

MTA 2020 Final Proposed Budget

November Financial Plan 2020-2023



**Volume 1
November 2019**



Metropolitan Transportation Authority

OVERVIEW

MTA 2020 Final Proposed Budget November Financial Plan 2020-2023 Volume 1

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

Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, 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 Final Proposed 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 November Financial Plan** (the “November Plan” or “Plan”), which includes the 2019 November Forecast, the 2020 Final Proposed Budget and a Financial Plan for the years 2020-2023, updates the July Financial Plan. Since 2010, MTA financial plans – which are developed in a disciplined, consistent, and transparent process – have included the impact of our continuous pursuit of operational efficiencies and recurring cost reductions which are used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and provide funding for the capital program and enhanced maintenance. The Plans have added service when sustainable while also addressing long-term costs such as pensions, health care, paratransit, and debt service previously considered “uncontrollable.”

As discussed below in further detail, the November Plan includes the implementation of the Transformation Plan to streamline MTA internal processes, no budget-driven service cuts, the maintenance of improvements from the Subway Action Plan, and projected biennial fare and toll increases that generate a four percent net increase in farebox and toll revenue. The Plan permanently captures savings from currently vacant Administrative positions that will be eliminated and reflects the fiscal impact of actions being taken to reduce fare evasion and constrain “controllable” overtime. The Plan also assumes a renegotiation with the City of New York for a more equitable sharing of Paratransit net operating deficits. To bridge the transition period until the Transformation Plan is fully implemented and related savings are realized, the Plan uses several actions to balance the budget.

MTA’s finances are structurally imbalanced, with expenses surpassing revenues. Beginning with 2017, annual budgets 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 recurring cost reduction actions and containments resulting in annualized savings of \$2.5 billion through 2019, it has become increasingly difficult to identify and implement additional savings initiatives. In this November Plan, Agency re-estimates of prior Budget Reduction Program (BRP) items have reduced previously identified savings by \$317 million over the Plan period.

The use of one-shots and additional recurring savings are insufficient to eliminate systemic budgetary shortfalls. To address this situation, the 2019-2020 NYS Enacted Budget included a series of MTA reforms, including the legislated requirement to develop an organizational restructuring plan to remedy institutional constraints. With an eye on streamlining the organization to more effectively provide safe, reliable, cost efficient service, the MTA procured the services of AlixPartners, a management consulting firm, to aid in the first step of this undertaking. The firm presented its report to the MTA earlier this year, and initial fiscal impacts of the report’s recommendations were included in the July Financial Plan.

Since the release of the recommendations, the MTA, with the assistance of a management consulting firm, has developed a functional reorganization plan that builds on the AlixPartners report and has created the office of the Chief Transformation Officer (TMO). The TMO will guide the MTA through the transformation process.

The July Plan

The July Plan projected cash balances of \$61 million in 2019 and \$55 million in 2020, with deficits of \$26 million in 2020, \$281 million in 2021 and \$433 million in 2022, and the balances reflect significant favorable impacts from \$1.8 billion in estimated savings initially identified in the

AlixPartners report. Without those savings, the 2023 deficit would grow to almost \$1 billion. In addition to the Transformation savings, the July Plan was based on three key inter-related elements: (i) fare and toll price increases which net 4% yield in annual revenue in both 2021 and 2023; (ii) annually recurring cost reduction and containment targets that result in annual savings of almost \$2.8 billion per year by 2023; and (iii) maintaining major on-going initiative investments for the Long Island Rail Road “Forward” plan, the “Bus Plans” at New York City Transit and MTA Bus, the Metro-North Railroad “Way Ahead” plan, and the Subway Action Plan for New York City Transit.

The 2019 Mid-Year Forecast was balanced with the use of one-shot actions, including the releasing of the \$160 million General Reserve for 2018 at the end of 2018, the freeing up of \$40 million in excess fuel hedge collateral, and a reduction in 2019 Committed to Capital of \$64 million. The July Plan also included a fare evasion deterrence program for New York City Transit, which is partially funded by a grant from the Manhattan District Attorney. Lastly, the July Plan included funding for the replacement of New York City Transit’s capital accounting system, the rollout of Kronos timekeeping throughout the MTA, and the expenses associated with State-mandated employee training.

What Has Changed Since the July Plan?

Changes since July include:

Changes and re-estimates improving financial results over the Plan period (2019-2023):

- Higher farebox revenues due to increased ridership (\$253 million)
- Higher real estate transaction taxes (\$203 million)
- Additional administrative vacancy control savings in 2019 (\$28 million)

Changes and re-estimates worsening financial results over the Plan period (2019-2023):

- Higher NYCT and MTA Bus wage adjustments (\$207 million)
- Changes in rates for energy, health & welfare, and pensions (\$145 million)
- Lower Payroll Mobility Tax receipt forecasts (\$144 million)
- Higher NYCT public liability and workers compensation (\$108 million)
- Higher paratransit service expenses (\$41 million)
- Lower toll revenue (\$24 million)

In total, these re-estimates, as well as other changes, are \$467 million unfavorable for the 2019 through 2023 Plan period. A reconciliation of Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.

Highlights of the November Plan

The November Plan 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.

Implement the Transformation Plan to streamline MTA internal processes. The MTA is fundamentally changing the way business is conducted to more effectively deliver to our customers the modern, efficient system they deserve. This historic transformation includes the centralization of all operating support functions and focuses the operating agencies on core service delivery. Among the steps being taken that are reflected in the Plan are:

- The hiring of the Chief Transformation Officer, who will report directly to the MTA Board, to lead the transformation of the MTA.
- Through the Transformation Request for Proposals, outside experts will assist with the top-to-bottom restructuring of the MTA, re-engineering all major business processes, and implementing the transformation “roadmap”.
- The Transformation Management Office will support the Chief Transformation Officer with managing the outside experts and the Transformation effort, to ensure the changes are delivered effectively and successfully. Alongside the office, the MTA will onboard senior leadership positions, including the Chief Engineering Officer, the Director of Research and Development, the Chief People Officer, and the Chief Technology Officer.

As previously disclosed, the AlixPartners report recommends the reduction of up to 2,700 primarily administrative positions; the intent is to rely on attrition, as much as possible, to meet this goal. Transformation net savings over the Plan period are estimated at \$1.6 billion.

No budget-driven service cuts. Service-related cuts that were proposed in 2018 and in the July Plan because of fiscal constraints are not being implemented. Adjustments based on Board-approved service guidelines, as well as those necessary for the scheduling of capital work, remain.

Maintain prior plan investments. The Plan maintains major on-going investment initiatives, including 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 is now funded from the initial phase of congestion pricing, using revenues from the for-hire vehicle surcharge.

