 2020.

Other changes since February include:

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

- Higher MMTOA and PBT receipt projections (\$141 million)
- Higher toll revenue projections (\$138 million)
- Lower energy costs (\$137 million)
- Lower pension expenses (\$75 million)
- Higher real estate subsidy projections (\$74 million)

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

- Lower passenger revenue projections (\$376 million)

Over 90 percent of lower passenger revenue is at NYCT. Increased fare evasion on buses, planned subway service changes to accommodate construction and maintenance/repair work, increase in FHVs, and increases in telecommuting and the use of e-commerce have all impacted utilization levels.

In total, changes and re-estimates, including the above, are \$239 million favorable 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 July Plan

The July Plan continues to follow the approach reflected in earlier plans and contains many noteworthy items, including investments of \$1.5 billion to improve Agency service and reliability. Those investments include:

Investments in Agency “Action Plans”. The Plan provides for targeted investments of \$1 billion over the Plan period to address Agency-specific concerns in a comprehensive manner. In addition to the fully funded Subway Action Plan, the July Plan includes:

- The LIRR “Forward” Plan (\$132 million over the Plan period), which upgrades switches and 370 track circuits; installs high visibility safety delineators at 296 grade crossings; clears 180 miles of overgrown vegetation along the right-of-way; installs 60 snow switches, 14 third-rail heaters, 80 utility poles and countdown clocks; replaces key M7 door components; and augments station and car cleaning.
- “Bus Plans” at NYCT and MTA Bus (\$52 million in total for the two plans over the Plan period), for a redesign of the bus network and maps; pilot an increase in off-peak service frequency; increase bus lanes and enforcement cameras; upgrade security and technology; and, evaluate the feasibility of transitioning to a zero-emissions fleet.
- MNR “Way Ahead” (\$56 million over the Plan period), which installs an energy storage system between Chappaqua and Mt. Kisco; replaces/repairs Upper Harlem Line transmission poles; installs Help Point kiosks; augments security camera surveillance and countdown clocks; and, replaces center-door fleet seats and vestibule floors.

Additional Maintenance and Operations Investments. Another \$208 million over the Plan period will be invested in additional maintenance and operating needs, including:

- At NYCT, providing appropriate resources for weather-related overtime and improve the reliability and frequency of service in response to ridership trends, operating conditions and maintenance requirements;
- At the LIRR, advance implementation of the Lifecycle Asset Maintenance Plan, investment in elements of the M7 fleet propulsion systems, installation of positive train control on the M3 fleet, maintain rolling-stock modification schedules, and other operational requirements;
- At MNR, support FRA-mandated testing and service protection requirements, establish a provision to address post-storm tree removal needs, rehabilitate the Brewster maintenance yard, and other operational requirements; and,
- At MTAHQ, increase police and homeless outreach support by the MTA Police, and cover maintenance cost increases for the Gowanus Expressway HOV.

IT New Needs in Support of Operations. Over the Plan period, \$183 million is allocated to implement, maintain and replace critical IT systems:

- Replace equipment that enables the LIRR and MNR to securely access IT systems and files remotely;
- Establish an MTA-wide application to support the efficient administration of Workers Compensation claims processing;
- Re-estimates on numerous IT initiatives, including the Transit Wireless Lease;
- Replacement and addition of iPads for NYCT and MTA Bus Dispatchers using the BusTrek mobile application to manage bus service; and,
- Provide resiliency for New Fare Payment System Data Centers for all Agencies and support for MTA-wide Cyber Security and Threat Intelligence Operations.

Maintain projected fare/toll increases to net 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 \$321 million and \$334 million, respectively.

Increase annual savings targets. The February Plan required Agencies to identify annually recurring savings of \$214 million beginning in 2018; larger targets would remain for the following years. Agencies have identified recurring savings of that value, falling slightly short in 2018. Remaining targets to be identified from February are \$25 million in 2018, \$99 million in 2019, \$175 million in 2020 and \$206 million for 2021. The Plan maintains these targets, and includes 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. While these aggressive targets will be harder to achieve, the MTA remains committed to meeting them.

The July Plan savings are captured in a myriad of areas, including restricting hiring to only essential positions, along with tighter controls on spending not required to meet operational needs, and additional savings from paratransit, maintenance and Information Technology (IT). Major savings initiatives in this Plan include:

NYCT (\$562 million over the plan period):

- Elimination of non-essential vacant positions, re-engineer positions to maximize productivity and control staff additions, and restricting hiring to essential operating positions;
- Efficiencies in administering Paratransit Service - revised ridership growth and increased utilization of low-cost usage of voucher, taxi and e-hail car service, reduce rates and reliance on third-party carriers, and reduced fleet and related injury insurance;
- Efficiencies in maintenance material/operating needs, including procured services - main areas of savings include automation of track and corridor inspections using geometry cars,

improved fleet reliabilities, extend shop program cycles for select fleet, and efficiencies in cleaning at terminals, stations, and depots,

- Tighter control and prioritization of spending - main areas of savings include stationery, training and dues, subscriptions, test fees, and reduced material usage.

MTA Bus (\$24 million over the plan period):

- Tighter control and prioritization of spending - main areas of savings include re-estimate of non-payroll needs based on trend analysis, and efficiencies in operations, including depot maintenance work.

