

**MTA ANNUAL DISCLOSURE STATEMENT UPDATE**  
**(2020 ADS First Quarterly Update)**  
**August 3, 2020**

**This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, the “First Quarterly Update”), dated August 3, 2020, is the first quarterly update to the Annual Disclosure Statement (the “ADS”) of MTA, dated April 29, 2020, as supplemented on May 1, 2020, May 19, 2020, May 27, 2020, June 3, 2020, June 25, 2020 and July 17, 2020, and contains information only through its date. MTA expects to file this First Quarterly Update with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system and may incorporate such information herein by specific cross-reference. Such information, together with the complete July Plan hereinafter referred to, is also posted on the MTA website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this First Quarterly Update is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.**

**The factors affecting MTA’s financial condition are complex. This First Quarterly Update contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared and contains statements relating to future results and economic performance that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “anticipate” or other similar words. The forward looking statements contained herein are based on MTA’s expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, MTA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this First Quarterly Update.**

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## **Introduction**

This update, dated August 3, 2020 (the “First Quarterly Update”), is the first quarterly update to the Annual Disclosure Statement (the “ADS”) of the Metropolitan Transportation Authority (“MTA”), dated April 29, 2020, as supplemented on May 1, 2020, May 19, 2020, May 27, 2020, June 3, 2020, June 25, 2020 and July 17, 2020. This First Quarterly Update contains information only through August 3, 2020, and should be read in its entirety, together with the ADS as so previously supplemented. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ADS.

In this First Quarterly Update, readers will find:

1. A summary of recent events and changes to MTA’s 2020-2024 Financial Plan released by MTA in February 2020 (the “February Plan”), made since the date of the ADS, to reflect provisions of the 2020 MTA July Financial Plan presented to the MTA Board on July 22, 2020 (the “July Plan”). The complete July Plan is posted on MTA’s website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the July Plan includes revised February Plan projections for fiscal years 2020 (2020 Mid-Year Forecast) through 2024, including a preliminary budget for 2021.
2. **Attachment A** to this First Quarterly Update, which presents the July Plan in tabular form and includes Financial Plan tables that summarize MTA’s July Plan projected receipts and expenditures for fiscal years 2020 (adopted budget), 2021 (preliminary budget) through 2024, in each case prepared by MTA management.

## **Overview**

The July Plan, which includes the 2020 Mid-Year Forecast, the 2021 preliminary budget and a financial plan for the years 2021-2024, updates the February Plan. Since 2010, MTA financial plans have included the impact of MTA management’s pursuit of operational efficiencies and recurring cost reductions which have been used to lower the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and have provided funding for the capital program and enhanced maintenance. When sustainable, MTA multi-year financial plans have reflected added service, while at the same time addressing long-term costs such as pensions, health care, paratransit, and debt service. The July Plan has, of necessity, departed from previous MTA multi-year financial plans as the novel coronavirus (“COVID-19”) outbreak and the ensuing pandemic has caused widespread social and economic disruption to the MTA region, with extreme adverse impacts on MTA finances.

MTA management identified staggering losses for the nation’s largest transportation agency, with COVID-19 pandemic-related losses totaling a projected 45.3% of MTA’s 2020 adopted budget and projected 2-year deficits totaling \$10.3 billion through 2021. The July Plan requires MTA’s

analysis and forecasts of the full five-year period. A key conclusion of such forecasts is that the COVID-19 pandemic can be expected to have an extended impact over the entire July Plan period.

Without further federal action and major additional budget relief, MTA management now projects total deficits attributable to COVID-19 pandemic impacts for the July Plan period of approximately \$16.2 billion. Actions identified to date will not be sufficient to fully address these forecast deficits. As further discussed below, future actions being reviewed by MTA management include the following: (i) reductions or delays in Capital Program implementation; (ii) fare and toll increases (above the planned 4% biennial adjustments); (iii) delay in pension contributions; (iv) wage freezes; (v) reductions in work force; (vi) service reductions; and (vii) long-term deficit financing.

## **The February Plan**

The February Plan projected cash balances of \$134 million in 2019, \$81 million in 2020, \$273 million in 2021, and \$157 million in 2022, with a deficit of \$130 million in 2023. The February Plan also reflected significant favorable impacts of \$1.6 billion in estimated savings from implementation of the MTA Transformation Plan. Without the projected Transformation Plan savings, the 2023 deficit was expected to have grown to an estimated \$762 million. In addition to the Transformation Plan savings, the February Plan was based on three key inter-related elements: (i) fare and toll price increases that were projected to net 4% yield in annual revenue in both 2021 and 2023; (ii) annually recurring cost reduction and containment targets that were projected to provide annual savings of nearly \$2.8 billion per year by 2023; and (iii) maintaining major on-going initiative investments for the MTA Long Island Rail Road “Forward” plan, the “Bus Plans” at MTA New York City Transit and MTA Bus, the MTA Metro-North Railroad “Way Ahead” plan, and the Subway Action Plan for MTA New York City Transit.