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 1st implementation is assumed for both the 2021 and 2023 increases. The annualized yield of these increases is projected to be \$326 million and \$341 million, respectively.

Reduce Fare Evasion. Recently updated surveys estimate revenue loss from subway and bus fare evasion is approximately \$300 million annually. The renewed emphasis by MTA to gain significant control of and reduce fare evasion includes a series of actions designed to deter, rather than fine, fare evaders. MTA has completed the deployment of 500 officers to support these efforts, with MTA Police Department officers deployed in the subway and on bus routes, MTA Bridges and Tunnels officers deployed on bus routes, and New York Police Department officers deployed in the subway. NYCT has deployed “Eagle Team” special inspectors on bus routes. Enforcement has been focused on the top 50 subway stations and 50 bus routes where elevated levels of fare evasion and assaults occur. Further, 10 monitors providing customer images as a deterrent have been installed near fare arrays in a pilot project, and subway station exit gates are being redesigned to mitigate instances of fare avoidance. Initial analysis from a limited sample of locations indicate that the presence of police officers at fare arrays eliminates fare evasion when officers are present, and MTA is using these initial findings and review of other actions to adjust the fare evasion mitigation strategy accordingly. These actions are estimated to cost \$62 million over the Plan period, which is being partially covered by a \$40 million grant from the Manhattan District Attorney’s forfeiture fund.

Renegotiate with New York City for an “equitable” sharing of Paratransit costs. Since signing an agreement with the City of New York in 1993, New York City Transit has assumed the City’s responsibility for providing paratransit service. Since then, registrants and ridership have significantly increased, with the net operating deficit growing from \$11 million in 1994 to \$549 million in 2019. The current agreement provides that the City will pay one-third of the net operating deficit, but it is limited to no more than a 20% increase over the City’s payment in the prior year. Based on the 2019 projected net operating deficit, the City will only pay \$176 million, leaving NYCT to pay the remaining balance of \$372 million, which is more than twice as much as the City’s share. MTA is proposing a renegotiation of the terms of the Paratransit Service agreement to provide a more equitable sharing of costs. An equal share of the net operating deficit would reduce NYCT’s cost by over \$100 million a year.

Capture savings from the elimination of vacant Administrative positions. The MTA will permanently eliminate non-represented Administrative positions that became vacant through the third quarter of 2019 and have not been filled due to MTA policy which restricted new hiring.

Cost avoidance through fiscal constraints placed on “controllable” overtime. In response to the recommendations in the Morrison and Foerster overtime report, the MTA has convened an Overtime Task Force Working Group, and constraints are being implemented as part of a continuing effort to better utilize “controllable” overtime so its usage is fiscally responsible.

Address new maintenance requirements. Replace, upgrade or extend the useful life of critical components for the Metro-North and MTA Bus fleets, and cover additional right-of-way and station maintenance at the Long Island Rail Road.

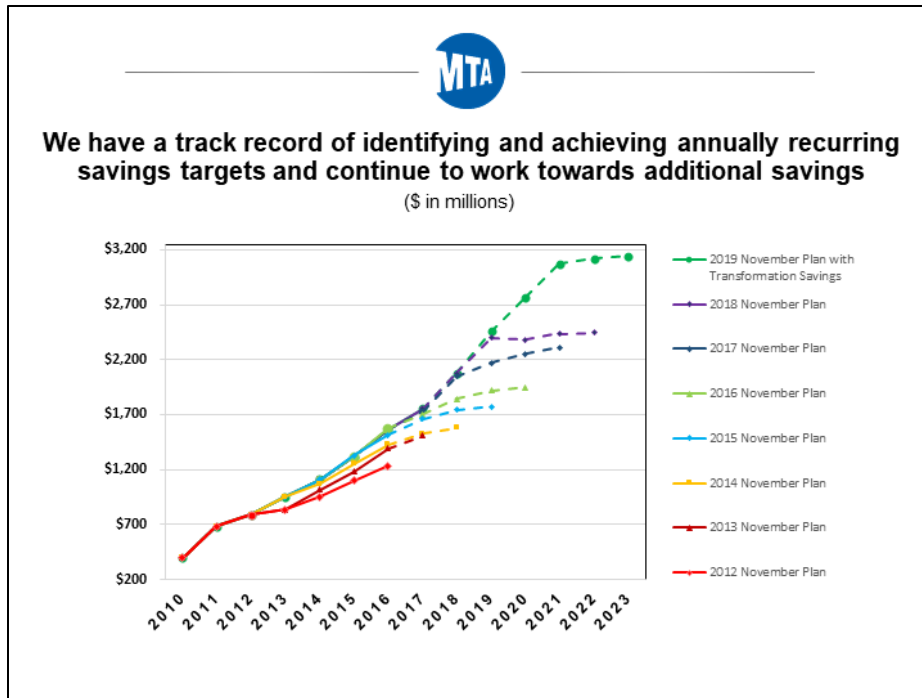
Hiring of additional MTA police officers. Augment the MTA Police Department with the hiring of 500 new police officers in support of safety and security, homeless outreach efforts, and fare evasion mitigation efforts.

Fortify technology networks. Institute technology enhancements by fortifying operational technology networks and increasing risk management activities and controls.

“One-Shot” Actions. Beginning in 2017, the use of “one-shots” have been necessary 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. In the July Plan, the \$64 million that had been earmarked for 2019 Committed to Capital was pulled back for use in covering 2019 operating expenses. Similarly, \$30 million of the 2020 Committed to Capital is being pulled back to help cover 2020 operating expenses. The July Plan also assumed the \$165 million 2019 General Reserve, a contingency fund set at approximately one percent of the operating expense budget, would not be required to cover 2019 expenses and, accordingly, will be reserved to cover 2020 expenses. Lastly, it is projected that 2019 will end with a favorable balance of \$143 million, which will carry over into 2020.

