

# MTA 2020 Preliminary Budget

## July Financial Plan 2020-2023



Volume 1  
July 2019



Metropolitan Transportation Authority

## OVERVIEW

### **MTA 2020 Preliminary Budget July Financial Plan 2020-2023 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, Policy Actions, and any MTA Efficiencies and Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Chairman/CEO, 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 2020 Preliminary Budget and the Financial Plan for 2020 through 2023. 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 **2019 MTA July Financial Plan** (the “July Plan” or “Plan”), which includes the 2019 Mid-Year Forecast, the 2020 Preliminary Budget and a Financial Plan for the years 2020-2023, 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 projected biennial fare and toll increases that generate a four percent net increase in farebox and toll revenue, maintains investments from prior plans, including maintenance of the Subway Action Plan funded from Phase 1 of Congestion Pricing through for-hire vehicle fees, and places a renewed emphasis on gaining control of, and reducing, fare evasion. The Plan also includes major deficit reduction actions intended to address annual deficits and place the MTA on a financially sustainable foundation consisting of annual recurring savings targets of \$350 million, beginning in 2020, which do not compromise employee or customer safety and security, and additional savings targets from consolidation and efficiency efforts through the transformation of the MTA. To bridge the transition period until the transformation efforts fully produce the expected cost savings, the Plan uses several “one-shot” actions to balance the budget.

### **Transforming the MTA**

MTA’s finances are structurally imbalanced, with expenses surpassing revenues. Annual budgets for 2017 through this year have been balanced with a variety of “one-shot” actions. While the MTA has aggressively, since 2010, identified and acted on an extensive array of annually recurring cost reduction actions and containments resulting in annualized savings of \$2.5 billion through 2019, it has become increasingly difficult to identify additional savings initiatives. In this July Plan, Agencies have identified an additional \$350 million in annually recurring savings beginning in 2020, with some of the actions commencing in 2019. However, the use of one-shots and the additional recurring savings are insufficient to eliminate budgetary shortfalls. To address this situation, the 2019-2020 NYS Enacted Budget requires a series of MTA reforms, including the legislated requirement to develop an organizational restructuring plan to remedy the institutional constraints which have evolved during the 51 years since the MTA was chartered. With an eye on streamlining the organization and providing safe and reliable service, MTA remains committed to meeting the needs of its customers in a more cost efficient and trustworthy manner. To that end, the MTA procured the services of a management consulting firm, AlixPartners, to aid in this transformation. The firm recently presented its report to the MTA, and initial fiscal impacts of the report’s recommendations are included in this July Financial Plan.

### **The February Plan**

The 2019 February Plan projected a break-even cash balance in 2019 with deficits of \$467 million in 2020, \$814 million in 2021 and \$976 million in 2022. The Plan was based on three key inter-related elements: (i) fare and toll price increases that net 4% yield in annual revenue in both 2019 and 2021; (ii) annually recurring cost reduction and containment targets that will result in annual savings of almost \$2.5 billion per year by 2022; and (iii) maintain prior plan investments and

provide for an additional \$216 million for further maintenance and operating needs over the Plan period.

The February Plan included several one-shot actions to balance the 2019 Adopted Budget. The \$160 million General Reserve for 2018 was released at the end of 2018, and \$40 million in excess fuel hedge collateral was also used to help balance the 2019 budget. The February Plan also reflected several items not included in the Adopted Budget that were approved by the MTA Board in December 2018, including lower premiums for the New York State Health Insurance Program (NYSHIP) and lower projected renewal costs for several insurance liability policies; combined, these two items result in favorable adjustments of \$65 million in 2019 and \$18 million annually thereafter.

The February Plan also reflected a one-month delay in the implementation of fare and toll increases estimated to yield 4 percent to provide sufficient time for the MTA Board to review the proposals and consider alternatives. The delay moved the implementation of the increases from March to April, reducing by \$27 million in 2019 the expected yield from the fare and toll increases.

Lastly, revenues from the For-Hire Vehicle (FHV) Surcharge on trips that begin, end or pass through a Manhattan congestion zone south of 96<sup>th</sup> Street were delayed due to a temporary restraining order that was issued while the merits of a lawsuit opposed to the FHV Surcharge were litigated in court. After a one-month delay, the temporary restraining order was lifted and FHV trips in the congestion zone were assessed the surcharge. However, the delay in implementing the surcharge results in reduced revenue in 2019 of \$23 million for the NYC Transportation Assistance Fund.

### **What Has Changed Since the February Plan?**

In April, the 2019-2020 NYS Enacted Budget included new, dedicated revenue streams for the MTA. The new resources include a Central Business District Tolling Program, which has an implementation date of December 31, 2020. The Central Business District Tolling Program will assess a toll for vehicles entering the Central Business District, defined as south of 60<sup>th</sup> Street in Manhattan, but will exclude vehicles traveling on the FDR Drive or Route 9A and not exiting onto roads within the Central Business District.

The enacted State Budget also included provisions for a new Real Property Transfer Tax Surcharge (referred to as the “Mansion Tax”) on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax. The Mansion Tax went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a quarter percent starting at \$2 million, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at \$25 million or above. The Internet Marketplace Sales Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding \$300,000 and delivering more than one hundred sales into New York State in the previous four quarters. The sales taxes will be collected at the normal rate of 4% plus local sales tax.

The proceeds from the Central Business District Tolling Program, the Internet Marketplace Sales Tax and the Real Property Transfer Tax Surcharge will be deposited into the MTA’s Central Business District Tolling Program capital lockbox and may only be used to support financing of the 2020-2024 Capital Program.

Other changes since February include:

Changes and re-estimates improving financial results over the Plan period (2019-2022):

- Higher MMTOA subsidies (\$184 million)
- Higher yield from the additional 2.3% increase in tolls (\$173 million)
- Lower maintenance/other operating contracts (\$173 million)
- Higher MTA Aid car rental tax (\$35 million)

Changes and re-estimates worsening financial results over the Plan period (2019-2022):

- Actuary recalculation of pension liability (\$550 million)
- Agency re-estimates and rate change adjustments (\$189 million)
- Higher overtime expenses (\$131 million)
- Lower rental/advertising revenues (\$83 million)
- Lower real estate tax revenues (\$59 million)

In total, changes and re-estimates, including the above, are \$447 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 July Plan**

The July Plan continues to follow a similar approach to those reflected in earlier plans, and incorporates additional actions necessary to achieve budget balance in the near-term and significantly reduce out-year deficits.