The February Plan included the financial impact of the approved settlement with Local 100 of the Transport Workers Union (“TWU”), and the incremental cost of \$165 million over the February Plan period above the assumed annual two percent increases for the TWU and for TWU-pattern settlements with the remaining represented workforce. The February Plan also reflected an additional \$11 million in 2020 expected from the Petroleum Business Tax, and an additional \$775 million over the February Plan period in Metropolitan Mass Transportation Operating Assistance (“MMTOA”) funds, reflecting the fiscal year 2021 New York State Executive Budget released by Governor Cuomo in mid-January. The February Plan also reflected a significant increase in debt issuance and debt service for the 2020-2024 Capital Program, with financial support coming from a projected \$7.3 billion of bonds supported by Central Business District Tolling lockbox revenues, including Internet Marketplace Sales Tax and Mansion Tax receipts. The debt service of \$742 million over the February Plan period was to be paid directly from those capital lockbox revenues with no impact on the operating budget.

MTA’s 2020 adopted budget was balanced with the use of non-recurring actions, including the release of the \$165 million General Reserve for 2019 and the carryover of the 2019 surplus of \$134 million. The February Plan also included the expectation that the City of New York (“City”) would increase its contribution to fund paratransit and equally share with MTA the operating deficit of the paratransit program. Lastly, the February Plan included \$35 million in funding for a re-estimate of 2020 MTA New York City Transit maintenance expenses.

## **Changes Since the February Plan**

As noted earlier, the July Plan is unlike any prior MTA financial plan. The COVID-19 pandemic was declared an international public health emergency on January 30, 2020 by the World Health Organization. In the MTA region, the first confirmed case was in Manhattan on March 1st, and it was subsequently followed by a second case the next day in New Rochelle. Within days, 225 additional positive cases were confirmed as officials conducted contact tracing.

As COVID-19 cases rapidly increased, Governor Cuomo ordered all nonessential businesses closed statewide, effective March 22, 2020. The New York State on PAUSE (Policies that Assure Uniform Safety for Everyone) Executive Order banned gatherings of individuals who were not considered essential workers, required social distancing of at least six feet, encouraged the wearing of masks or other personal protective equipment, and discouraged the use of mass transit.

The Executive Order charged MTA with providing transportation for only essential travel and, in response, MTA implemented a reduced service schedule across the operating agencies to ensure service to and from work for frontline workers. On March 20, 2020, compared with one year earlier, subway ridership was down 76%, combined MTA New York City Transit bus and MTA Bus ridership was down 63%, MTA Metro-North Railroad ridership was down 94%, MTA Long Island Rail Road ridership was down 76%, and MTA Bridges and Tunnels traffic was down 42%. On March 25, 2020, MTA began phasing in an “Essential Service Plan” for the subway, buses and the MTA Long Island Rail Road and MTA Metro-North Railroad. While reducing scheduled service, the Essential Service Plan continued to provide the service necessary for first responders and essential personnel travel to and from hospitals and other critical locations.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), a \$2 trillion economic relief package to address the financial impacts caused by the pandemic. The CARES Act provided \$25 billion nationally to assist transit agencies with providing transportation to essential workers. Of that amount, MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus, and Staten Island Railway will receive payments totaling \$4.009 billion to assist with covering expenses for operating service during the pandemic.

Throughout March and April, 2020, measures were taken to aggressively clean and sanitize stations and the rail and bus fleets. By the last week of April, utilization had fallen even further: subway ridership was down 91%; MTA Long Island Rail Road ridership was down 97%; MTA Metro-North Railroad ridership was down 95%, and; MTA Bridges and Tunnels traffic was down 57%. After March 20<sup>th</sup>, bus ridership was no longer counted, as rear-door only boarding was instituted as a measure to improve bus driver safety.

Beginning May 6, 2020, in anticipation of a gradual reopening of the City, subway service was suspended each overnight from 1 a.m. to 5 a.m. to allow for a complete disinfecting of the system, with bus and third-party alternative transportation services provided to essential workers during hours of closure.