LIRR (\$134 million over the plan period):

- Reduced maintenance material/operating needs - main areas of savings include lower M3 reliability-centered maintenance funding with the fleet retiring at end of 2018, reduce running repair material based on current run-rate, and lower material needs due to significant capital investments;
- Tighter control and prioritization of spending - reduce spending in non-payroll expense categories.

B&T (\$101 million over the plan period):

- Open Road Tolling and increased E-ZPass usage - additional efficiency savings, reflecting lower back-office costs for administering the *Tolls by Mail* Program and reduced toll collection costs.

MNR (\$89 million over the plan period):

- Tighter control and prioritization of spending - savings include TVM armored car service, outside training, advertising/marketing, legal expenses and various professional service contracts, rolled ticket stock, non-capital equipment purchases, travel and membership and dues, rubbish removal, environmental waste removal and various maintenance contracts, and communications & signal equipment;
- Reduced maintenance material/operating needs - savings include reimbursable work performed by the Maintenance of Way division will begin being charged to the Capital Program, reduce engineering services for the GCT Trainshed Inspection Program, and more efficient COT&S (clean, oil, test and stencil) maintenance on the M8 fleet.

MTAHQ (\$87 million over the plan period):

- Tighter control of procured services and prioritization of non-payroll spending - main areas of savings include professional services (mainly MTA IT), re-assess needs for All-Agency sleep apnea testing, and reduced spending in stationery, training and test fees, and dues and subscriptions.

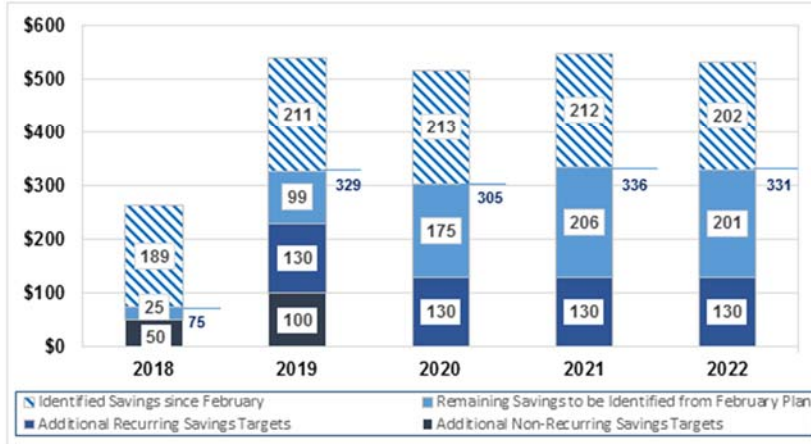
Board Working Group Initiatives. In an effort to identify possible future initiatives to reduce capital costs and improve service and operational efficiencies, in December 2017 the MTA Board formed four working groups to take a new and intense look at areas of persistent challenge: Construction Costs; Procurement Reform; Paratransit/Access-a-Ride; and, Subway/Railroad Accessibility. As results from these working groups are reported back to the MTA Board and implemented, actions resulting in cost savings and efficiencies will be captured in future financial plans.

As shown on the following bar chart, \$1 billion in savings initiatives have been implemented or identified, leaving \$329 million in 2019 targeted savings still to be identified.



Approximately \$1 billion in savings have been identified since the February Plan

(\$ in millions)

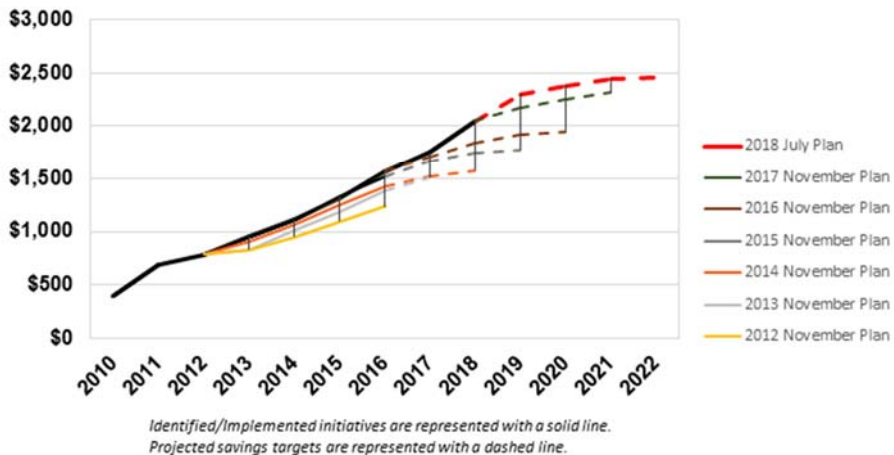


The chart below identifies our cost reduction/containment targets for the current and prior Financial Plans. As indicated on the chart, we have increased our targets each year and have consistently achieved our goals. And, as mentioned earlier, the \$214 million savings target for 2018 was considered a difficult target, but that has been mostly met. Since 2010, the MTA has implemented initiatives with annualized savings of \$2.0 billion. These programs, when combined with the additional targets from February and July, will result in annual savings of \$2.5 billion by 2022.