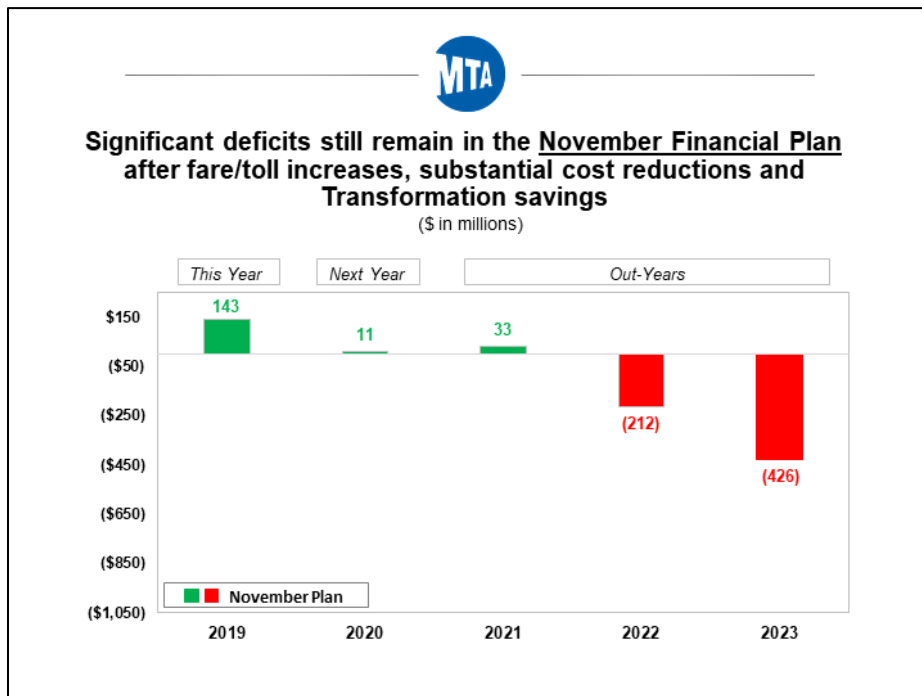
Achieve annually recurring savings targets. The Plan reflects Agency re-estimates of prior Budget Reduction Program items, reducing previously identified savings by \$317 million over the Plan period. As noted in prior Plans, it has become more difficult to identify recurring savings actions, but MTA remains committed to identifying actions to replace the savings that remain to be achieved. The chart below identifies our cost reduction/cost containment targets by Financial Plan. Through 2019, the MTA has implemented initiatives with annualized savings of \$2.5 billion.

These programs will result in annual savings of \$2.7 billion by 2023. Together with the savings from the Transformation Plan, the annual savings will increase to \$3.1 billion by 2023.

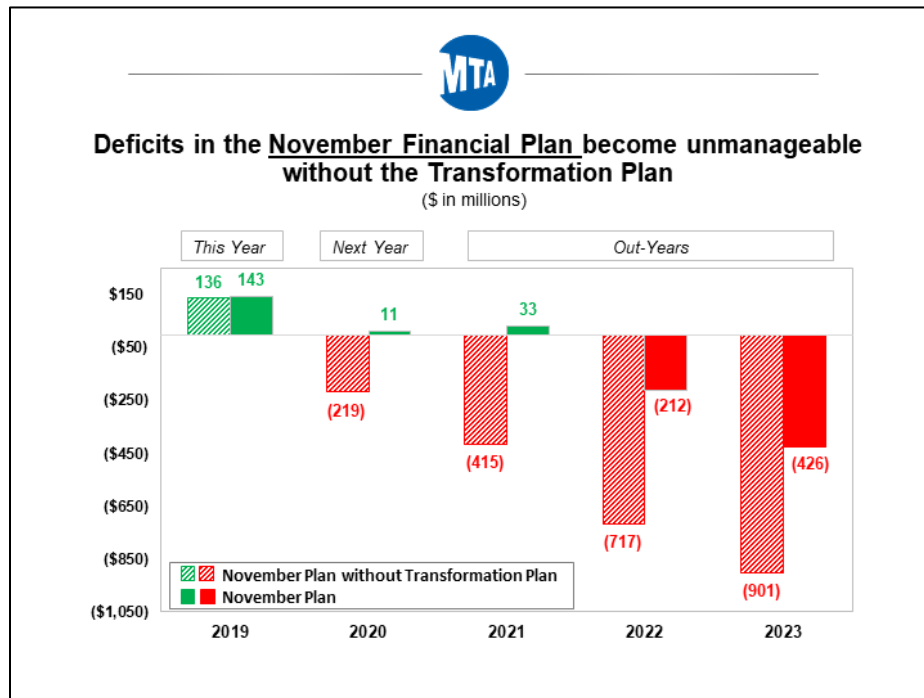


The “Bottom Line”

The above noted changes, combined with Agency baseline projections, result in a net improvement to MTA’s financial forecast over the Plan period.



Even with biennial 4% fare and toll increases, substantial cost reductions and Transformation savings, the Plan remains out of balance in the later years, with the 2023 deficit reaching \$426 million. The Plan, however, becomes unmanageable without the Transformation Plan.



Significant Risks Remain

There are many risks to the November Financial Plan:

Achieve the revised Transformation Plan savings targets assumed in the Plan. Without the savings from the Transformation Plan, the November Plan would worsen by \$1.6 billion over the 2019 through 2023 Plan period.

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.

Renegotiate the paratransit contract with the City of New York to achieve equitable cost sharing. The MTA is covering two-thirds of the paratransit net operating deficit, and the current financial sharing relationship is unsustainable.

Reduce fare evasion losses. The revenue uncollected because of fare evasion has a detrimental effect on the MTA’s bottom line, and the result is less available funds for maintenance and operations. Regaining control of fare collection will help address budgetary imbalance and the out-year deficits.

Negotiate affordable labor contracts. Most collective bargaining agreements with represented employees expired earlier this year, and MTA is currently engaged in negotiations with labor representatives on both wages and work rules. An agreement that is fair to labor and provides

management with the flexibility needed to operate and maintain our transportation network is critical for fiscal stability.

Maintain fiscal discipline over “controllable” overtime. While overtime can be a cost-effective and efficient means for addressing certain assignments, a consistent approach to managing and overseeing overtime usage is necessary. The Morrison and Foerster report emphasized specific recommendations to address existing deficiencies, and the MTA is diligently putting those recommendation in place.

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.