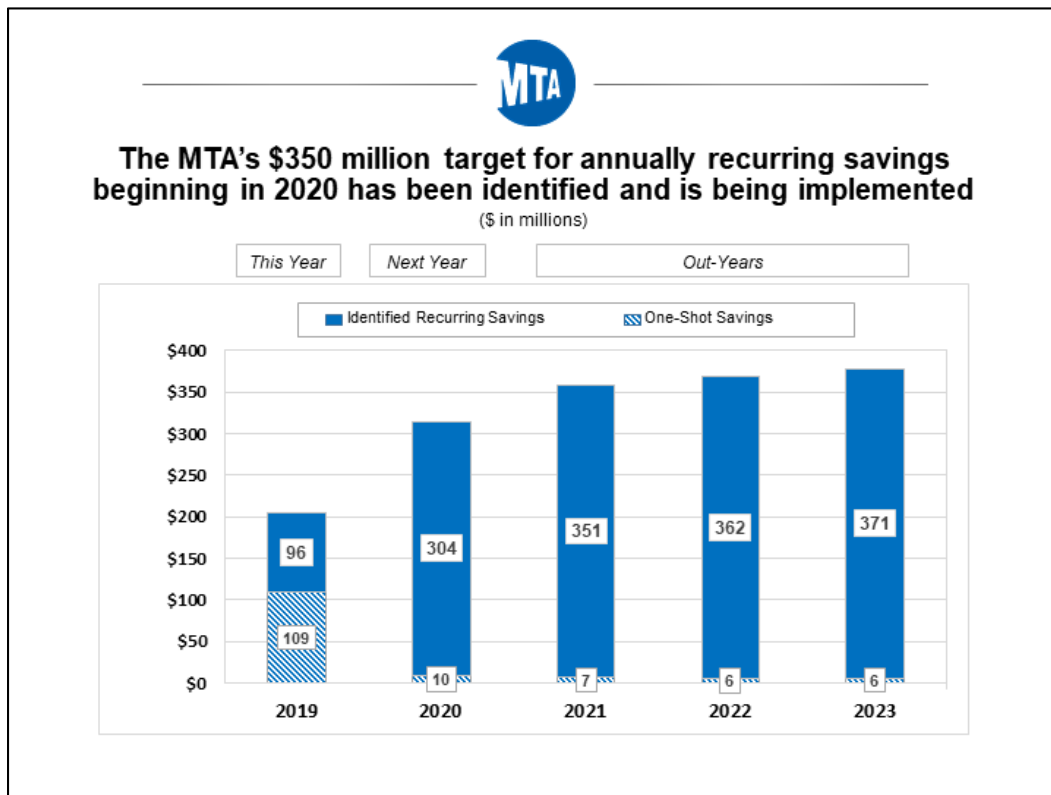
***Hold projected fare/toll increases to 4% in 2021 and 2023.*** The Plan continues to project net 4% biennial fare/toll increases (the equivalent of 2% per year) which is lower than the projected two-year inflation rates of 4.9% and 4.7% in 2021 and 2023, respectively. Consistent with recent Plans, a March 1<sup>st</sup> implementation is assumed for both the 2021 and 2023 increases. The annualized yield of these increases is projected to be \$331 million and \$345 million, respectively.

***Maintains prior plan investments.*** The Plan maintains major on-going investment initiatives: 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. The Plan also sustains and expands upon the improvements of the Subway Action Plan, which was jump-started with funding jointly provided by New York State and New York City, and going forward is being funded from the initial phase of congestion pricing, using revenues from the for-hire vehicle surcharge.

***Reduce Fare Evasion.*** Recent surveys estimate revenue loss from subway and bus fare evasion at about \$260 million annually. A renewed emphasis by MTA to gain control of, and reduce, fare evasion is underway. To deter fare evasion – and to address assaults on transit workers – Governor Cuomo announced a series of actions, which are designed to not target any specific demographic groups and deter, rather than fine, fare evaders: 500 uniformed officers comprised of New York Police Department officers, MTA Police Department officers and MTA Bridges and Tunnels officers will patrol 50 subway stations and 50 bus routes where fare evasion and assaults occur at elevated levels; subway station exit gates are being redesigned to mitigate instances of fare avoidance; and, surveillance capabilities will be augmented by deploying fare array cameras at stations and piloting the use of video monitors. These actions are estimated to cost \$62 million over the Plan period, and is being partially covered by a \$40 million grant from the Manhattan District Attorney’s forfeiture fund.

**“One-Shot” Actions.** In 2017 and 2018, it was necessary to use “one-shots” to balance the budget, and one-shots are again necessary to aid in balancing the budget in both 2019 and 2020. At the end of 2018, a favorable year-end balance of \$372 million – mostly timing related – was carried over into 2019. For 2019, an MTA-wide freeze on the filling of non-operational/non-essential vacancies is expected to favorably reduce expenses by \$68 million, and other restrictions on non-essential spending – including non-revenue vehicle purchases, travel, and professional memberships – are forecasted to reduce expenses by \$44 million. Also, the \$64 million that had been earmarked for Committed to Capital will be pulled back and used to cover 2019 operating expenses. Lastly, the \$165 million 2019 General Reserve, a contingency fund set at approximately one percent of the operating expense budget, is not expected to be needed, in which case these funds will be reserved to cover 2020 expenses.

**Achieve annually recurring savings targets.** The February Plan included unidentified savings of \$123 million in 2019, \$58 million in 2020, \$82 million in 2021 and \$86 million in 2022. In late February, Agencies were directed to increase the savings targets to \$350 million in annual operating expense savings. These recurring savings targets, which are expected to begin in 2020, have been identified, with several them taking effect and having beneficial impact in 2019. Additionally, Agencies were given targets of \$150 million in annual capital expense savings, also to commence in 2020.



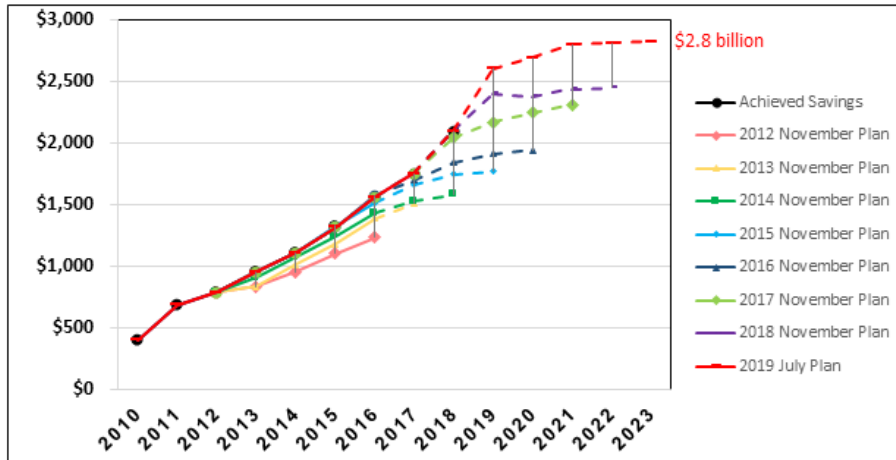
The chart below identifies our cost reduction/cost containment targets by Financial Plan. As indicated, the MTA has steadily increased its targets and has consistently achieved its targets. Through 2019, the MTA has implemented initiatives with annualized savings of \$2.5 billion. These programs will result in annual savings of \$2.8 billion by 2023.





**We have a track record of identifying and achieving our annual recurring savings targets**

(\$ in millions)

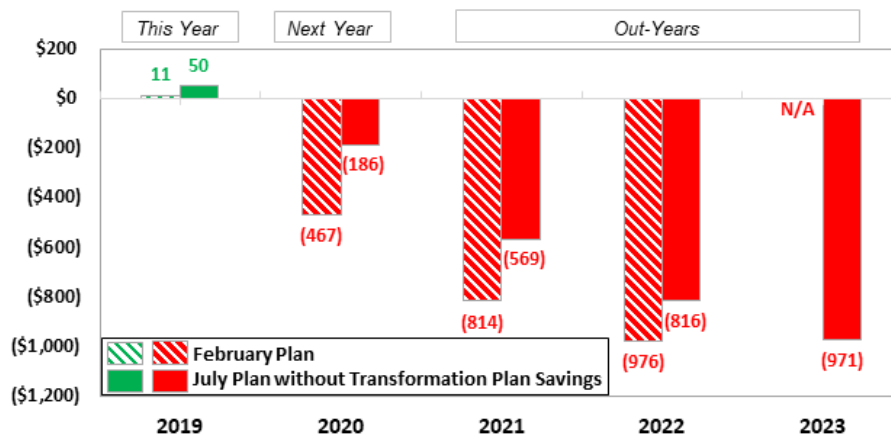


Even with biennial 4% fare and toll increases, one-shot actions, and the \$350 million in additional savings targets the July Plan remains out of balance, with the 2023 deficit approaching \$1 billion.