On June 8, 2020, the City entered Phase 1 of the State’s gradual re-opening protocols. As the City and the metropolitan region gradually moved through subsequent phases (the City entered Phase 2 on June 22<sup>nd</sup>, Phase 3 on July 6<sup>th</sup> and Phase 4 on July 20<sup>th</sup>), service was moderately increased

to provide social distancing on subways, buses and the commuter railroads for returning customers. As of the date of this First Quarterly Update, all areas in the MTA region are in Phase 4 of reopening. Ridership, however, remains significantly below levels from one year ago. As of July 15, 2020, ridership was down 77% on the subway, 79% on the MTA Long Island Rail Road, and 83% on Metro-North Railroad. On buses operated by MTA New York City Transit and MTA Bus, combined ridership is down 42%. With rear-door only boarding of buses allowed, fares have not been collected for most trips. Traffic on MTA Bridges and Tunnels facilities have been rebounding at a faster pace, but remains 15% below traffic levels from one year ago. *There is no assurance that positive gains in the fight against the COVID-19 pandemic in the MTA region will not be impaired in the near or intermediate term, which could cause the reimposition of more restrictive phases with worsening impacts on MTA.*

In April 2020, MTA hired McKinsey & Company (“McKinsey”) to develop a financial impact assessment of impacts on MTA and its Related Entities from the COVID-19 pandemic. McKinsey reviewed MTA farebox and toll revenues, and subsidy receipts, and developed forecasts of the likely effect the pandemic would have on the regional and national economies. The results of the McKinsey analysis were a baseline scenario (“earlier containment and recovery”), where ridership and traffic was to resume in June, but with a resurgence in cases in the fall of 2020, and an alternative scenario (“delayed containment and recovery”) where the initial return is slower due to countervailing factors such as personal preferences to avoid public transit and continue working remotely, followed by a resurgence of the pandemic more severe than the base scenario. For the July Plan, ridership, traffic, and subsidy forecasts are based on the midpoint of these two scenarios.

While the February Plan projected surpluses in 2020 and 2021, COVID-19 has and is expected to further severely impact MTA finances

	<b>2020</b>	<b>2021</b>	<b>2-Year Total</b>
		(billions)	
<b>2020 Adopted Budget</b>			
Total Operating Expenses + Debt Service	\$17.12	\$17.41	\$34.53
<b>McKinsey COVID-19 Analysis *</b>			
Fare and Toll Revenue	\$(5.30)	\$(3.90)	\$(9.20)
Subsidies	(1.70)	(1.90)	(3.60)
Additional Expenses	(0.75)	(0.75)	(1.50)
Total COVID-19 Loss	\$(7.75)	\$(6.55)	\$(14.30)
Percent of Total Budget	-45.3%	-37.6%	-41.4%
<b>Federal CARES Act</b>	\$4.00	\$0.00	\$4.00
Remaining Budget Loss	\$(3.75)	\$(6.55)	\$(10.30)
Percent of Total Budget	-21.9%	-37.6%	-29.8%

\*Estimates by McKinsey & Company are as of May 1, 2020. The McKinsey report can be found on the MTA website, in the Financial and Budget Statements section under Transparency (<https://new.mta.info/document/16951>).

For the 2020 to 2021 period, McKinsey estimated that MTA would have a budgetary loss of \$10.3 billion, or 30 percent, after factoring in the full \$4 billion in aid to be made available through

the CARES Act. The full McKinsey analysis can be found at <https://new.mta.info/document/16951>. McKinsey performed a follow up review in early July and concluded their estimates remain valid.

Over the July Plan period, the impact of the pandemic is projected to adversely affect MTA’s finances by a total of \$16.2 billion, with farebox and toll revenues reduced by a combined \$10.3 billion, advertising and rental income reduced by \$397 million, expenses \$2.7 billion higher, and subsidies \$6.9 billion lower than the February Plan estimates. The federal CARES Act funds of \$4 billion partially offset these losses.