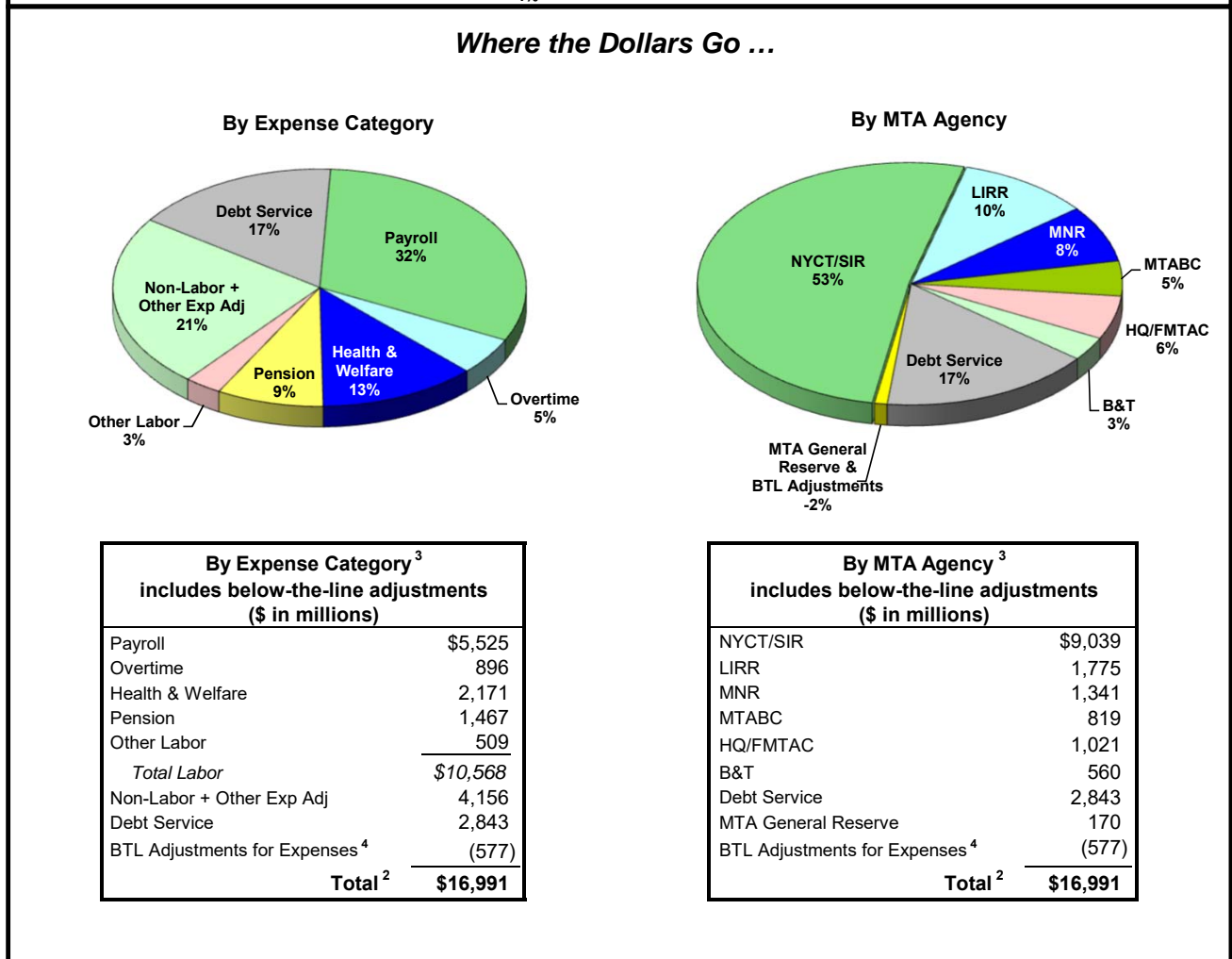
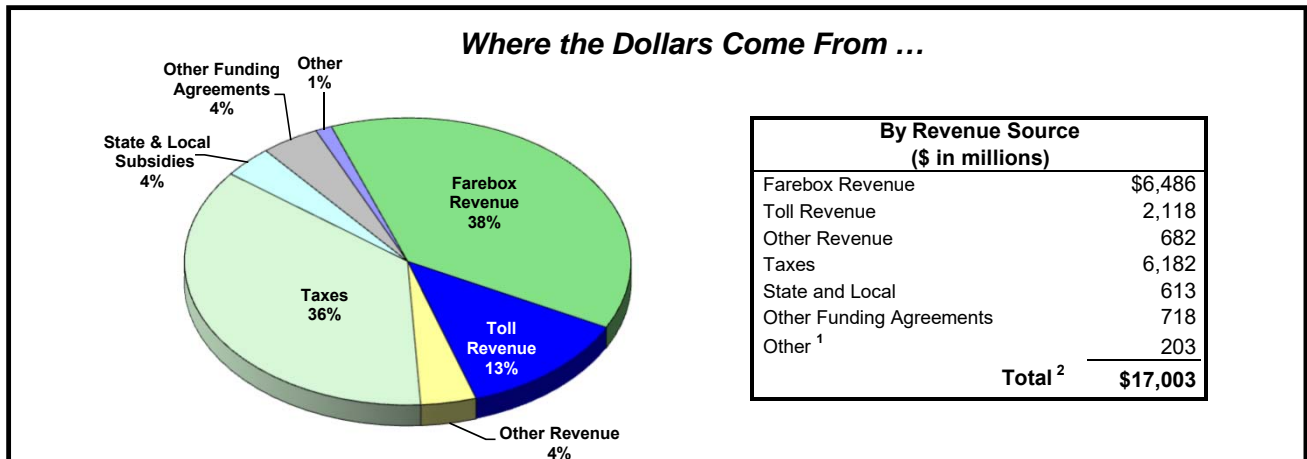
Increase investments to address reliability and service. The challenge is to continue maintaining and improving the operations of aging fleet and infrastructure, including our 115-year old subway system. MTA needs to find more efficient ways to improve its System, move our customers, and enhance their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

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II. MTA Consolidated Financial Plan

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



¹ Includes cash adjustments, prior-year carryover and subsidy-related BTL Adjustments .

² Totals may not add due to rounding.

³ 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.