**These actions will not suffice, and significant deficits remain**

(\$ in millions)



**Approve and Implement the MTA Transformation Plan.** As noted earlier, AlixPartners has been retained by the MTA to review operations throughout the organization and to recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Agencies, and solidify accountability so the MTA can work more efficiently to regain the trust of our customers and funding partners and deliver the safe and reliable service our customers deserve. In mid-July, the MTA made public the Transformation Plan, which includes several recommendations:

- Refocus the operating agencies on mission-critical operating priorities of safety, reliability and service;
- Centralize common support functions to improve operations and create opportunities to ensure consistent standards, quality and policies across departments.
- Unify the management of capital programs to improve and streamline planning, development and construction so capital improvements can be delivered on time and on budget; and,
- Expand senior leadership by adding a Chief Transformation Officer, a Chief Operating Officer, a Chief Engineering Officer, and an MTA Accessibility Officer.

AlixPartners has estimated savings from the consolidation and efficiency opportunities it has identified ranging between \$370 million and \$530 million on an annual basis once fully implemented, with headcount reductions of 1,900 to 2,700. Senior management and the MTA Board will review the firm's findings and recommendations. Along with the steps necessary for successful implementation of the Transformation Plan, the savings estimate will be revised, if necessary, in the November Plan.

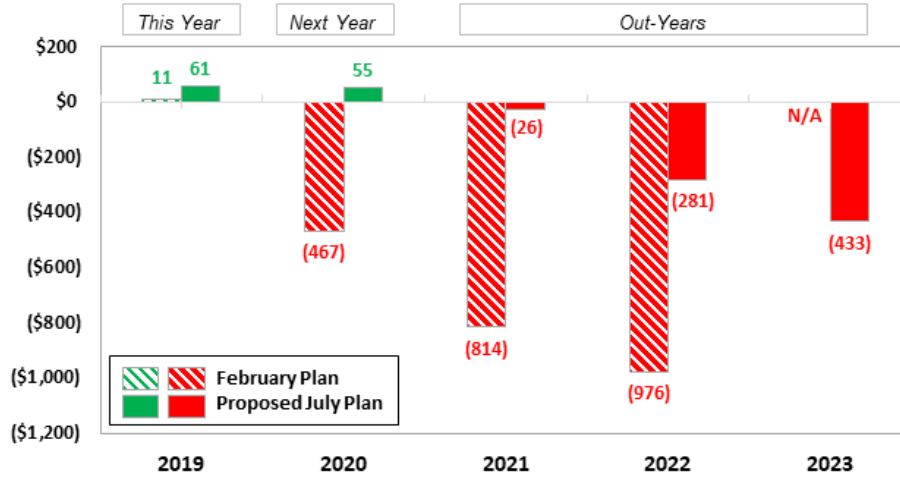
### **The "Bottom Line"**

Combined with Agency baseline projections, the above noted changes result in a net improvement to MTA's financial forecast over the Plan period, although out-year deficits remain. As detailed in the following chart, if the MTA Transformation Plan is approved and implemented, a significant improvement in the July Plan should result.



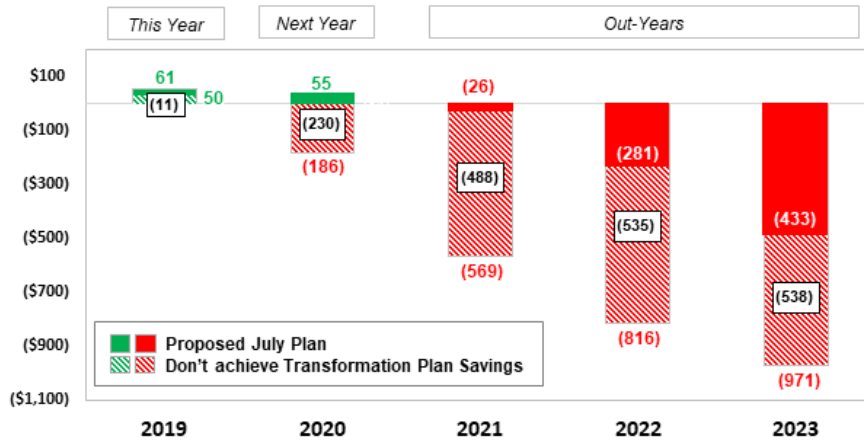
### The adoption and implementation of the MTA Transformation Plan has the potential to significantly reduce out-year deficits

(\$ in millions)



### If the MTA Transformation Plan is not adopted and implemented, the deficits will be unmanageable without service cuts, significant reductions in force, and/or additional fare and toll increases

(\$ in millions)



## Imperatives and Challenges

There are many challenges facing the MTA:

***Continue to Implement Board Working Group Initiatives.*** 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 periodically reported back to the full MTA Board with findings and initiatives. The MTA is committed to the implementation of the recommendations made by the working groups, with numerous recommendations already being put into practice.

***Maintain cost reductions.*** The MTA must remain focused on existing cost control efforts to avoid backsliding, as we cannot afford to “give back” any of the savings that Headquarters and the Agencies have achieved to date.

***Implement biennial fare and toll increases that yield 4% increases in revenues.*** While MTA works 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 outside MTA’s 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.

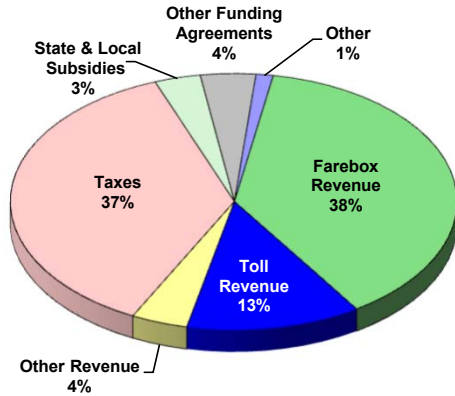
***Increase investments to address reliability and service.*** The challenge is to continue maintaining and improving the operations of aging fleet and infrastructure, including our 115-year old subway system. MTA needs to find more efficient ways to improve its System, move our customers, and enhance 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 unrealized, the July Plan projected results would be adversely affected.