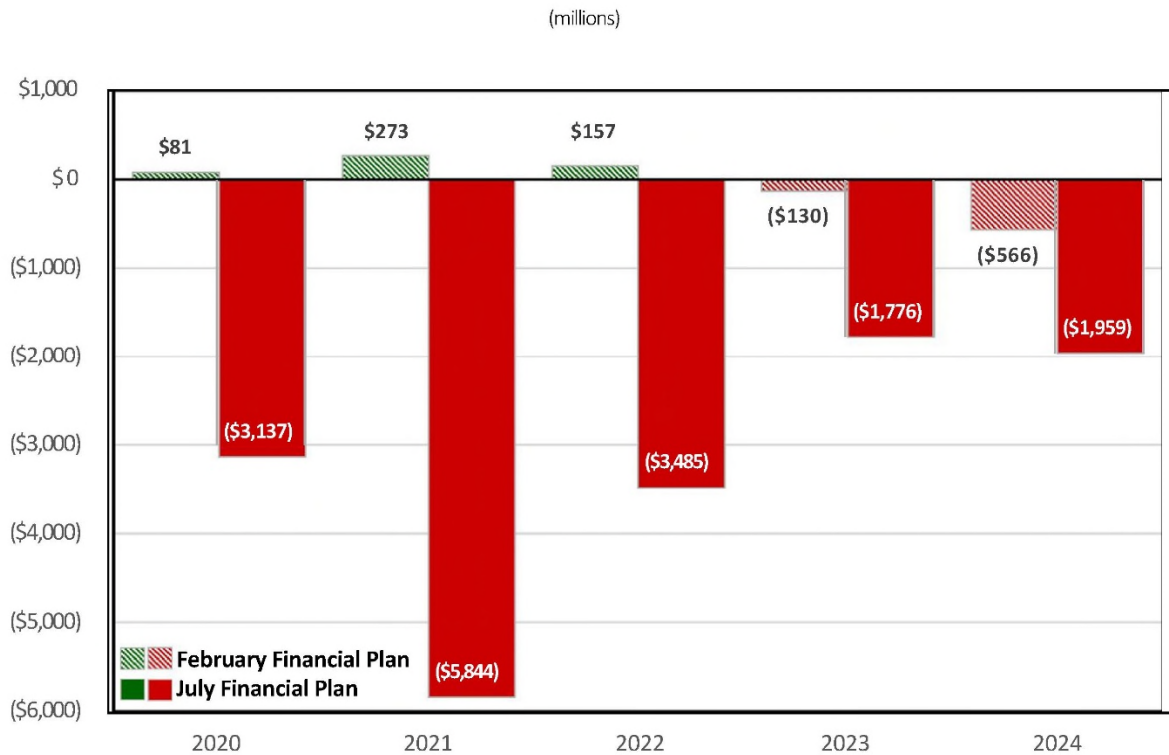
The impact from COVID-19 is expected to be felt over the entire July Plan period

	2020	2021	2022	2023	2024
	(millions)				
Operating Forecasts:					
Farebox Revenue	(\$4,200)	(\$3,130)	(\$1,157)	(\$13)	\$0
Toll Revenue	(\$880)	(\$730)	(\$164)	\$0	\$0
Advertising/Rental Revenue	(\$120)	(\$65)	(\$71)	(\$72)	(\$69)
Direct COVID-related Expenses	(\$500)	(\$531)	(\$518)	(\$496)	(\$496)
Net Indirect COVID Expenses	(\$67)	(\$45)	\$0	(\$2)	\$0
Subsidy Forecasts	(\$2,069)	(\$1,928)	(\$1,263)	(\$850)	(\$791)
CARES Act Funds	\$4,009	--	--	--	--
<b>Total Net Impact<sup>(1)</sup></b>	<b>(\$3,826)</b>	<b>(\$6,429)</b>	<b>(\$3,172)</b>	<b>(\$1,431)</b>	<b>(\$1,356)</b>

<sup>(1)</sup>July Plan period total projected deficit is \$16.2 billion.

These impacts, along with other changes, severely altered the July Plan from estimates in the February Plan.

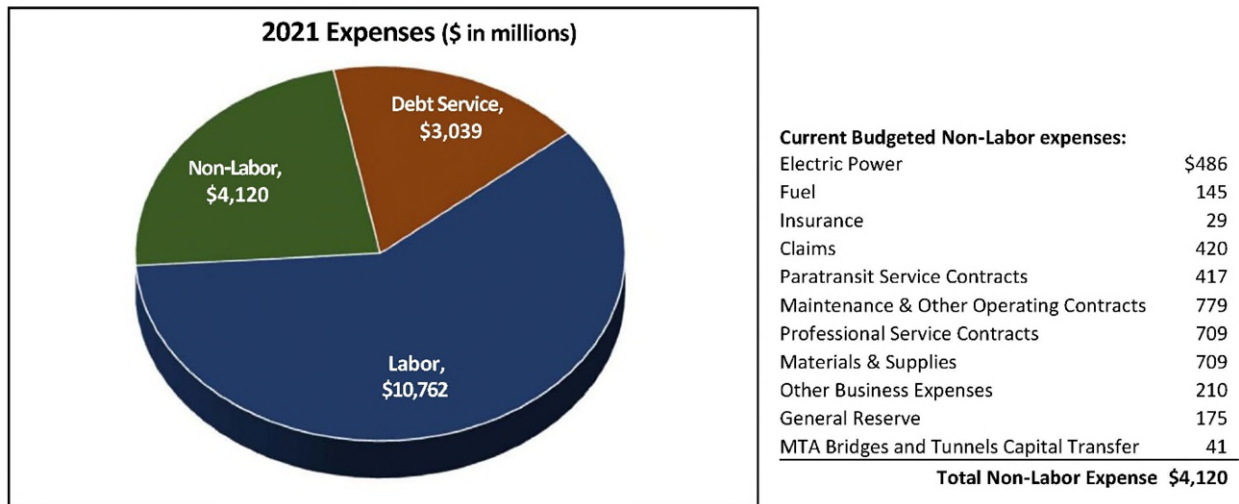
## Projected Deficits for the July Financial Plan total \$16.2 billion through 2024