⁴ 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
November Financial Plan 2020 - 2023
Accrual Statement of Operations By Category
(\$ in millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,155	\$6,346	\$6,436	\$6,427	\$6,439	\$6,448
Toll Revenue	1,976	2,078	2,118	2,126	2,125	2,127
Other Revenue	643	689	682	708	724	739
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$8,774	\$9,113	\$9,237	\$9,261	\$9,288	\$9,314
Operating Expenses						
Labor:						
Payroll	\$5,211	\$5,334	\$5,525	\$5,610	\$5,744	\$5,833
Overtime	1,066	978	896	917	937	959
Health and Welfare	1,230	1,342	1,452	1,530	1,626	1,721
OPEB Current Payments	604	655	719	784	856	935
Pension	1,336	1,495	1,467	1,481	1,425	1,373
Other Fringe Benefits	881	898	940	986	1,027	1,062
Reimbursable Overhead	(528)	(490)	(431)	(415)	(417)	(410)
Total Labor Expenses	\$9,799	\$10,211	\$10,568	\$10,893	\$11,198	\$11,471
Non-Labor:						
Electric Power	\$482	\$452	\$481	\$495	\$530	\$559
Fuel	185	176	172	170	169	172
Insurance	(29)	7	8	12	14	14
Claims	438	418	413	403	409	417
Paratransit Service Contracts	455	488	489	521	550	585
Maintenance and Other Operating Contracts	678	815	758	786	781	802
Professional Services Contracts	544	588	677	633	582	577
Materials and Supplies	637	632	676	672	683	689
Other Business Expenses	221	229	229	217	227	229
Total Non-Labor Expenses	\$3,611	\$3,805	\$3,901	\$3,909	\$3,945	\$4,045
Other Expense Adjustments:						
Other	\$129	\$158	\$86	\$41	\$28	\$29
General Reserve	0	165	170	175	180	185
Total Other Expense Adjustments	\$129	\$323	\$256	\$216	\$208	\$214
Total Expenses Before Non-Cash Liability Adjs.	\$13,539	\$14,339	\$14,725	\$15,019	\$15,352	\$15,730
Depreciation	\$2,805	\$2,777	\$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
Total Expenses After Non-Cash Liability Adjs.	\$17,124	\$18,359	\$18,930	\$19,339	\$19,840	\$20,444
Conversion to Cash Basis: Non-Cash Liability Adj.	(\$3,585)	(\$4,020)	(\$4,205)	(\$4,320)	(\$4,488)	(\$4,714)
Debt Service (excludes Service Contract Bonds)	2,541	2,664	2,837	3,140	3,457	3,848
Total Expenses with Debt Service	\$16,079	\$17,003	\$17,561	\$18,158	\$18,808	\$19,578
Dedicated Taxes and State/Local Subsidies	\$7,177	\$7,286	\$7,454	\$7,637	\$7,887	\$8,067
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$128)	(\$603)	(\$871)	(\$1,261)	(\$1,633)	(\$2,197)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	379	302	60	136	122	170
Cash Balance Before Prior-Year Carryover	\$251	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)
Adjustments	\$0	\$73	\$679	\$1,146	\$1,266	\$1,601
Prior Year Carryover Balance	121	372	143	11	33	0
Net Cash Balance	\$372	\$143	\$11	\$33	(\$212)	(\$426)

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

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
Cash Balance Before Prior-Year Carryover	\$251	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)
Fare and Toll Increases:						
<i>Fare and Toll Increase on 3/1/21 (4% Yield)</i>		\$0	\$0	\$278	\$326	\$326
<i>Fare and Toll Increase on 3/1/23(4% Yield)</i>		0	0	0	0	289
<i>Subsidy Impacts of 2021/2023 Fare/Toll Increase</i>		<u>0</u>	<u>0</u>	<u>(7)</u>	<u>(9)</u>	<u>(17)</u>
Subtotal		\$0	\$0	\$270	\$317	\$599
Policy Actions:						
July 2019 Financial Plan:						
<i>Reduction in Committed to Capital (2019)</i>		64	\$0	\$0	\$0	\$0
<i>Fare Evasion Deterrence</i>		(13)	(12)	(11)	(10)	(10)
<i>Fare Evasion Deterrence - Manhattan DA Forfeiture Fund</i>		11	11	10	9	0
<i>Drawdown 2019 General Reserve</i>		0	165	0	0	0
<i>MTA Transformation Plan</i>		11	230	488	535	538
November 2019 Financial Plan:						
<i>MTA Transformation Plan - Re-estimates</i>		0	18	(26)	(63)	(63)
<i>Paratransit Subsidy - 50/50 Share with the City</i>		0	47	99	103	111
<i>Improved Overtime Spending Controls</i>		0	44	44	44	44
<i>Additional revenue Achieved from Fare Evasion Initiatives</i>		0	50	50	50	50
<i>State Aid for the 2015-19 Capital Plan</i>		0	29	145	202	251
<i>Reduction in Committed to Capital (2020)</i>		0	30	0	0	0
<i>Debt Service Resulting from Reduction in Committed to Capital</i>		<u>0</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>
Subtotal		\$73	\$606	\$792	\$864	\$915
MTA Re-Estimates						
<i>Vacancy Savings</i>		<u>\$0</u>	<u>\$74</u>	<u>\$83</u>	<u>\$85</u>	<u>\$87</u>
Subtotal		\$0	\$74	\$83	\$85	\$87
TOTAL ADJUSTMENTS		\$73	\$679	\$1,146	\$1,266	\$1,601
<i>Prior Year Carryover Balance</i>	\$121	\$372	\$143	\$11	\$33	\$0
Net Cash Surplus/(Deficit)	\$372	\$143	\$11	\$33	(\$212)	(\$426)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2020 - 2023
Cash Receipts and Expenditures
(\$ in millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
<u>Cash Receipts and Expenditures</u>						
Receipts						
Farebox Revenue	\$6,207	\$6,341	\$6,437	\$6,427	\$6,439	\$6,448
Other Revenue	642	780	733	788	742	759
Capital and Other Reimbursements	2,554	2,379	2,271	2,114	2,049	2,024
Total Receipts	\$9,403	\$9,501	\$9,441	\$9,329	\$9,231	\$9,230
Expenditures						
<u>Labor:</u>						
Payroll	\$5,742	\$5,887	\$6,116	\$6,132	\$6,254	\$6,330
Overtime	1,351	1,229	1,088	1,095	1,115	1,134
Health and Welfare	1,317	1,383	1,503	1,578	1,673	1,765
OPEB Current Payments	601	644	712	776	847	926
Pension	1,404	1,549	1,533	1,544	1,486	1,433
Other Fringe Benefits	922	946	968	981	1,011	1,036
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$11,336	\$11,639	\$11,919	\$12,106	\$12,386	\$12,622
<u>Non-Labor:</u>						
Electric Power	\$488	\$462	\$489	\$503	\$538	\$567
Fuel	187	173	169	167	166	170
Insurance	(37)	13	11	11	14	13
Claims	316	307	278	268	275	281
Paratransit Service Contracts	450	486	487	519	548	583
Maintenance and Other Operating Contracts	658	846	754	706	679	697
Professional Services Contracts	613	692	748	677	623	617
Materials and Supplies	835	783	845	803	786	793
Other Business Expenses	196	201	209	186	196	207
Total Non-Labor Expenditures	\$3,707	\$3,962	\$3,991	\$3,842	\$3,826	\$3,929
<u>Other Expenditure Adjustments:</u>						
Other	\$105	\$174	\$184	\$185	\$193	\$214
General Reserve	0	165	170	175	180	185
Total Other Expenditure Adjustments	\$105	\$339	\$354	\$360	\$373	\$399
Total Expenditures	\$15,148	\$15,940	\$16,264	\$16,308	\$16,586	\$16,951
Net Cash Balance before Subsidies and Debt Service	(\$5,745)	(\$6,439)	(\$6,823)	(\$6,979)	(\$7,355)	(\$7,721)
Dedicated Taxes & State and Local Subsidies	\$7,874	\$8,116	\$8,095	\$8,181	\$8,430	\$8,522
Debt Service (excludes Service Contract Bonds)	(1,878)	(1,978)	(2,084)	(2,326)	(2,586)	(2,828)
Cash Balance Before Prior-Year Carryover	\$251	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)
Adjustments	\$0	\$73	\$679	\$1,146	\$1,266	\$1,601
Prior-Year Carryover Balance	121	372	143	11	33	0
Net Cash Balance	\$372	\$143	\$11	\$33	(\$212)	(\$426)