## **II. MTA Consolidated Financial Plan**

**MTA 2020 Preliminary Budget**  
**Baseline Expenses After Below-the-Line (BTL) Adjustments**  
**Non-Reimbursable**

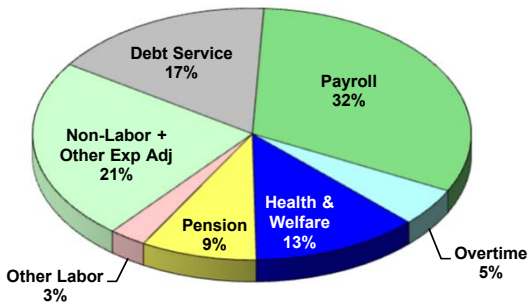
**Where the Dollars Come From ...**



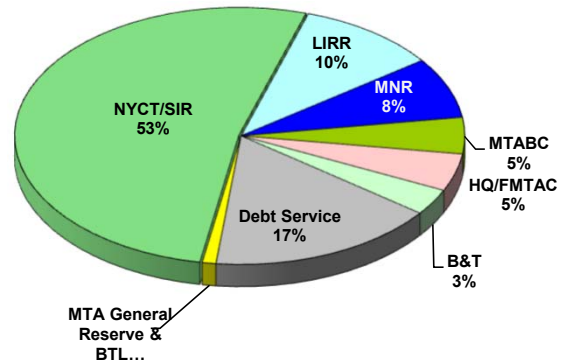
By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,389
Toll Revenue	2,121
Other Revenue	684
Taxes	6,178
State and Local	557
Other Funding Agreements	671
Other <sup>1</sup>	208
<b>Total<sup>2</sup></b>	<b>\$16,809</b>

**Where the Dollars Go ...**

**By Expense Category**



**By MTA Agency**



By Expense Category <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,422
Overtime	838
Health & Welfare	2,118
Pension	1,461
Other Labor	466
<i>Total Labor</i>	<i>\$10,306</i>
Non-Labor + Other Exp Adj	4,004
Debt Service	2,830
BTL Adjustments for Expenses <sup>4</sup>	(386)
<b>Total<sup>2</sup></b>	<b>\$16,754</b>

By MTA Agency <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$8,926
LIRR	1,737
MNR	1,318
MTABC	786
HQ/FMTAC	808
B&T	564
Debt Service	2,830
MTA General Reserve	170
BTL Adjustments for Expenses <sup>4</sup>	(386)
<b>Total<sup>2</sup></b>	<b>\$16,754</b>

<sup>1</sup> Includes cash adjustments and prior-year carryover.

<sup>2</sup> Totals may not add due to rounding.

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

<sup>4</sup> These below-the-line adjustments impact expense dollars and are grouped in the Non-Labor category. The dollars 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**  
**July Financial Plan 2020-2023**  
**MTA Consolidated Statement Of Operations By Category**  
(\$ in millions)

Non-Reimbursable	Actual 2018	Mid-Year Forecast 2019	Preliminary Budget 2020	2021	2022	2023
<b>Operating Revenue</b>						
Farebox Revenue	\$6,155	\$6,305	\$6,389	\$6,373	\$6,384	\$6,393
Toll Revenue	1,976	2,088	2,121	2,129	2,129	2,131
Other Revenue	643	696	684	704	719	737
Capital and Other Reimbursements	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>\$8,774</b>	<b>\$9,089</b>	<b>\$9,195</b>	<b>\$9,206</b>	<b>\$9,232</b>	<b>\$9,260</b>
<b>Operating Expense</b>						
<b>Labor Expenses:</b>						
Payroll	\$5,211	\$5,328	\$5,422	\$5,498	\$5,624	\$5,710
Overtime	1,066	910	838	859	877	899
Health & Welfare	1,230	1,341	1,414	1,489	1,583	1,674
OPEB Current Payment	604	645	704	766	835	910
Pensions	1,336	1,494	1,461	1,462	1,403	1,347
Other-Fringe Benefits	881	869	897	930	956	976
Reimbursable Overhead	(528)	(471)	(430)	(412)	(397)	(395)
<b>Total Labor Expenses</b>	<b>\$9,799</b>	<b>\$10,116</b>	<b>\$10,306</b>	<b>\$10,592</b>	<b>\$10,881</b>	<b>\$11,121</b>
<b>Non-Labor Expenses:</b>						
Electric Power	\$482	\$452	\$473	\$493	\$532	\$562
Fuel	185	183	183	176	174	177
Insurance	(29)	6	16	23	27	28
Claims	438	388	394	393	398	406
Paratransit Service Contracts	455	495	488	506	535	569
Maintenance and Other Operating Contracts	678	840	797	834	837	854
Professional Service Contracts	544	608	503	495	504	514
Materials & Supplies	637	689	680	698	711	716
Other Business Expenses	221	218	214	224	226	228
<b>Total Non-Labor Expenses</b>	<b>\$3,611</b>	<b>\$3,877</b>	<b>\$3,748</b>	<b>\$3,841</b>	<b>\$3,945</b>	<b>\$4,054</b>
<b>Other Expense Adjustments:</b>						
Other	\$129	\$175	\$86	\$36	\$22	\$23
General Reserve	0	165	170	175	180	185
<b>Total Other Expense Adjustments</b>	<b>\$129</b>	<b>\$340</b>	<b>\$256</b>	<b>\$211</b>	<b>\$202</b>	<b>\$208</b>
<b>Total Operating Expense before Non-Cash Liability Adj.</b>	<b>\$13,539</b>	<b>\$14,333</b>	<b>\$14,310</b>	<b>\$14,644</b>	<b>\$15,028</b>	<b>\$15,384</b>
Depreciation	\$2,805	\$2,785	\$2,843	\$2,909	\$2,977	\$3,052
GASB 75 OPEB Expense Adjustment	1,048	1,457	1,628	1,749	1,823	1,898
GASB 68 Pension Expense Adjustment	(373)	(221)	(272)	(343)	(318)	(242)
Environmental Remediation	106	6	6	6	6	6
<b>Total Operating Expense after Non-Cash Liability Adj.</b>	<b>\$17,124</b>	<b>\$18,360</b>	<b>\$18,515</b>	<b>\$18,964</b>	<b>\$19,516</b>	<b>\$20,097</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,585)	(\$4,027)	(\$4,205)	(\$4,320)	(\$4,488)	(\$4,714)
Debt Service (excludes Service Contract Bonds)	2,541	2,683	2,830	3,041	3,265	3,513
<b>Total Operating Expense with Debt Service</b>	<b>\$16,079</b>	<b>\$17,016</b>	<b>\$17,140</b>	<b>\$17,685</b>	<b>\$18,293</b>	<b>\$18,896</b>
Dedicated Taxes and State/Local Subsidies	\$7,177	\$7,314	\$7,406	\$7,581	\$7,803	\$7,969
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$128)</b>	<b>(\$613)</b>	<b>(\$539)</b>	<b>(\$898)</b>	<b>(\$1,258)</b>	<b>(\$1,667)</b>
Conversion to Cash Basis: GASB Account	0	0	0	0	0	0
Conversion to Cash Basis: All Other	379	229	147	60	125	101
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>\$251</b>	<b>(\$384)</b>	<b>(\$392)</b>	<b>(\$838)</b>	<b>(\$1,133)</b>	<b>(\$1,566)</b>
<b>ADJUSTMENTS</b>	<b>0</b>	<b>73</b>	<b>386</b>	<b>757</b>	<b>852</b>	<b>1,133</b>
<b>PRIOR-YEAR CARRYOVER</b>	<b>121</b>	<b>372</b>	<b>61</b>	<b>55</b>	<b>0</b>	<b>0</b>
<b>NET CASH BALANCE</b>	<b>\$372</b>	<b>\$61</b>	<b>\$55</b>	<b>(\$26)</b>	<b>(\$281)</b>	<b>(\$433)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2020-2023**  
**Plan Adjustments**  
(\$ in millions)