We continue to raise and achieve annual recurring savings targets

(\$ in millions)

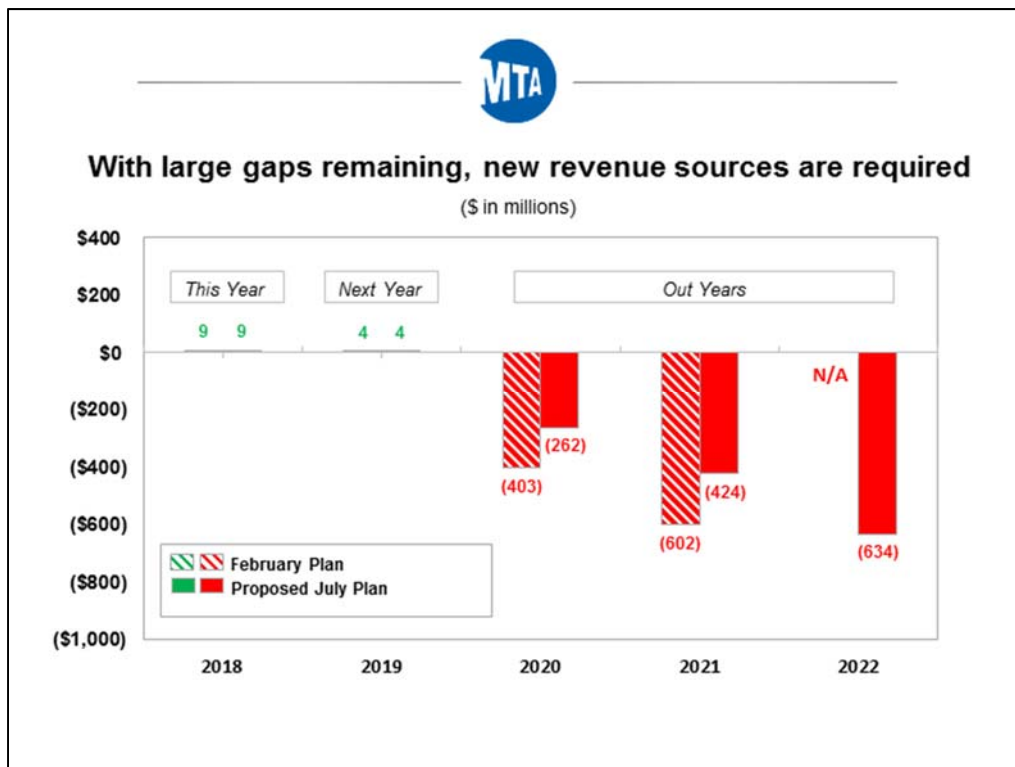


Other MTA Actions

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 is balanced in part by using \$80 million of the \$160 million set aside in the 2018 General Reserve.

The “Bottom Line”

Combined, the above noted changes result in a net improvement to MTA’s financial forecast over the Plan period, although significant unfavorable balance remain for 2020 through 2022. As detailed in the following chart, this Plan is balanced through 2019; however, the July Plan projects gaps of \$262 million, \$424 million and \$634 million for 2020 through 2022, respectively.



Imperatives and Challenges

There are many challenges facing the MTA:

Secure new sustainable funding for operations and capital. The plan assumes aggressive cost-cutting yet is still projecting significant out-year gaps. In order to sustain operations and protect investments made to date and/or planned, the MTA will almost certainly require a new source of future funding to support its operating and capital budgets.

Implement biennial fare and toll increases that net to 4%. 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 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.

Achieve increased cost reduction targets. Unidentified savings targets are \$75 million in 2018, \$329 million in 2019, \$305 million in 2020, \$337 million in 2021 and \$331 million in 2022. We recognize that these targets are aggressive and will be harder to achieve, but we are committed to meeting these goals. If we do not achieve our targets, operating gaps will occur earlier and be larger. We must also remain focused on 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 to date.

Increase investments to address reliability and service. Our challenge is to continue maintaining and improving 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.

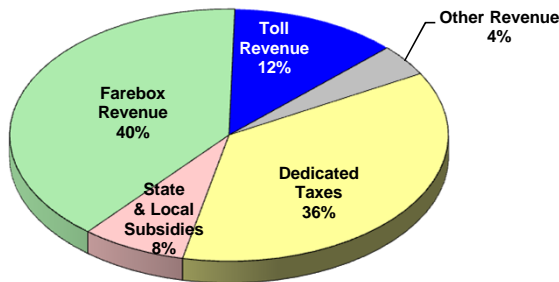
Respond to developing economic environment. The finances of the MTA are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the health of the economy.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

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II. MTA Consolidated Financial Plan

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

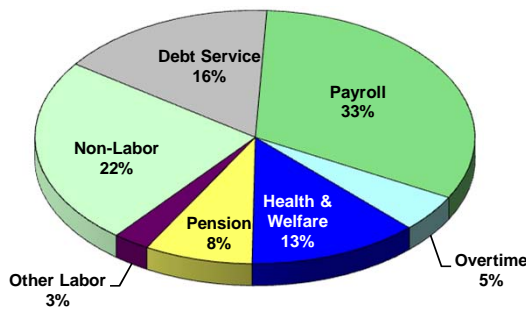
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,422
Toll Revenue	2,027
Other Revenue	665
Dedicated Taxes	5,961
State & Local Subsidies	1,261
Total ¹	\$16,335