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

	Favorable/(Unfavorable)				
	2019	2020	2021	2022	2023
JULY FINANCIAL PLAN 2020-2023					
NET CASH SURPLUS/(DEFICIT)	\$61	\$55	(\$26)	(\$281)	(\$433)
Agency Baseline Adjustments	\$106	(\$222)	(\$75)	\$9	\$4
Farebox/Toll Revenue Reforecast	31	44	51	52	51
NYCT & MTA Bus Wage Adjustments	(81)	(31)	(31)	(31)	(31)
Rates and Related Assumptions ¹	(44)	(22)	(27)	(22)	(30)
NYCT Public Liability & Worker's Compensation	(37)	(27)	(14)	(15)	(15)
Paratransit Service Expenses	7	(0)	(15)	(15)	(17)
Other Baseline Re-estimates (includes Timing) ²	230	(185)	(38)	41	46
New Needs/Investments	(\$18)	(\$171)	(\$168)	(\$175)	(\$172)
500 New MTA Police Officers	(1)	(52)	(61)	(64)	(71)
Technology Enhancements	-	(52)	(52)	(52)	(42)
Maintenance	(3)	(24)	(21)	(26)	(26)
Safety and Security ³	(7)	(10)	(10)	(9)	(9)
Other New Needs	(7)	(32)	(25)	(24)	(24)
Savings Programs	\$25	(\$76)	(\$70)	(\$70)	(\$68)
2019 BRP Savings (New)	7	9	6	6	6
Adjustments to Prior Period ⁴	(10)	(85)	(76)	(75)	(74)
Impact of Hiring Freeze and Additional Savings Actions ⁵	28	-	-	-	-
Subsidies (Cash)	(\$36)	\$48	\$95	(\$19)	(\$17)
Real Estate Taxes	10	34	41	58	61
Payroll Mobility Tax	(38)	(31)	(26)	(25)	(24)
Outerborough Transportation Account	(38)	-	-	-	-
Less: Assumed Capital or Member Project	38	-	-	-	-
City Subsidy for MTA Bus	(35)	45	94	(15)	28
B&T Surplus Transfer	20	0	(20)	(46)	(94)
Other Subsidies	7	(0)	5	9	13
Debt Service	\$5	\$1	(\$68)	(\$124)	(\$208)
Below-the-Line Adjustments	\$0	\$294	\$389	\$414	\$468
<i>Fare and toll Increases:</i>					
Adjustments to 2021 and 2023 Fare/Toll Increases	-	-	(5)	(6)	(10)
<i>Policy Actions:</i>					
MTA Transformation Plan - Re-estimates	-	18	(26)	(63)	(63)
Paratransit Subsidy - 50/50 Share with the City	-	47	99	103	111
Improved Overtime Spending Controls	-	44	44	44	44
Additional Revenue Achieved from Fare Evasion Initiatives	-	50	50	50	50
State Aid for the 2015-19 Capital Plan	-	29	145	202	251
Reduction in Committed to Capital (2020)	-	30	-	-	-
Debt Service Resulting from Reduction in Committed to Capital	-	(7)	(7)	(7)	(7)
<i>MTA Re-estimates:</i>					
Vacancy Savings	-	74	83	85	87
<i>Other (Incorporated in the Baseline):</i>					
Replacement of NYCT Capital Accounting System with PeopleSoft	-	5	1	0	0
State Mandated Employee Training	-	3	4	4	4
Prior Year Carryover	\$0	\$82	(\$44)	\$33	\$0
NOVEMBER FINANCIAL PLAN 2020-2023					
NET CASH SURPLUS/(DEFICIT)	\$143	\$11	\$33	(\$212)	(\$426)

* Totals may not add due to rounding

¹ Includes plan-to-plan rate adjustments for health & welfare (including retirees), pension, energy, etc.

² Changes in this category include updated reimbursable assumptions and adjustments for operating capital and cash. Includes the timing of other operating revenues, wage settlements, maintenance program requirements and reimbursable receipts. While B&T Operating Surplus Transfer is captured as a subsidy, B&T's baseline impacts are captured in individual reconciliation categories in the Agency Baseline Adjustments above; to avoid duplication, the total baseline impacts are eliminated within the line "Other Baseline Re-estimates."

³ Includes homeless outreach and additional fare evasion efforts, \$40 million of which will be reimbursed from the Manhattan District Attorney office.

⁴ The bulk of these adjustments consist of the elimination of NYCT savings that were also captured within AlixPartners assessment, and the elimination of operations-related BRPs that were proposed solely because of budgetary constraints. Additional below-the-line BRP savings reduce the Adjustments to Prior Period BRPs to \$317 million over the Plan period.