	Actual 2018	Mid-Year Forecast 2019	Preliminary Budget 2020	2021	2022	2023
<b>Cash Balance Before Prior-Year Carry-over</b>	<b>\$251</b>	<b>(\$384)</b>	<b>(\$392)</b>	<b>(\$838)</b>	<b>(\$1,133)</b>	<b>(\$1,566)</b>
<b>Fare/Toll Increases:</b>						
<i>Fare/Toll Increase in March 2021 (4% Yield)</i>		-	-	283	331	332
<i>Fare/Toll Increase in March 2023 (4% Yield)</i>		-	-	-	-	294
<i>Subsidy Impacts of 2021 and 2023 Fare/Toll Increases</i>		-	-	(7)	(9)	(17)
<b>Subtotal</b>		<b>\$0</b>	<b>\$0</b>	<b>\$275</b>	<b>\$322</b>	<b>\$609</b>
<b>Policy Actions:</b>						
<i>Reduction in Committed to Capital</i>		64	-	-	-	-
<i>MTA Transformation Plan</i>		11	230	488	535	538
<i>Fare Evasion Deterrence</i>		(13)	(12)	(11)	(10)	(10)
<i>Fare Evasion Deterrence - Manhattan DA Forfeiture Fund</i>		11	11	10	9	-
<i>Drawdown 2019 General Reserve</i>		-	165	-	-	-
<b>Subtotal</b>		<b>\$73</b>	<b>\$394</b>	<b>\$487</b>	<b>\$534</b>	<b>\$528</b>
<b>Other:</b>						
<i>Replacement of NYCT Capital Accounting System with PeopleSoft</i>		-	(5)	(1)	(0)	(0)
<i>State Mandated Employee Training</i>		-	(3)	(4)	(4)	(4)
<b>Subtotal</b>		<b>\$0</b>	<b>(\$8)</b>	<b>(\$5)</b>	<b>(\$5)</b>	<b>(\$5)</b>
<b>TOTAL ADJUSTMENTS</b>		<b>\$73</b>	<b>\$386</b>	<b>\$757</b>	<b>\$852</b>	<b>\$1,133</b>
<i>Prior-Year Carry-Over</i>	121	372	61	55	0	0
<b>Net Cash Surplus/(Deficit)</b>	<b>\$372</b>	<b>\$61</b>	<b>\$55</b>	<b>(\$26)</b>	<b>(\$281)</b>	<b>(\$433)</b>



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2020-2023**  
**MTA Consolidated Cash Receipts and Expenditures**  
(\$ in millions)

Cash Receipts and Expenditures	Actual	Mid-Year	Preliminary			
	2018	Forecast	Budget	2021	2022	2023
		2019	2020			
<b>Receipts</b>						
Farebox Revenue	\$6,207	\$6,302	\$6,392	\$6,376	\$6,386	\$6,395
Other Operating Revenue	642	746	762	783	736	755
Capital and Other Reimbursements	2,554	2,382	2,148	2,007	1,946	1,951
<b>Total Receipts</b>	<b>\$9,403</b>	<b>\$9,430</b>	<b>\$9,302</b>	<b>\$9,166</b>	<b>\$9,069</b>	<b>\$9,100</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$5,742	\$5,965	\$5,962	\$5,986	\$6,105	\$6,187
Overtime	1,351	1,101	1,000	1,010	1,032	1,058
Health and Welfare	1,317	1,383	1,456	1,530	1,623	1,715
OPEB Current Payment	601	633	695	756	825	900
Pensions	1,404	1,549	1,510	1,510	1,451	1,399
Other Fringe Benefits	922	941	936	958	987	1,012
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	(0)	0	0	(0)	(0)	(0)
<b>Total Labor Expenditures</b>	<b>\$11,336</b>	<b>\$11,573</b>	<b>\$11,560</b>	<b>\$11,750</b>	<b>\$12,023</b>	<b>\$12,271</b>
<b>Non-Labor:</b>						
Electric Power	\$488	\$450	\$470	\$490	\$529	\$559
Fuel	187	179	180	174	171	174
Insurance	(37)	14	17	20	24	26
Claims	316	277	259	258	265	270
Paratransit Service Contracts	450	493	486	504	533	567
Maintenance and Other Operating Contracts	658	889	779	748	730	746
Professional Service Contracts	613	689	550	528	534	542
Materials & Supplies	835	872	830	821	815	821
Other Business Expenditures	196	196	185	195	196	208
<b>Total Non-Labor Expenditures</b>	<b>\$3,707</b>	<b>\$4,060</b>	<b>\$3,756</b>	<b>\$3,738</b>	<b>\$3,798</b>	<b>\$3,912</b>
<b>Other Expenditure Adjustments:</b>						
Other	\$105	\$184	\$172	\$169	\$188	\$217
General Reserve	0	165	170	175	180	185
<b>Total Other Expenditure Adjustments</b>	<b>\$105</b>	<b>\$349</b>	<b>\$342</b>	<b>\$344</b>	<b>\$368</b>	<b>\$402</b>
<b>Total Expenditures</b>	<b>\$15,148</b>	<b>\$15,982</b>	<b>\$15,657</b>	<b>\$15,832</b>	<b>\$16,189</b>	<b>\$16,585</b>
<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$5,745)</b>	<b>(\$6,552)</b>	<b>(\$6,355)</b>	<b>(\$6,666)</b>	<b>(\$7,120)</b>	<b>(\$7,484)</b>
Dedicated Taxes and State/Local Subsidies	\$7,874	\$8,152	\$8,047	\$8,086	\$8,448	\$8,539
Debt Service (excludes Service Contract Bonds)	(1,878)	(1,983)	(2,084)	(2,258)	(2,461)	(2,620)
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>\$251</b>	<b>(\$384)</b>	<b>(\$392)</b>	<b>(\$838)</b>	<b>(\$1,133)</b>	<b>(\$1,566)</b>
<b>ADJUSTMENTS</b>	<b>0</b>	<b>73</b>	<b>386</b>	<b>757</b>	<b>852</b>	<b>1,133</b>
<b>PRIOR-YEAR CARRY-OVER</b>	<b>121</b>	<b>372</b>	<b>61</b>	<b>55</b>	<b>0</b>	<b>0</b>
<b>NET CASH BALANCE</b>	<b>\$372</b>	<b>\$61</b>	<b>\$55</b>	<b>(\$26)</b>	<b>(\$281)</b>	<b>(\$433)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2020-2023**  
**MTA Consolidated July Financial Plan Compared with February Financial Plan**  
**Cash Reconciliation after Below-the-Line Adjustments**  
(\$ in millions)