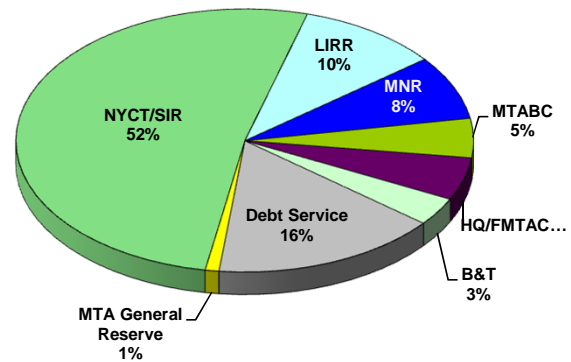
Where the Dollars Go ...

By Expense Category



By Expense Category ² includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,458
Overtime	813
Health & Welfare	2,139
Pension	1,352
Other Labor	455
Non-Labor	4,073
Debt Service	2,731
BTL Adjustments for Expenses ³	(343)
Total ¹	\$16,677

By MTA Agency



By MTA Agency ² includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$8,788
LIRR	1,701
MNR	1,340
MTABC	818
HQ/FMTAC	890
B&T	588
Debt Service	2,731
MTA General Reserve	165
BTL Adjustments for Expenses ³	(343)
Total ¹	\$16,677

¹ Totals may not add due to rounding.

² 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.

³ 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 and exclude cash adjustments and carryover balances. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected in the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2019-2022
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.	Non-Reimbursable	Actual 2017	Mid-Year Forecast 2018	Preliminary Budget 2019	2020	2021	2022
10	Operating Revenue						
11	Farebox Revenue	\$6,172	\$6,176	\$6,218	\$6,260	\$6,255	\$6,272
12	Toll Revenue	1,912	1,955	1,969	1,981	1,992	1,994
13	Other Revenue	653	657	665	705	735	724
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$8,737	\$8,788	\$8,852	\$8,945	\$8,982	\$8,990
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$5,021	\$5,266	\$5,458	\$5,599	\$5,715	\$5,844
20	Overtime	934	945	813	822	853	872
21	Health & Welfare	1,209	1,322	1,454	1,537	1,630	1,736
22	OPEB Current Payment	564	623	685	746	813	886
23	Pensions	1,345	1,327	1,352	1,326	1,313	1,263
24	Other-Fringe Benefits	792	911	916	959	1,004	1,028
25	Reimbursable Overhead	(492)	(452)	(461)	(424)	(403)	(395)
26	Total Labor Expenses	\$9,373	\$9,942	\$10,216	\$10,566	\$10,925	\$11,234
28	Non-Labor Expenses:						
29	Electric Power	\$430	\$495	\$483	\$494	\$541	\$566
30	Fuel	150	183	175	170	164	169
31	Insurance	(3)	13	17	24	31	38
32	Claims	526	343	345	356	360	364
33	Paratransit Service Contracts	393	412	409	419	453	488
34	Maintenance and Other Operating Contracts	695	843	900	863	903	893
35	Professional Service Contracts	507	599	516	482	478	488
36	Materials & Supplies	588	722	682	689	678	684
37	Other Business Expenses	217	230	228	227	241	243
38	Total Non-Labor Expenses	\$3,505	\$3,840	\$3,754	\$3,723	\$3,850	\$3,933
40	Other Expense Adjustments:						
41	Other	\$49	\$143	\$154	\$78	\$36	\$23
42	General Reserve	\$0	160	165	170	175	180
43	Total Other Expense Adjustments	\$49	\$303	\$319	\$248	\$211	\$203
45	Total Operating Expense before Non-Cash Liability Adj.	\$12,927	\$14,085	\$14,289	\$14,538	\$14,986	\$15,369
47	Depreciation	\$2,608	\$2,665	\$2,739	\$2,805	\$2,868	\$2,928
48	OPEB Liability Adjustment	1,567	1,808	1,909	2,013	2,124	2,246
49	GASB 68 Pension Expense Adjustment	(168)	(238)	(272)	(286)	(321)	(303)
50	Environmental Remediation	13	6	6	6	6	6
52	Total Operating Expense after Non-Cash Liability Adj.	\$16,948	\$18,327	\$18,671	\$19,076	\$19,663	\$20,246
54	Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,021)	(\$4,242)	(\$4,382)	(\$4,538)	(\$4,677)	(\$4,877)
56	Debt Service (excludes Service Contract Bonds)	2,525	2,575	2,731	2,888	3,124	3,270
58	Total Operating Expense with Debt Service	\$15,452	\$16,660	\$17,020	\$17,425	\$18,110	\$18,640
60	Dedicated Taxes and State/Local Subsidies	\$6,416	\$7,147	\$7,221	\$7,394	\$7,631	\$7,879
62	Net Surplus/(Deficit) After Subsidies and Debt Service	(\$300)	(\$725)	(\$946)	(\$1,086)	(\$1,497)	(\$1,771)
64	Conversion to Cash Basis: GASB Account	0	0	0	0	0	0
65	Conversion to Cash Basis: All Other	173	459	337	185	123	132
67	CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	(\$127)	(\$267)	(\$609)	(\$901)	(\$1,374)	(\$1,639)
68	ADJUSTMENTS	0	155	604	635	950	1,005
69	PRIOR-YEAR CARRYOVER	248	121	9	4	0	0
70	NET CASH BALANCE	\$121	\$9	\$4	(\$262)	(\$424)	(\$634)