On May 12, 2020, the U.S. House of Representatives passed and sent on to the U.S. Senate the Health and Economic Recovery Omnibus Emergency Solutions Act (“HEROES Act”), which if enacted, would be the fourth phase of federal COVID-19-related response. Among the many provisions in this \$3 trillion relief bill is the provision of \$15.75 billion in operating assistance funding for the nation’s transit agencies, with \$11.8 billion distributed by formula and another \$4 billion available via grants. This funding would be in addition to the monies provided in the CARES Act. MTA has requested, both directly and by others on its behalf, \$3.9 billion in additional aid to cover the remainder of its 2020 COVID-19 related losses.

However, HEROES Act funding, if enacted in the form passed by the House of Representatives, will not address the unprecedented deficits MTA faces in 2021 and beyond. The non-labor portion of the budget is \$4.1 billion, as shown in the chart below, and even if eliminated would not fully cover the anticipated deficit.

The \$5.8 billion deficit in 2021 cannot be addressed by non-labor expense reductions only



MTA is continuing its efforts to identify and enact expense reductions. To this end, the July Plan already includes \$1.75 billion in projected savings from the current Budget Reduction Program (“BRPs”), \$1.85 billion in projected savings from the existing Transformation Plan, and \$153 million in projected savings from MTA-wide hiring freeze.

Additional savings, however, are urgently needed. If no further aid is made available from the federal government, over and above the HEROES Act funding for MTA, if it materializes, MTA will need to solve the deficit problem internally. *There is no assurance that all or any part of the MTA’s requested \$3.9 billion currently included in the House-passed HEROES Act, will be provided by the next enacted federal COVID-19 aid legislation.*

While the 2020-21 New York State Enacted Budget includes a provision enabling MTA to borrow up to \$10 billion for long-term deficit financing, the financial capacity to cover debt service for such borrowing will need to be identified and dedicated to repayment of such financing. In its drive to operate efficiently and streamline costs, MTA has revisited areas of operations where spending reductions can be initiated, such as overtime, consulting contracts, and other non-personnel expenses.

While this initial list of prospective savings totals \$1.375 billion over the July Plan period, it would be insufficient to cover the debt service incurred from \$10 billion of long-term deficit financing. Other actions are necessary and critical to the sustainability of MTA. Without additional aid, MTA would have to resort to extreme measures, including some or all of the actions noted in the following table.



## Actions will depend on Federal Funding

	(dollar in millions)				
<i>Actions Already in the Financial Plan:</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Budget Reduction Program (2019 BRP)	\$350	\$350	\$350	\$350	\$350
Savings from existing Transformation program	0	430	472	475	475
Hiring Freeze	88	17	16	16	16
<b>Sub-total</b>	<b>\$438</b>	<b>\$797</b>	<b>\$838</b>	<b>\$841</b>	<b>\$841</b>
<i>Potential Additional Federal Funding</i>	\$3,900	\$0	\$0	\$0	\$0
<i>New Actions initially identified:</i>					
Overtime Spending Reduction	\$35	\$105	\$105	\$105	\$105
Consulting Contract Reductions	115	135	70	55	70
Other Non-Personnel Expenses Reductions	85	100	95	95	100
<b>Sub-total</b>	<b>\$235</b>	<b>\$340</b>	<b>\$270</b>	<b>\$255</b>	<b>\$275</b>

*Actions identified to date will not be sufficient; future actions being reviewed include:*

Reduce or Delay Capital Program	Wage Freeze
Fare and Toll increases (above 4% biennial)	Reductions in Workforce
Delay in Pension Contributions	Service Reductions
	Long-Term Deficit Financing

A reduction or delay in the 2020-2024 Capital Program will have a limited impact on MTA’s operating budget. MTA’s contribution to the Capital Program is back-ended, with initial funding being covered by receipts from the Mansion Tax, the Internet Marketplace Sales Tax and Congestion Pricing, and from State and City contributions to the Capital Plan. If MTA uses the Mansion Tax and Internet Marketplace Sales Tax revenues to assist in covering the MTA operating budget (as is permitted by State law for the next two years) such action would consume cash and reduce liquidity.