	Favorable/(Unfavorable)			
	2019	2020	2021	2022
<b>FEBRUARY FINANCIAL PLAN 2019-2022</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$11</b>	<b>(\$467)</b>	<b>(\$814)</b>	<b>(\$976)</b>
<b>Savings Programs</b>	<b>\$205</b>	<b>\$352</b>	<b>\$397</b>	<b>\$407</b>
2019 BRP Savings (New)	101	313	360	369
Impact of Hiring Freeze (Administrative Positions) <sup>1</sup>	68	(4)	-	-
Additional Savings Actions <sup>1</sup>	44	11	5	6
Adjustments to Prior Period BRPs <sup>2</sup>	(7)	32	33	33
<b>Agency Baseline Adjustments</b>	<b>(\$216)</b>	<b>\$39</b>	<b>\$149</b>	<b>\$109</b>
Farebox/Toll Revenue:				
Incorporation of 2019 Fare/Toll Policy	221	312	311	311
Additional 2.3% Increase in Tolls	36	46	46	46
Baseline Farebox/Toll Revenue Reforecast	33	17	11	12
Rates:				
Health & Welfare (including retirees)	89	156	179	198
Pension	(140)	(128)	(145)	(137)
Energy	7	(5)	(4)	15
2018 Timing	(207)	-	-	-
All Other Timing <sup>3</sup>	(19)	(35)	55	(9)
Other Baseline Re-estimates <sup>4</sup>	(236)	(324)	(306)	(329)
<b>New Needs/Investments</b>	<b>(\$90)</b>	<b>(\$66)</b>	<b>(\$69)</b>	<b>(\$63)</b>
Maintenance/Operations	(41)	(43)	(46)	(40)
Information Technology	(49)	(23)	(23)	(23)
<b>Subsidies (Cash)</b>	<b>\$250</b>	<b>\$155</b>	<b>\$161</b>	<b>\$178</b>
Metropolitan Mass Transportation Operating Assist (MMTOA)	46	48	44	46
Petroleum Business Tax (PBT) Receipts	3	(9)	(14)	(17)
Real Estate Taxes	23	(11)	(30)	(41)
Payroll Mobility Tax & MTA Aid	4	5	3	3
Real Property Transfer Tax Surcharge (Mansion Tax)	137	373	384	396
Internet Marketplace Tax	71	320	322	325
Less: Transfer to CBDTP Capital Lockbox	(208)	(693)	(706)	(722)
City Subsidy for MTA Bus	(0)	(21)	6	29
B&T Surplus Transfer	170	134	139	142
Other Subsidies	3	9	13	16
<b>Debt Service</b>	<b>(\$5)</b>	<b>\$20</b>	<b>\$46</b>	<b>(\$29)</b>
<b>Below-the-Line Adjustments</b>	<b>(\$386)</b>	<b>(\$27)</b>	<b>\$48</b>	<b>\$92</b>
<i>Fare and toll Increases:</i>				
2019 Fare/Toll Increase Incorporated in the Baseline	(236)	(308)	(307)	(307)
Adjustments to 2021 and 2023 Fare/Toll Increases	-	-	2	3
<i>MTA Efficiencies:</i>				
MTA Efficiencies - Identified in the 2019 July Plan	(123)	(95)	(122)	(126)
<i>Policy Actions:</i>				
Reduction in Committed to Capital	64	-	-	-
Drawdown 2019 General Reserve	-	165	-	-
MTA Transformation Plan	11	230	488	535
Fare Evasion Deterrence	(13)	(12)	(11)	(10)
Fare Evasion Deterrence - Manhattan DA Forfeiture Fund	11	11	10	9
<i>Other:</i>				
Replacement of NYCT Capital Accounting System with PeopleSoft	-	(5)	(1)	(0)
State Mandated Employee Training	-	(3)	(4)	(4)
<i>MTA Re-estimates:</i>				
Additional Savings Actions Incorporated in the Baseline	(101)	(11)	(6)	(6)
<b>Prior Year Carryover</b>	<b>\$293</b>	<b>\$50</b>	<b>\$55</b>	<b>\$0</b>
<b>JULY FINANCIAL PLAN 2020-2023</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$61</b>	<b>\$55</b>	<b>(\$26)</b>	<b>(\$281)</b>

\* Totals may not add due to rounding

<sup>1</sup> In 2017, Agencies were issued restrictions on non-essential hiring (hiring freeze), limitations on promotions, and the usage of professional services. In 2018, additional limitations were placed on other areas of non-essential spending including non-revenue vehicle purchases, travel, subscriptions, memberships and dues, external training, food, non-MTA IT approved computers/ accessories, and electronics and appliances. In addition, MTA executives asked agencies to take a closer look at their 2019 budget and identify projects that were not absolutely necessary or could be deferred to the outer years.

<sup>2</sup> The bulk of these savings consists of incorporating the 2019 February Financial Plan below-the-line NYC Transit Service Guideline adjustments into the baseline.

<sup>3</sup> Includes mainly the timing of payroll adjustments, wage settlements, maintenance program requirements and reimbursable receipts.

<sup>4</sup> 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."

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2020-2023**  
**Consolidated Subsidiaries**