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

Line No.	Actual 2017	Mid-Year Forecast 2018	Preliminary Budget 2019	2020	2021	2022
11	(\$127)	(\$267)	(\$609)	(\$901)	(\$1,374)	(\$1,639)
13	Fare/Toll Increases:					
14		-	272	321	321	322
15		-	-	-	284	334
16		-	(11)	(9)	(20)	(19)
17	Sub-Total	\$0	\$261	\$311	\$585	\$637
19	MTA Efficiencies:					
20		25	99	175	207	201
21		50	100	-	-	-
22		-	130	130	130	130
23	MTA Efficiencies - Not Yet Implemented	\$75	\$329	\$305	\$337	\$331
25	Policy Actions:					
26		80	-	-	-	-
27	Sub-Total	\$80	\$0	\$0	\$0	\$0
29	MTA Re-estimates:					
30		0	13	19	29	37
31	Sub-Total	\$0	\$13	\$19	\$29	\$37
33	TOTAL ADJUSTMENTS					
34		\$155	\$604	\$635	\$950	\$1,005
35	<i>Prior-Year Carry-Over</i>	248	121	9	4	0
37	Net Cash Surplus/(Deficit)	\$121	\$9	\$4	(\$262)	(\$424)
		(\$634)				

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

Line
No.

Cash Receipts and Expenditures						
	Actual	Mid-Year	Preliminary			
	2017	Forecast	Budget	2020	2021	2022
Receipts						
Farebox Revenue	\$6,179	\$6,180	\$6,222	\$6,263	\$6,258	\$6,274
Other Operating Revenue	691	654	786	736	747	737
Capital and Other Reimbursements	2,057	2,478	2,257	2,050	1,911	1,887
Total Receipts	\$8,927	\$9,312	\$9,264	\$9,050	\$8,917	\$8,898
Expenditures						
Labor:						
Payroll	\$5,491	\$5,877	\$6,072	\$6,150	\$6,204	\$6,337
Overtime	1,166	1,127	959	965	990	1,013
Health and Welfare	1,270	1,357	1,497	1,577	1,669	1,775
OPEB Current Payment	553	611	672	732	798	870
Pensions	1,393	1,389	1,417	1,387	1,372	1,320
Other Fringe Benefits	863	905	912	927	947	968
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	(0)	(0)
Total Labor Expenditures	\$10,735	\$11,266	\$11,529	\$11,740	\$11,980	\$12,283
Non-Labor:						
Electric Power	\$440	\$494	\$480	\$491	\$538	\$562
Fuel	142	181	172	167	162	167
Insurance	12	11	19	26	29	35
Claims	286	259	249	259	265	270
Paratransit Service Contracts	390	410	407	417	451	486
Maintenance and Other Operating Contracts	631	825	826	776	762	738
Professional Service Contracts	487	734	586	509	480	480
Materials & Supplies	770	898	818	808	790	794
Materials & Supplies	198	211	204	196	208	209
Total Non-Labor Expenditures	\$3,357	\$4,023	\$3,761	\$3,649	\$3,683	\$3,739
Other Expenditure Adjustments:						
Other	\$71	\$130	\$117	\$103	\$106	\$154
General Reserve	0	160	165	170	175	180
Total Other Expenditure Adjustments	\$71	\$290	\$282	\$273	\$281	\$334
Total Expenditures	\$14,163	\$15,579	\$15,573	\$15,661	\$15,945	\$16,356
Net Cash Deficit Before Subsidies and Debt Service	(\$5,236)	(\$6,266)	(\$6,308)	(6,612)	(7,028)	(7,459)
Dedicated Taxes and State/Local Subsidies	\$6,967	\$7,890	\$7,694	\$7,842	\$7,984	\$8,279
Debt Service (excludes Service Contract Bonds)	(\$1,858)	(\$1,891)	(\$1,995)	(\$2,131)	(\$2,330)	(\$2,459)
CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$127)	(\$267)	(\$609)	(\$901)	(\$1,374)	(\$1,639)
ADJUSTMENTS	\$0	155	604	635	950	1,005
PRIOR-YEAR CARRY-OVER	\$248	121	9	4	0	0
NET CASH BALANCE	\$121	\$9	\$4	(\$262)	(\$424)	(\$634)