⁵ Ongoing savings from hiring freeze on non-essential positions and spending restrictions that were put in place effective 2017.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2020 - 2023
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
MMTOA, PBT & Real Estate Taxes						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,686.6	\$1,823.7	\$1,888.4	\$1,962.3	\$2,045.2	\$2,131.5
Petroleum Business Tax (PBT)	630.7	640.5	627.9	619.6	616.3	615.6
Mortgage Recording Tax (MRT)	440.5	452.2	457.0	475.1	483.3	489.7
MRT Transfer to Suburban Counties	(4.9)	(4.9)	(6.0)	(6.4)	(6.8)	(7.1)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(23.8)	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)
Interest	5.3	5.3	5.3	5.3	5.3	5.3
Urban Tax	656.0	660.6	638.5	622.3	647.8	645.5
Other 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>
	\$3,382.1	\$3,557.3	\$3,591.0	\$3,658.2	\$3,771.1	\$3,860.5
PMT and MTA Aid						
Payroll Mobility Tax (PMT)	\$1,482.9	\$1,556.4	\$1,631.9	\$1,705.7	\$1,778.5	\$1,853.2
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>
	\$1,999.7	\$2,113.9	\$2,194.3	\$2,269.2	\$2,343.0	\$2,418.8
New Funding Sources						
SAP Support and For-Hire Vehicle Surcharge:						
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
Subway Action Plan Account	0.0	362.0	301.0	300.0	300.0	300.0
Outerborough Transportation Account	0.0	0.0	50.0	50.0	50.0	50.0
Less: Assumed Capital or Member Project	0.0	0.0	(50.0)	(50.0)	(50.0)	(50.0)
General Transportation Account	0.0	0.0	84.0	85.0	85.0	85.0
Less: Committed to Capital for SAP	0.0	(20.0)	0.0	0.0	0.0	0.0
Capital Program Funding Sources:						
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	0.0	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	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
Less: Transfer to CBDTP Capital Lockbox	<u>0.0</u>	<u>(207.5)</u>	<u>(693.5)</u>	<u>(706.3)</u>	<u>(721.8)</u>	<u>(739.7)</u>
	\$508.0	\$342.0	\$385.0	\$385.0	\$385.0	\$385.0
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	187.4	187.9	187.9	187.9	187.9	187.9
Station Maintenance	<u>169.2</u>	<u>172.1</u>	<u>175.5</u>	<u>179.1</u>	<u>183.3</u>	<u>187.7</u>
	\$544.6	\$547.9	\$551.3	\$554.9	\$559.1	\$563.6
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)	15.8	(1.3)	(8.4)	(2.3)	0.0	0.0
Fuel Hedge Collateral	0.0	40.0	0.0	0.0	0.0	0.0
MNR Repayment of 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital Program Contributions	(38.8)	(63.9)	(122.8)	(180.6)	(120.2)	(114.1)
Drawdown of 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>
	\$95.9	(\$39.1)	(\$145.2)	(\$196.8)	(\$134.1)	(\$128.1)
Subtotal: Taxes & State and Local Subsidies	\$6,530.2	\$6,521.9	\$6,576.4	\$6,670.5	\$6,924.1	\$7,099.8
Other Funding Agreements						
City Subsidy for MTA Bus Company	\$463.2	\$633.5	\$561.8	\$542.2	\$555.2	\$579.5
City Subsidy for Staten Island Railway	58.5	47.2	48.5	59.1	65.6	76.6
CDOT Subsidy for Metro-North Railroad	<u>129.8</u>	<u>130.9</u>	<u>132.5</u>	<u>129.7</u>	<u>140.4</u>	<u>145.2</u>
	\$651.6	\$731.6	\$742.7	\$731.0	\$761.2	\$801.3
Subtotal, including Other Funding Agreements	\$7,181.8	\$7,333.4	\$7,319.1	\$7,401.5	\$7,685.3	\$7,901.1
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	<u>\$692.0</u>	<u>\$782.7</u>	<u>\$776.3</u>	<u>\$779.4</u>	<u>\$744.4</u>	<u>\$620.9</u>
	\$692.0	\$782.7	\$776.3	\$779.4	\$744.4	\$620.9
TOTAL SUBSIDIES	\$7,873.9	\$8,116.1	\$8,095.4	\$8,180.9	\$8,429.6	\$8,522.0

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

	2019	2020	2021	2022	2023
MMTOA, PBT and Real Estate Taxes					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT)	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	20.8	21.8	21.1	23.5	24.4
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Urban Tax	(10.8)	12.0	19.8	34.5	36.1
Other Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$10.0	\$33.7	\$40.9	\$58.0	\$60.5
PMT and MTA Aid					
Payroll Mobility Tax (PMT)	(\$37.8)	(\$30.9)	(\$26.0)	(\$25.3)	(\$23.7)
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0	0.0
MTA Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$37.8)	(\$30.9)	(\$26.0)	(\$25.3)	(\$23.7)
New Funding Sources					
SAP Support and For-Hire Vehicle Surcharge:					
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	0.0	0.0	0.0	0.0	0.0
Subway Action Plan Account	0.0	0.0	0.0	0.0	0.0
Outerborough Transportation Account	(38.0)	0.0	0.0	0.0	0.0
Less: Assumed Capital or Member Project	38.0	0.0	0.0	0.0	0.0
General Transportation Account	0.0	0.0	0.0	0.0	0.0
Less: Committed to Capital for SAP	0.0	0.0	0.0	0.0	0.0
Capital Program Funding Sources:					
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	0.0	0.0	0.0	0.0	0.0
Internet Marketplace Tax	0.0	0.0	0.0	0.0	0.0
Less: Transfer to CBDTP Capital Lockbox	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State and Local Subsidies					
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Station Maintenance	(0.9)	(2.3)	(3.5)	(4.0)	(4.5)
	(\$0.9)	(\$2.3)	(\$3.5)	(\$4.0)	(\$4.5)
Other Subsidy Adjustments					
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(0.1)	(3.2)	(2.3)	0.0	0.0
Fuel Hedge Collateral	0.0	0.0	0.0	0.0	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	0.0	0.0	0.0	0.0	0.0
	(\$0.1)	(\$3.2)	\$0.0	\$0.0	\$0.0
Subtotal: Taxes & State and Local Subsidies	(\$28.8)	(\$2.7)	\$9.2	\$28.7	\$32.3
Other Funding Agreements					
City Subsidy for MTA Bus Company	(\$35.2)	\$45.0	\$94.5	(\$14.6)	\$28.0
City Subsidy for Staten Island Railway	0.0	(4.4)	6.0	5.2	8.3
CDOT Subsidy for Metro-North Railroad	<u>8.2</u>	<u>9.7</u>	<u>4.9</u>	<u>8.1</u>	<u>8.9</u>
	(\$26.9)	\$50.3	\$105.3	(\$1.3)	\$45.2
Subtotal, including Other Funding Agreements	\$0.0	\$47.7	\$114.5	\$27.4	\$77.5
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	<u>\$20.2</u>	<u>\$0.3</u>	<u>(\$19.6)</u>	<u>(\$46.2)</u>	<u>(\$94.2)</u>
	\$20.2	\$0.3	(\$19.6)	(\$46.2)	(\$94.2)
TOTAL SUBSIDIES	(\$35.5)	\$47.9	\$94.9	(\$18.8)	(\$16.8)

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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 \$326 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by \$278 million in 2021, by \$326 million in 2022, and by \$326 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 the MTA from the proposed 2021 increase is \$270 million in 2021, \$317 million in 2022, and \$317 million in 2023. These net projections, compared with the July Plan, are \$5 million lower in 2021 and in 2022, and \$6 million lower in 2023. Compared with the February Plan, net projections are \$3 million lower in 2021 and 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 a \$340 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$289 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 to the MTA is \$282 million in 2023. Compared with the July Plan, the net projection is \$5 million higher in 2023.