Fare and toll increases, beyond the 4% biennial increases proposed for 2021 and 2023 already incorporated in the July Plan, will not generate sufficient revenue, particularly with ridership and traffic at materially reduced levels due to the pandemic. In addition, while permissible, a cash management action to reduce or delay pension contributions will not reduce this MTA liability. A wage freeze is also a potential short-term cash management action. Reductions in workforce and service reductions are undesirable actions. None of the potential actions are attractive and hard decisions will have to be made.

### The July Plan Summary and Changes from the February Plan

Consistent with the MTA budget process and, as presented in tabular form in **Attachment A**, the February and July Plans are formatted to highlight certain policy actions and other adjustments for the benefit of the Board and financial stakeholders. Until these items have been approved by the Board, MTA excludes their financial impact from the “Statement of Operations” (see **Attachment A** at page II-4, also referred to as “the baseline”). Instead, these items are captured individually, and in total, on the Plan Adjustments page that follows the Statement of Operations (see **Attachment A** at page II-3). These Plan Adjustments are also referred to as being “below-the-line”. Analyzed together,

the Statement of Operations and Plan Adjustments tabular presentations in **Attachment A** produce the cash balance and gap projections set forth in **Attachment A**.

Beyond COVID-19 impacts, changes in the July Plan from the February Plan include:

*Changes and re-estimates improving financial results over the July Plan period (2020-2024):*

- Assumed receipt of additional federal COVID-19 aid (\$3.9 billion in addition to CARES Act grant receipts),
- Lower debt service costs (\$585 million),
- Savings from lower electric power and fuel rates (\$191 million), and
- Savings from hiring freeze in 2020 and deferring hiring (\$137 million).

*Changes and re-estimates worsening financial results over the July Plan period (2020-2024):*

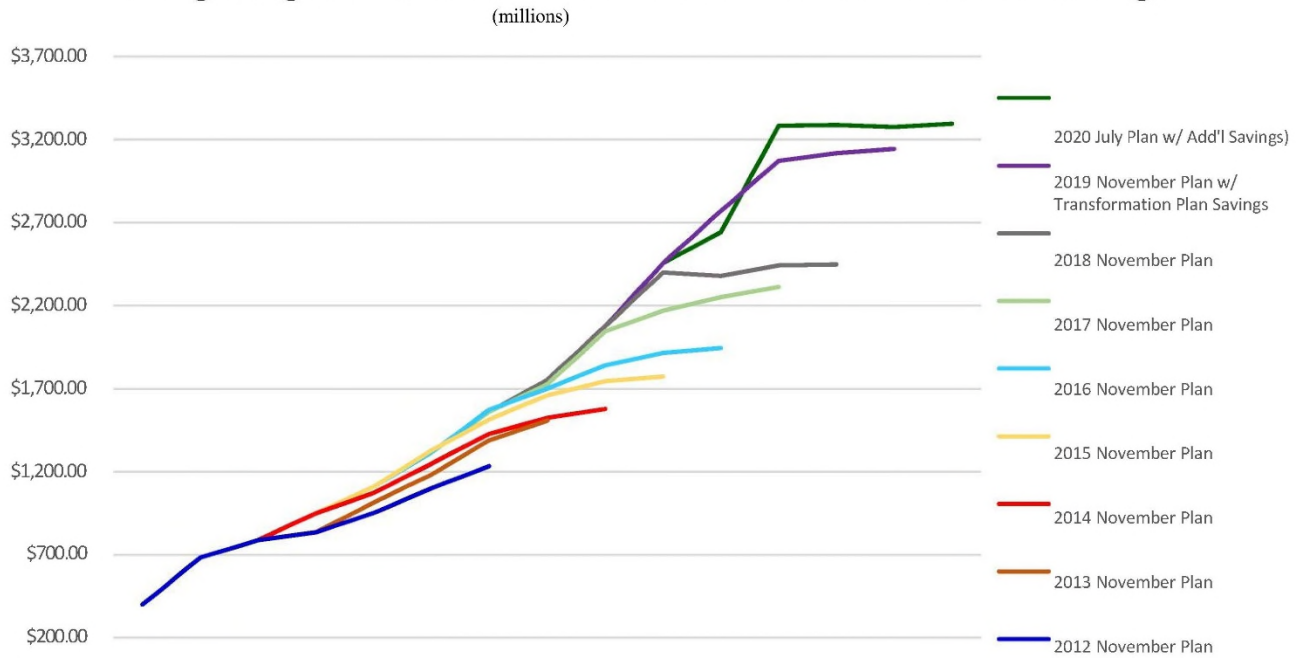
- Lower revenue from proposed 2021/2023 fare and toll increases (\$190 million),
- Higher expenses for new Juneteenth holiday (\$128 million),
- Higher operating capital (\$89 million),
- Higher expenses for technology enhancements (\$85 million),
- Higher expenses for pension liabilities (\$48 million),
- Lower savings from revised timing of Transformation Plan (\$32 million),
- Higher expenses for maintenance (\$29 million), and
- Repayment of revolving bank line of credit (\$300 million).