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

	Favorable/(Unfavorable)			
	2018	2019	2020	2021
FEBRUARY FINANCIAL PLAN 2018-2021				
NET CASH SURPLUS/(DEFICIT)	\$9	\$4	(\$403)	(\$602)
Agency Baseline Adjustments	(\$143)	(\$88)	\$34	\$128
<i>Farebox/Toll Revenues</i>	(70)	(58)	(52)	(58)
<i>Rates:</i>				
<i>Pension</i>	13	8	33	61
<i>Power</i>	10	36	53	62
<i>Fuel</i>	(31)	(23)	7	23
<i>Other Baseline Re-estimates ¹</i>	(65)	(51)	(6)	41
Agency Action Plans ²	(\$285)	(\$255)	(\$201)	(\$206)
<i>NYCT "Subway Action Plan" (full funding) ³</i>	(251)	(192)	(151)	(150)
<i>NYCT "Bus Plan" (included in Agency baseline)</i>	(3)	(15)	(6)	(6)
<i>LIRR "Forward" (included in Agency baseline)</i>	(25)	(29)	(26)	(24)
<i>MNR "Way Ahead"</i>	(2)	(12)	(16)	(24)
<i>MTA Bus "Bus Plan"</i>	(4)	(6)	(2)	(2)
New Needs/Investments	(\$103)	(\$148)	(\$60)	(\$27)
<i>Maintenance / Operations</i>	(63)	(68)	(38)	(7)
<i>IT New Needs in Support of Operations</i>	(40)	(80)	(22)	(20)
Savings Program	\$189	\$210	\$213	\$212
<i>2018 BRP Savings (New) ^{4,5}</i>	189	210	213	212
General Reserve	\$0	\$0	\$5	\$5
Subsidies	\$764	\$532	\$515	\$503
<i>Metropolitan Mass Transportation Operating Assist. (MMTOA)</i>	0	21	26	36
<i>Petroleum Business Tax (PBT) Receipts</i>	-	18	21	18
<i>Real Estate Taxes</i>	61	26	6	(17)
<i>MTA Aid</i>	-	(5)	(7)	(8)
<i>NYS Operating Support for SAP ⁶</i>	254	-	-	-
<i>NYC Operating Support for SAP</i>	254	-	-	-
<i>NYC Transportation Assistance Fund</i>	-	365	385	385
<i>Other Subsidy Adjustments ⁶</i>	196	106	84	89
Debt Service ³	(\$4)	\$55	\$101	\$34
Below-the-Line Adjustments	(\$421)	(\$306)	(\$466)	(\$472)
<i>Fare/Toll Increases</i>	-	(2)	(2)	(4)
<i>MTA Efficiencies:</i>				
<i>MTA Efficiencies - Identified in the 2018 July Plan ⁵</i>	(189)	(210)	(213)	(212)
<i>Additional Savings Targets - 2018 July Plan</i>	50	100	-	-
<i>Additional Recurring Savings Targets - 2018 July Plan</i>	-	130	130	130
<i>Policy Actions:</i>				
<i>NYS Capital Funding Reprogrammed for Operations ⁶</i>	(65)	-	-	-
<i>Restoration of PMT Replacement Funds</i>	-	(65)	(65)	(65)
<i>GASB 45 OPEB Fund Reserves - Suspend Planned Contributions ⁶</i>	(8)	(19)	(30)	(43)
<i>B&T Necessary Reconstruction - Suspend Planned Contributions ⁶</i>	(52)	(53)	(54)	(55)
<i>Additional State Funding for Subway Action Plan (SAP) ⁶</i>	(254)	(150)	(150)	(150)
<i>Pre-Funding of 2017 Capital Expenses ⁶</i>	(63)	-	-	-
<i>Drawdown/(Redeposit) GASB 45 OPEB Reserves ⁶</i>	80	-	-	-
<i>Drawdown 50% of General Reserve</i>	80	-	-	-
<i>MTA Re-estimates</i>				
<i>Drawdown on Cash Balances in Lieu of Issuing Bonds ⁶</i>	-	(50)	(101)	(101)
<i>MTA Re-estimates</i>	0	13	19	29
Prior Year Carryover	\$3	(\$0)	\$0	\$0
JULY FINANCIAL PLAN 2019-2022				
NET CASH SURPLUS/(DEFICIT)	\$9	\$4	(\$262)	(\$424)

* Totals may not add due to rounding

¹ Changes capture updated reimbursable assumptions, revised inflation forecasts, timing 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 Includes programs with non-rate-related adjustments to pension, health and welfare, and energy.

³ This incremental change reflects New York City's match to NY State's funding level of the SAP, enabling NYCT to implement the entire action plan of \$836 million.

⁴ 2018 includes \$162 million in new BRP savings and a \$27 million credit for additional 2017 savings.

⁵ Savings are captured in the baseline with corresponding decreases to the previous level of unidentified savings.