MTA Consolidated Utilization

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

		November Forecast	Final Proposed Budget	2021	2022	2023
		<u>2019</u>	<u>2020</u>			
Fare Revenue						
Long Island Rail Road	Baseline	\$771.110	\$781.384	\$785.778	\$793.424	\$802.571
	2021 Yield Increase	0.000	0.000	26.869	31.737	32.103
	2023 Yield Increase	0.000	0.000	0.000	0.000	28.541
		\$771.110	\$781.384	\$812.648	\$825.161	\$863.215
Metro-North Railroad ¹	Baseline	\$764.320	\$775.873	\$779.903	\$781.286	\$785.150
	2021 Yield Increase	0.000	0.000	15.150	17.788	17.889
	2023 Yield Increase	0.000	0.000	0.000	0.000	15.670
		\$764.320	\$775.873	\$795.053	\$799.074	\$818.709
MTA Bus Company ²	Baseline	\$221.848	\$225.233	\$224.341	\$224.419	\$224.137
	2021 Yield Increase	0.000	0.000	7.621	8.945	8.934
	2023 Yield Increase	0.000	0.000	0.000	0.000	7.919
		\$221.848	\$225.233	\$231.962	\$233.364	\$240.990
New York City Transit ³	Baseline	\$4,581.898	\$4,647.227	\$4,630.410	\$4,633.587	\$4,629.512
	2021 Yield Increase	0.000	0.000	154.597	182.203	182.040
	2023 Yield Increase	0.000	0.000	0.000	0.000	160.645
		\$4,581.898	\$4,647.227	\$4,785.007	\$4,815.790	\$4,972.197
Staten Island Railway ²	Baseline	\$6.879	\$6.670	\$6.644	\$6.647	\$6.633
	2021 Yield Increase	0.000	0.000	0.226	0.266	0.265
	2023 Yield Increase	0.000	0.000	0.000	0.000	0.235
		\$6.879	\$6.670	\$6.870	\$6.913	\$7.133
Total Farebox Revenue	Baseline	\$6,346.054	\$6,436.386	\$6,427.077	\$6,439.363	\$6,448.004
	2021 Yield Increase	0.000	0.000	204.464	240.939	241.232
	2023 Yield Increase	0.000	0.000	0.000	0.000	213.010
		\$6,346.054	\$6,436.386	\$6,631.541	\$6,680.302	\$6,902.245
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$2,078.076	\$2,118.012	\$2,125.639	\$2,125.372	\$2,126.849
	2021 Yield Increase	0.000	0.000	73.324	85.015	85.074
	2023 Yield Increase	0.000	0.000	0.000	0.000	76.300
		\$2,078.076	\$2,118.012	\$2,198.963	\$2,210.387	\$2,288.223
TOTAL FARE & TOLL REVENUE						
	Baseline	\$8,424.130	\$8,554.398	\$8,552.716	\$8,564.736	\$8,574.853
	2021 Yield Increase	0.000	0.000	277.787	325.954	326.306
	2023 Yield Increase	0.000	0.000	0.000	0.000	289.310
		\$8,424.130	\$8,554.398	\$8,830.504	\$8,890.690	\$9,190.469

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

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

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.

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.

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.

Policy Actions in the November Plan

MTA Transformation Plan Re-Estimates – The savings assumed in the July Plan have been adjusted to reflect a modification in the implementation schedule for centralizing general and administrative functions at MTA Headquarters. Additionally, the assessment that tort and workers compensation case efficiencies at New York City Transit and the partial reimbursement of paratransit expenses through Medicare are unlikely to produce the savings identified by AlixPartners. Together, these changes are favorable by \$18 million in 2020, and unfavorable by \$26 million in 2021 and by \$63 million in both 2022 and 2023.

Paratransit Subsidy – 50/50 Share with the City – MTA is proposing a renegotiation of the terms of the Paratransit Service agreement to provide a more equitable sharing of costs, with the assumption that such an agreement will be in place effective July 1, 2020. An equal share of the net operating deficit would reduce NYCT's cost by \$47 million in 2020, \$99 million in 2021, \$103 million in 2022 and \$111 million in 2023.

Improved Overtime Spending Controls – Constraints being implemented to better utilize “controllable” overtime and ensure usage is fiscally responsible are expected to lower overtime expense by \$44 million a year beginning in 2020. This is a 5% reduction from the initial projections of overtime that were proposed by the Agencies.

Additional Revenue Achieved from Fare Evasion Initiatives – Results of initial efforts to mitigate subway and bus fare evasion indicate \$50 million in additional farebox revenue can be expected beginning in 2020. As efforts to mitigate fare evasion continue and are analyzed, further increases in farebox revenue may be realized.

State Aid for the 2015-19 Capital Plan – Debt service is expected to increase over the Plan years by \$614 million. This change is primarily driven by the addition of \$7.3 billion of planned MTA bond issuance pursuant to the State’s funding commitment for the 2015-2019 Capital Program as authorized through legislation enacted in 2016. The additional debt is expected to be funded through operating aid from the State, subject to annual appropriation.

Reduction in Committed to Capital (2020) – The MTA will pull back a portion of the 2020 contribution to Committed to Capital of \$30 million as a one-shot action to balance the budget in 2020.

Debt Service Resulting from Reductions in Committed to Capital – In the July and November Plans, a total of \$94 million in committed to capital contributions will be pulled back. To offset the loss in contributions to the capital program, the MTA will issue bonds for the \$94 million, which will increase debt service expenses by an estimated \$7 million per year beginning in 2020.

MTA Re-estimates

Vacancy Savings – The MTA will permanently eliminate non-represented Administrative positions that became vacant through the third quarter of 2019 and have not been filled due to MTA policy which restricted new hiring, saving \$74 million in 2020, \$83 million in 2021, \$85 million in 2022 and \$87 million in 2023.

Other

The following items from the July Plan have been incorporated into the Agency budgets above the line and are no longer captured in the below-the-line section:

Replacement of NYCT Capital Accounting System with PeopleSoft – 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.

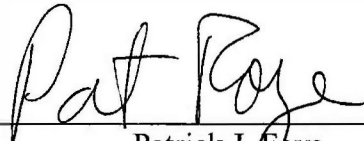
State Mandated Employee Training – New state-mandated training requirements for represented employees augments existing training on sexual harassment. The cost to backfill these workers during training is estimated to cost \$3 million in 2020 and \$4 million each year thereafter.

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: November 13, 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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