**Cash Basis**  
(\$ in millions)

	Actual 2018	Mid-Year Forecast 2019	Preliminary Budget 2020	2021	2022	2023
<b>MMTOA, PBT &amp; Real Estate Taxes</b>						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,686.6	\$1,823.7	\$1,888.4	\$1,962.3	\$2,045.2	\$2,131.5
Petroleum Business Tax (PBT) Receipts	630.7	640.5	627.9	619.6	616.3	615.6
Mortgage Recording Tax (MRT)	440.5	431.4	435.2	454.0	459.8	465.3
<i>MRT Transfer to Suburban Counties</i>	<i>(4.9)</i>	<i>(4.9)</i>	<i>(6.0)</i>	<i>(6.4)</i>	<i>(6.8)</i>	<i>(7.1)</i>
<i>Reimburse Agency Security Costs</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>(10.0)</i>
<i>MTA Bus Debt Service</i>	<i>(23.8)</i>	<i>(12.3)</i>	<i>(12.3)</i>	<i>(12.3)</i>	<i>(12.3)</i>	<i>(12.3)</i>
<i>Interest</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>
Urban Tax	656.0	671.3	626.5	602.5	613.3	609.3
Investment Income	<u>1.7</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
	<b>\$3,382.1</b>	<b>\$3,547.2</b>	<b>\$3,557.2</b>	<b>\$3,617.3</b>	<b>\$3,713.0</b>	<b>\$3,800.0</b>
<b>PMT and MTA Aid</b>						
Payroll Mobility Tax	\$1,482.9	\$1,594.2	\$1,662.8	\$1,731.7	\$1,803.8	\$1,876.9
Payroll Mobility Tax Replacement Funds	244.3	244.3	244.3	244.3	244.3	244.3
MTA Aid	<u>272.6</u>	<u>313.2</u>	<u>318.2</u>	<u>319.2</u>	<u>320.2</u>	<u>321.3</u>
	<b>\$1,999.7</b>	<b>\$2,151.7</b>	<b>\$2,225.2</b>	<b>\$2,295.2</b>	<b>\$2,368.3</b>	<b>\$2,442.5</b>
<b>New Funding Sources</b>						
<b>SAP Support and For-Hire Vehicle Surcharge:</b>						
NYS Operating Support for SAP	\$254.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	254.0	0.0	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge:	0.0	342.0	385.0	385.0	385.0	385.0
<i>Subway Action Plan Account</i>	<i>-</i>	<i>362.0</i>	<i>301.0</i>	<i>300.0</i>	<i>300.0</i>	<i>300.0</i>
<i>Outerborough Transportation Account</i>	<i>-</i>	<i>38.0</i>	<i>50.0</i>	<i>50.0</i>	<i>50.0</i>	<i>50.0</i>
<i>Less: Assumed Capital or Member Project</i>	<i>-</i>	<i>(38.0)</i>	<i>(50.0)</i>	<i>(50.0)</i>	<i>(50.0)</i>	<i>(50.0)</i>
<i>General Transportation Account</i>	<i>-</i>	<i>-</i>	<i>84.0</i>	<i>85.0</i>	<i>85.0</i>	<i>85.0</i>
<i>Less: Transfer to Committed to Capital</i>	<i>-</i>	<i>(20.0)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Capital Program Funding Sources:</b>						
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	0.0	0.0
Real Property Transfer Tax Surcharge (Mansion)	0.0	136.7	373.5	384.0	396.3	411.0
Internet Marketplace Tax	0.0	70.8	320.0	322.3	325.5	328.7
<i>Less: Transfer to CBDTP Capital Lockbox</i>	<i>0.0</i>	<i>(207.5)</i>	<i>(693.5)</i>	<i>(706.3)</i>	<i>(721.8)</i>	<i>(739.7)</i>
	<b>\$508.0</b>	<b>\$342.0</b>	<b>\$385.0</b>	<b>\$385.0</b>	<b>\$385.0</b>	<b>\$385.0</b>
<b>State and Local Subsidies</b>						
State Operating Assistance (18-b)	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance (18-b)	187.4	187.9	187.9	187.9	187.9	187.9
Station Maintenance	<u>169.2</u>	<u>173.0</u>	<u>177.8</u>	<u>182.5</u>	<u>187.3</u>	<u>192.3</u>
	<b>\$544.6</b>	<b>\$548.8</b>	<b>\$553.6</b>	<b>\$558.4</b>	<b>\$563.2</b>	<b>\$568.1</b>
<b>Other Subsidy Adjustments</b>						
NYCT Charge Back of MTA Bus Debt Service	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)
Fuel Hedge Collateral	0.0	40.0	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	15.8	(1.1)	(5.3)	0.0	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 Program Contributions	(38.8)	(63.9)	(122.8)	(180.6)	(120.2)	(114.1)
Drawdown GASB 45 OPEB Reserves	<u>132.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$95.9</b>	<b>(\$39.0)</b>	<b>(\$142.0)</b>	<b>(\$194.5)</b>	<b>(\$134.1)</b>	<b>(\$128.1)</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$6,530.2</b>	<b>\$6,550.7</b>	<b>\$6,579.1</b>	<b>\$6,661.3</b>	<b>\$6,895.4</b>	<b>\$7,067.5</b>
<b>Other Funding Agreements</b>						
City Subsidy for MTA Bus Company	\$463.2	\$668.6	\$516.7	\$447.7	\$569.8	\$551.5
City Subsidy for Staten Island Railway	58.5	47.2	52.8	53.1	60.4	68.3
CDOT Subsidy for Metro-North Railroad	<u>129.8</u>	<u>122.6</u>	<u>122.8</u>	<u>124.8</u>	<u>132.3</u>	<u>136.3</u>
	<b>\$651.6</b>	<b>\$838.5</b>	<b>\$692.4</b>	<b>\$625.6</b>	<b>\$762.5</b>	<b>\$756.1</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	<u>\$692.0</u>	<u>\$762.5</u>	<u>\$776.0</u>	<u>\$799.0</u>	<u>\$790.5</u>	<u>\$715.2</u>
	<b>\$692.0</b>	<b>\$762.5</b>	<b>\$776.0</b>	<b>\$799.0</b>	<b>\$790.5</b>	<b>\$715.2</b>
<b>TOTAL SUBSIDIES</b>	<b>\$7,873.9</b>	<b>\$8,151.7</b>	<b>\$8,047.5</b>	<b>\$8,086.0</b>	<b>\$8,448.4</b>	<b>\$8,538.7</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Summary of Changes Between the July and February Financial Plans**  
**Consolidated Subsidiaries**

**Cash Basis**  
(\$ in millions)

	2019	2020	2021	2022
<b>MMTOA, PBT &amp; Real Estate Taxes</b>				
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$46.1	\$48.0	\$44.0	\$45.8
Petroleum Business Tax (PBT) Receipts	3.1	(9.4)	(14.3)	(16.7)
Mortgage Recording Tax (MRT)	(21.6)	(34.0)	(29.3)	(38.4)
MRT Transfer to Suburban Counties	0.6	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
MTA Bus Debt Service	11.6	11.6	11.6	11.6
Interest	0.0	0.0	0.0	0.0
Urban Tax	44.9	23.2	(0.8)	(2.5)
Investment Income	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
	<b>\$85.8</b>	<b>\$40.3</b>	<b>\$12.3</b>	<b>\$0.8</b>
<b>PMT and MTA Aid</b>				
Payroll Mobility Tax	(\$0.6)	(\$5.5)	(\$7.4)	(\$6.7)
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0
MTA Aid	<u>5.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	<b>\$4.4</b>	<b>\$4.5</b>	<b>\$2.6</b>	<b>\$3.3</b>
<b>New Funding Sources</b>				
<b>SAP Support and For-Hire Vehicle Surcharge:</b>				
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge:	0.0	0.0	0.0	0.0
Subway Action Plan Account	20.0	0.0	0.0	0.0
Outerborough Transportation Account	0.0	0.0	0.0	0.0
Less: Assumed Capital or Member Project	0.0	0.0	0.0	0.0
General Transportation Account	0.0	0.0	0.0	0.0
Less: Transfer to Committed to Capital	(20.0)	0.0	0.0	0.0
<b>Capital Program Funding Sources:</b>				
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0
Real Property Transfer Tax Surcharge (Mansion)	136.7	373.5	384.0	396.3
Internet Marketplace Tax	70.8	320.0	322.3	325.5
Less: Transfer to CBDTP Capital Lockbox	<u>(207.5)</u>	<u>(693.5)</u>	<u>(706.3)</u>	<u>(721.8)</u>
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>State and Local Subsidies</b>				
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>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>
<b>Other Subsidy Adjustments</b>				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Fuel Hedge Collateral	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(10.5)	(5.0)	0.0	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	0.0	0.0	0.0	0.0
Drawdown GASB 45 OPEB Reserves	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>(\$10.5)</b>	<b>(\$5.0)</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$80.3</b>	<b>\$40.5</b>	<b>\$15.5</b>	<b>\$4.7</b>
<b>Other Funding Agreements</b>				
City Subsidy for MTA Bus Company	(\$0.2)	(\$20.8)	\$6.4	\$29.4
City Subsidy for Staten Island Railway	(3.8)	(1.1)	(0.4)	0.7
CDOT Subsidy for Metro-North Railroad	<u>4.0</u>	<u>2.3</u>	<u>0.5</u>	<u>2.1</u>
	<b>(\$0.1)</b>	<b>(\$19.7)</b>	<b>\$6.5</b>	<b>\$32.2</b>
<b>Inter-agency Subsidy Transactions</b>				
B&T Operating Surplus Transfer	<u>\$170.1</u>	<u>\$134.3</u>	<u>\$139.3</u>	<u>\$141.5</u>
	<b>\$170.1</b>	<b>\$134.3</b>	<b>\$139.3</b>	<b>\$141.5</b>
<b>TOTAL SUBSIDIES</b>	<b>\$250.3</b>	<b>\$155.2</b>	<b>\$161.3</b>	<b>\$178.5</b>

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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 2021 – An increase in fare and toll rates, yielding a 4% increase in farebox and toll revenues, is assumed for implementation in March 2021 and is projected to generate an annualized increase of \$331 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by \$283 million in 2021, by \$331 million in 2022, and by \$332 million in 2023.