⁶ Items reflected "below-the-line" in the February, but now captured within the baseline. This results in offsetting variances in this reconciliation.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2019-2022
Consolidated Subsidies

Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>Actual</u> <u>2017</u>	<u>Mid-Year</u> <u>Forecast</u> <u>2018</u>	<u>Preliminary</u> <u>Budget</u> <u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,668.0	\$1,686.6	\$1,777.6	\$1,840.4	\$1,918.3	\$1,999.4
Petroleum Business Tax (PBT) Receipts	617.1	624.5	633.5	633.4	630.0	629.1
Mortgage Recording Tax (MRT)	461.4	451.7	467.7	488.4	505.5	523.7
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)
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0	0.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0	0.0
Enhanced Security Training	0.0	0.0	0.0	0.0	0.0	0.0
Service Marketing Campaign	0.0	0.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	0.0	0.0	0.0	0.0	0.0	0.0
Interest	5.4	5.3	5.3	5.3	5.3	5.3
Urban Tax	585.5	607.4	594.6	587.0	587.0	611.5
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	\$3,338.0	\$3,440.5	\$3,516.0	\$3,607.0	\$3,729.6
PMT and MTA Aid						
Payroll Mobility Tax	\$1,435.6	\$1,526.4	\$1,602.1	\$1,673.9	\$1,751.2	\$1,833.8
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	\$2,154.5	\$2,226.3	\$2,304.7	\$2,388.3
New Funding Sources						
NYS Operating Support for SAP ¹	\$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 (18-b)	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance (18-b)	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	14.0	6.3	1.4	0.0	0.0
MNR Repayment for 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital Contributions	(300.9)	(38.8)	(63.9)	(122.8)	(180.6)	(120.2)
Drawdown 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)	\$94.1	(\$71.6)	(\$135.4)	(\$194.5)	(\$134.1)
Subtotal Dedicated Taxes & State and Local Subsidies	\$5,532.3	\$6,558.2	\$6,436.7	\$6,545.0	\$6,660.0	\$6,931.3
Other Funding Agreements						
City Subsidy for MTA Bus Company	\$519.9	\$520.7	\$533.5	\$524.2	\$525.6	\$549.7
City Subsidy for Staten Island Railway	53.0	58.5	48.8	46.6	49.8	56.4
CDOT Subsidy for Metro-North Railroad	<u>130.6</u>	<u>116.8</u>	<u>129.4</u>	<u>124.6</u>	<u>131.6</u>	<u>138.1</u>
	\$703.5	\$696.0	\$711.8	\$695.4	\$707.0	\$744.2
Total Dedicated Taxes & State and Local Subsidies	\$6,235.9	\$7,254.2	\$7,148.4	\$7,240.4	\$7,367.0	\$7,675.6
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	<u>\$731.0</u>	<u>\$636.2</u>	<u>\$545.6</u>	<u>\$601.7</u>	<u>\$616.9</u>	<u>\$603.3</u>
	\$731.0	\$636.2	\$545.6	\$601.7	\$616.9	\$603.3
GROSS SUBSIDIES	\$6,966.9	\$7,890.4	\$7,694.0	\$7,842.1	\$7,983.9	\$8,278.8

¹ This subsidy was captured below-the-line in the February Plan.

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the July and February Financial Plans
Consolidated Subsidiaries
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Dedicated Taxes				
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$0.0	\$21.5	\$25.8	\$35.7
Petroleum Business Tax (PBT) Receipts	0.0	18.3	21.0	18.3
Mortgage Recording Tax (MRT)	(19.1)	(22.5)	(18.5)	(20.0)
MRT Transfer to Suburban Counties	0.2	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	79.8	48.1	24.1	2.6
Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$60.8	\$65.4	\$52.5	\$36.5
PMT and MTA Aid				
Payroll Mobility Tax	\$0.0	\$0.0	\$0.0	\$0.0
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0
MTA Aid	<u>0.0</u>	<u>(4.7)</u>	<u>(6.7)</u>	<u>(7.7)</u>
	\$0.0	(\$4.7)	(\$6.7)	(\$7.7)
New Funding Sources				
NYS Operating Support for SAP ¹	\$254.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	254.0	0.0	0.0	0.0
NYC Transportation Assistance Fund	<u>0.0</u>	<u>365.0</u>	<u>385.0</u>	<u>385.0</u>
	\$508.0	\$365.0	\$385.0	\$385.0
State and Local Subsidies				
State Operating Assistance (18-b)	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0
Station Maintenance	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
	\$0.7	\$0.7	\$0.7	\$0.7
Other Subsidy Adjustments				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	\$11.6	\$4.4	\$1.4	\$0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Contributions	184.7	133.0	56.6	13.9
Drawdown GASB 45 OPEB Reserves	<u>(16.7)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$179.5	\$137.3	\$58.0	\$13.9
Subtotal Dedicated Taxes & State and Local Subsidies	\$749.0	\$563.7	\$489.5	\$428.4
Other Funding Agreements				
City Subsidy for MTA Bus Company	\$22.3	\$14.4	\$3.0	(\$1.0)
City Subsidy for Staten Island Railway	(5.7)	3.4	(2.0)	(2.5)
CDOT Subsidy for Metro-North Railroad	<u>(1.6)</u>	<u>(2.4)</u>	<u>(9.2)</u>	<u>(10.3)</u>
	\$15.1	\$15.4	(\$8.2)	(\$13.8)
Total Dedicated Taxes & State and Local Subsidies	\$764.1	\$579.1	\$481.3	\$414.6
Inter-agency Subsidy Transactions				
B&T Operating Surplus Transfer	<u>\$0.3</u>	<u>(\$47.4)</u>	<u>\$33.5</u>	<u>\$88.3</u>
	\$0.3	(\$47.4)	\$33.5	\$88.3
GROSS SUBSIDIES	\$764.3	\$531.8	\$514.8	\$502.9

¹ This subsidy was captured below-the-line in the February Plan.