In total, these re-estimates, as well as the COVID-19 pandemic impacts and other minor changes, are \$14 billion unfavorable for the 2020 through 2023 portion of July Plan period. A reconciliation of plan-to-plan changes can be found in **Attachment A** of this First Quarterly Update, with further details provided in Volume 2 of the July Plan.

- *Assumed receipt of additional federal aid.* The July Plan is projected to be balanced in 2020 from an additional \$3.9 billion infusion of federal funds (HEROES Act or other federal legislation enacted) to offset the financial pandemic impacts not previously covered by the CARES Act.
- *Continue to implement the Transformation Plan to streamline MTA internal processes.* MTA is undertaking fundamental changes in an effort to more effectively deliver to its patrons a modern and efficient system. This transformation includes the centralization of all operating support functions and focuses the operating agencies on core service delivery. The Transformation Plan includes the reduction of up to 2,700 primarily administrative positions relying on attrition, as much as possible, to meet this goal. While delayed at the onset of the COVID-19 pandemic, most centralization is expected to occur by the end of 2020, and Transformation Plan net savings over the July Plan period are estimated at \$1.9 billion.

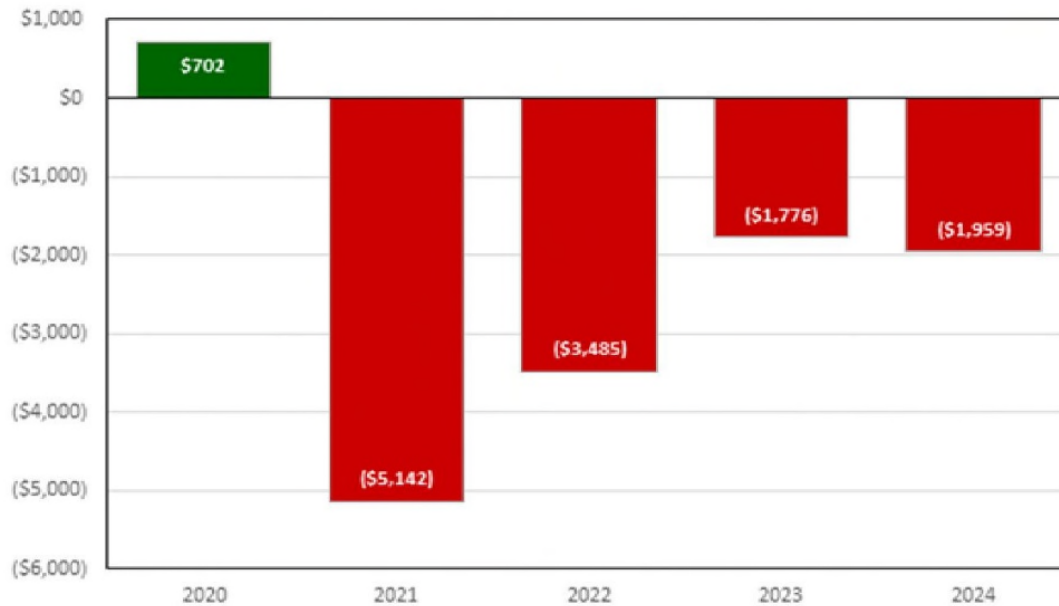
- *Maintain prior plan investments.* The July Plan maintains major on-going investment initiatives, including the MTA Long Island Rail Road “Forward” plan, the “Bus Plans” at MTA New York City Transit and MTA Bus, and the MTA Metro-North Railroad “Way Ahead” plan. The July Plan also sustains and expands upon the improvements of the Subway Action Plan, which was initiated with funding jointly provided by the State and the City, and is now funded from revenues from the for-hire vehicle surcharge.
- *Hold projected fare/toll increases to 4% in 2021 and 2023.* The July 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 4.7% and 4.9% in 2021 and 2023, respectively. Consistent with recent MTA financial plans, a March 1st implementation is assumed for both the 2021 and 2023 increases. The revenue from these increases is projected to be significantly less than projected in prior MTA financial plans, as a result of lower ridership and traffic due to the COVID-19 pandemic.
- *Non-Recurring Actions.* At the end of 2019, a favorable year-end balance of \$351 million, including the unspent 2019 General Reserve, was carried over into 2020. The July Plan assumes the \$165 million 2019 General Reserve will be reserved and carried forward to cover 2021 expenses.
- *Maintain annually recurring savings that have been achieved and meet new targets.* The chart below identifies cost reduction/cost containment targets included in past years’ November Plans and the July Plan. Through 2019, MTA has implemented initiatives with annualized savings of \$2.5 billion, and by the end of the July Plan period the recurring savings, together with the savings from the Transformation Plan, are projected to total \$3.1 billion. MTA is engaged in a review of all spending prompted by the challenges caused by the COVID-19 pandemic. These reductions and additional savings initiatives to be identified, after being appropriately vetted, will be incorporated into an adjusted financial plan presented to the Board later this summer.