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 2021/2023 Fare/Toll Increase”; when factored in, the net change to MTA revenues from the proposed 2021 increase is \$275 million in 2021, \$322 million in 2022, and \$323 million in 2023. These net projections, compared with the February Plan, are \$2 million higher in 2021, and \$3 million higher in 2022.

Fare and Toll Increase in March 2023 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2023 and is projected to generate an annualized increase of \$345 million in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$294 million in 2023. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of the 2021/2023 Fare/Toll Increase”, the net increase in MTA revenues is \$287 million in 2023.

**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	2021	2022	2023
		2019	2020			
<b>Fare Revenue</b>						
Long Island Rail Road	Baseline	\$770.804	\$779.585	\$780.889	\$786.231	\$795.1
	2021 Yield Increase	\$0.000	\$0.000	\$26.702	\$31.449	31.806
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	28.277
		<b>\$770.804</b>	<b>\$779.585</b>	<b>\$807.591</b>	<b>\$817.681</b>	<b>\$855.2</b>
Metro-North Railroad <sup>1</sup>	Baseline	\$767.702	\$778.868	\$780.628	\$782.977	\$787.0
	2021 Yield Increase	\$0.000	\$0.000	\$21.647	\$25.397	25.494
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	22.355
		<b>\$767.702</b>	<b>\$778.868</b>	<b>\$802.275</b>	<b>\$808.373</b>	<b>\$834.9</b>
MTA Bus Company <sup>2</sup>	Baseline	\$220.618	\$224.404	\$223.537	\$223.623	\$223.4
	2021 Yield Increase	\$0.000	\$0.000	\$7.621	\$8.945	8.934
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	7.920
		<b>\$220.618</b>	<b>\$224.404</b>	<b>\$231.158</b>	<b>\$232.568</b>	<b>\$240.2</b>
New York City Transit <sup>3</sup>	Baseline	\$4,538.592	\$4,599.474	\$4,581.126	\$4,584.309	\$4,580.3
	2021 Yield Increase	\$0.000	\$0.000	\$152.923	\$180.232	180.074
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	158.908
		<b>\$4,538.592</b>	<b>\$4,599.474</b>	<b>\$4,734.049</b>	<b>\$4,764.541</b>	<b>\$4,919.3</b>
Staten Island Railway <sup>2</sup>	Baseline	\$6.918	\$6.937	\$6.912	\$6.915	\$6.9
	2021 Yield Increase	\$0.000	\$0.000	\$0.235	\$0.277	0.276
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	0.244
		<b>\$6.918</b>	<b>\$6.937</b>	<b>\$7.147</b>	<b>\$7.192</b>	<b>\$7.4</b>
<b>Total Farebox Revenue</b>						
	Baseline	\$6,304.633	\$6,389.268	\$6,373.091	\$6,384.056	\$6,392.8
	2021 Yield Increase	\$0.000	\$0.000	\$209.130	\$246.300	246.584
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	217.704
		<b>\$6,304.633</b>	<b>\$6,389.268</b>	<b>\$6,582.221</b>	<b>\$6,630.355</b>	<b>\$6,857.1</b>
<b>Toll Revenue</b>						
Bridges & Tunnels <sup>4</sup>	Baseline	\$2,088.195	\$2,121.410	\$2,128.937	\$2,128.998	\$2,130.9
	2021 Yield Increase	\$0.000	\$0.000	\$73.437	\$85.160	85.237
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	76.447
		<b>\$2,088.195</b>	<b>\$2,121.410</b>	<b>\$2,202.375</b>	<b>\$2,214.158</b>	<b>\$2,292.6</b>
<b>TOTAL FARE &amp; TOLL REVENUE</b>						
	Baseline	\$8,392.829	\$8,510.678	\$8,502.029	\$8,513.054	\$8,523.7
	2021 Yield Increase	\$0.000	\$0.000	\$282.567	\$331.460	331.821
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.000	294.151
		<b>\$8,392.829</b>	<b>\$8,510.678</b>	<b>\$8,784.596</b>	<b>\$8,844.514</b>	<b>\$9,149.7</b>

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

<sup>2</sup> MTA Bus and Staten Island Railway revenues from fare increases are used to reduce NYC subsidies to MTA Bus and SIR.

<sup>3</sup> New York City Transit utilization figures include Paratransit and Fare Media Liability.

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



## **Policy Actions**

Reduction in Committed to Capital – The MTA will pull back the 2019 contribution to Committed to Capital of \$64 million as a one-shot action to balance the budget in 2019.

MTA Transformation Plan – The MTA procured the services of a management consulting firm, AlixPartners, to review operations throughout the organization and to recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Agencies, and solidify accountability so the MTA can work more efficiently to deliver the safe and reliable service our customers deserve. The savings from the consolidation and efficiency targets are projected to generate savings, net of implementation costs, of \$11 million in 2019, \$230 million in 2020, \$488 million in 2021, \$535 million in 2022, and \$538 million in 2023.

Fare Evasion Deterrence – With a renewed emphasis to gain control of, and reduce, fare evasion and to address assaults on transit workers, a series of MTA actions—designed to not target any specific demographic group and deter, rather than fine, fare evaders—have been proposed and, in some areas, are already underway. These actions are estimated to cost \$13 million in 2019, \$12 million in 2020, \$11 million in 2021 and \$10 million in 2022 and 2023.

Fare Evasion Deterrence – Manhattan DA Forfeiture Fund – The Manhattan District Attorney is partially covering the cost of fare evasion deterrence and will grant the MTA \$11 million in each of 2019 and 2020, \$10 million in 2021 and \$9 million in 2022. The MTA is also exploring other potential funding partners to support these efforts.

Drawdown 2019 General Reserve – The 2019 General Reserve of \$165 million, a contingency fund set at approximately one percent of the operating expense budget, is not expected to be needed. Consequently, these funds will be reserved to cover 2020 expenses.

## **Other**

Replacement of NYCT Capital Accounting System with PeopleSoft – To increase operating efficiencies, wherever possible, the MTA will move Capital Program accounting for NYCT to Peoplesoft. Investments are being made to reconfigure certain reporting structures, which will increase the utilization of an existing system and eliminate the cost of maintaining a redundant system. This action will result in costs of \$5 million in 2020 and \$1 million in 2021.

State Mandated Employee Training – New state-mandated training requirements for represented employees augments existing training on sexual harassment. The cost to backfill these workers during training is estimated to cost \$3 million in 2020 and \$4 million each year thereafter.

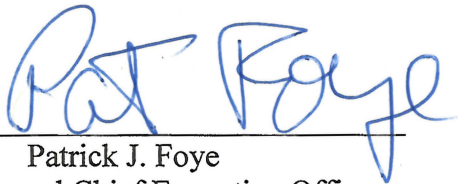
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## **IV. Appendix**

**Certification of the Chairman and Chief Executive Officer  
of the Metropolitan Transportation Authority  
in accordance with Section 202.3(l) of the  
State Comptroller's Regulations**

I, Patrick J. Foye, Chairman and Chief Executive Officer 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:   
Patrick J. Foye  
Chairman and Chief Executive Officer

Dated: July 22, 2019

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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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