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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 \$321 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by \$272 million in 2019, by \$321 million in both 2020 and 2021, and by \$322 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 \$261 million in 2019, \$311 million in 2020, \$312 million in 2021, and \$313 million in 2022. These net projections, compared with the February Plan, are lower by \$2 million per year for 2019 through 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 \$334 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$284 million in 2021 and by \$334 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 \$324 million in 2022; compared with the February Plan, this estimate is \$2 million lower for 2021.

MTA Consolidated Utilization

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

		Mid-Year Forecast	Preliminary Budget			
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Fare Revenue						
Long Island Rail Road	Baseline	\$741.932	\$745.955	\$748.496	\$749.191	\$749.763
	2019 Yield Increase	\$0.000	\$25.508	\$29.940	\$29.968	\$29.991
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$26.643	\$31.190
		\$741.932	\$771.462	\$778.436	\$805.802	\$810.944
Metro-North Railroad ¹	Baseline	\$751.013	\$760.589	\$768.899	\$770.839	\$779.366
	2019 Yield Increase	\$0.000	\$21.145	\$24.975	\$25.022	\$25.256
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$21.939	\$25.907
		\$751.013	\$781.734	\$793.874	\$817.800	\$830.529
MTA Bus Company ²	Baseline	\$217.159	\$217.614	\$218.449	\$217.689	\$217.926
	2019 Yield Increase	\$0.000	\$7.419	\$8.738	\$8.708	\$8.717
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$7.719	\$9.066
		\$217.159	\$225.033	\$227.187	\$234.115	\$235.709
New York City Transit ³	Baseline	\$4,458.834	\$4,486.828	\$4,517.231	\$4,510.364	\$4,517.487
	2019 Yield Increase	\$0.000	\$149.723	\$177.549	\$177.275	\$177.559
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$156.438	\$184.538
		\$4,458.834	\$4,636.551	\$4,694.780	\$4,844.077	\$4,879.585
Staten Island Railway ²	Baseline	\$7.001	\$7.082	\$7.140	\$7.128	\$7.145
	2019 Yield Increase	\$0.000	\$0.241	\$0.286	\$0.285	\$0.286
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.252	\$0.297
		\$7.001	\$7.323	\$7.426	\$7.665	\$7.728
Total Farebox Revenue	Baseline	\$6,175.939	\$6,218.068	\$6,260.215	\$6,255.212	\$6,271.687
	2019 Yield Increase	\$0.000	\$204.036	\$241.488	\$241.257	\$241.809
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$212.991	\$250.998
		\$6,175.939	\$6,422.103	\$6,501.702	\$6,709.459	\$6,764.495
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$1,954.806	\$1,969.219	\$1,980.541	\$1,992.236	\$1,994.407
	2019 Yield Increase	\$0.000	\$67.928	\$79.222	\$79.689	\$79.776
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$71.471	\$82.967
		\$1,954.806	\$2,037.147	\$2,059.763	\$2,143.397	\$2,157.151
TOTAL FARE & TOLL REVENUE						
	Baseline	\$8,130.745	\$8,187.287	\$8,240.756	\$8,247.448	\$8,266.095
	2019 Yield Increase	\$0.000	\$271.964	\$320.709	\$320.946	\$321.585
	2021 Yield Increase	\$0.000	\$0.000	\$0.000	\$284.462	\$333.966
		\$8,130.745	\$8,459.251	\$8,561.465	\$8,852.856	\$8,921.646

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, paratransit savings 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. Through 2017, the MTA has implemented programs with annualized savings of \$1.8 billion. These programs, when combined with existing targets (detailed below), will result in annual savings of \$2.5 billion by 2022.

MTA Efficiencies – Not Yet Implemented – The February Plan included unidentified savings targets of \$214 million in 2018, \$309 million in 2019, \$388 million in 2020 and \$418 million in 2021. The July Plan reflects the recognition of savings from the Agencies totaling \$189 million in 2018, \$211 million in 2019, \$213 million in 2020, \$212 million in 2021 and \$202 million in 2022, meeting virtually all of the \$214 million recurring savings target that was distributed to the Agencies. While achieving over \$1.027 billion in savings in the July Plan, unidentified savings from February remain in the amounts of \$25 million in 2018, \$99 million in 2019, \$175 million in 2020, \$206 million in 2021 and \$201 million in 2022.

Additional Savings Targets

In response to the lower revenue projections and the greater required operating investments that are captured in this Plan, the MTA is increasing the level of expense reduction targets. These new savings targets are divided into two categories:

Additional Savings Targets – 2018 July Plan – Non-recurring savings targets of \$50 million in 2018 and \$100 million in 2019.

Additional Recurring Savings Targets – 2018 July Plan - Recurring savings targets of \$130 million each year beginning in 2019.

Policy Actions

Drawdown 50% of General Reserve – The MTA is drawing down half (\$80 million) of the 2018 General Reserve (\$160 million) to help balance the 2018 Mid-Year Forecast.

MTA Re-estimates

MTA Re-estimates – Included in the July Plan are re-estimates of costs for pension expenses and Agency “action plan” investments.


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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: July 23, 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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