MTA has a track record of identifying and achieving annually recurring savings targets and continues to work towards additional savings



MTA's financial forecast over the July Plan period has severely eroded since the February Plan. The July Plan assumes the 2020 Mid-Year Forecast will be balanced with the infusion of additional federal financial aid, either from the HEROES Act or from similar legislation. However, even with additional federal assistance, 2021 and the remaining years of the July Plan remain severely out of balance and will require further actions before the 2021 Final Proposed Budget is presented to the Board in November. See the currently projected deficits in the July Plan period presented below in tabular form.

**\$3.9 billion from additional federal funding would balance 2020, but a \$5.1 billion deficit will remain in 2021, requiring hard decisions**



**Challenges and Significant Risks Remain**

There are a variety of challenges and significant risks affecting MTA and implementation of the July Financial Plan and the ability to address the severe deficits included in the July Plan:

- *Receive the additional \$3.9 billion in federal aid for 2020 assumed in the July Plan.* Without this aid, which is expected to be determined in August when the U.S. Senate returns from its recess, 2020 will not be in balance and further actions will be required. The situation is being closely monitored; without the additional funds, the July Plan will need to be revised and a replacement financial plan will be presented to the Board.
- *Achieve the revised Transformation Plan savings targets assumed in the July Plan.* Without the savings from the Transformation Plan, the July Plan would worsen by \$1.9 billion over the July Plan period.
- *Maintain cost reductions and identify and implement further savings actions.* MTA must remain focused on existing cost control efforts. Further savings must be identified to create financial flexibility.
- *Implement biennial fare and toll increases which yield 4% increases in revenues.* While MTA strives to control costs, it is reliant on combined fares and tolls which have historically covered approximately half of its 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 and welfare and pensions). If projected fare and toll increases are not implemented, MTA financial

situation will deteriorate further as revenue will be outpaced by inflation and other cost growth.

- *Respond to developing economic environment.* As evident from the deteriorating financial situation over the first half of 2020, the finances of MTA are highly influenced by economic and other factors out of its control. 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 nationally and particularly in the MTA region. If the economic assumptions reflected in the July Plan are unrealized, the July Plan's projected results will further deteriorate.
- *Cybersecurity Risks.* In the course of its daily business, MTA and its Related Entities collect and store sensitive data, including fare and toll collection data, financial information, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to many of MTA and its Related Entities' operations, including operations of the Transit and Commuter Systems and MTA Bridges and Tunnels' facilities. Despite security and other technical measures currently in place and those which may be adopted in the future, information technology and infrastructure may be vulnerable to attacks by hackers or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise networks, facility operations and the information stored there could be accessed, disrupted, publicly disclosed, lost or stolen. Any such access, disruption, disclosure, theft or other loss of information could result in disruptions to MTA and its Related Entities' operations and financial or other activities, including as they relate to the Transit and Commuter Systems and MTA Bridges and Tunnels' facilities or otherwise, or legal claims or proceedings, including pursuant to laws that protect the privacy of personal information, or regulatory penalties.

MTA maintains a cybersecurity division within its IT department lead by the MTA Chief Information and Security Officer who reports to the MTA Chief Technology Officer. MTA uses National Institute of Standards and Technology Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks at MTA and its Related Entities. The current focus is on improving detection, response and recovery capabilities along with a continual review of critical controls for systems which process MTA and its Related Entities corporate/IT data. Funding has been provided to cover previously identified cybersecurity investment needs. While the 2020 MTA budget provides \$52.3 million for cybersecurity, an additional \$188.2 million is forecast over the July Plan period to strengthen cybersecurity defenses at MTA and its Related Entities.

While MTA cybersecurity and operational safeguards are periodically tested, no assurances can be given by MTA that such measures will ensure against all potential cybersecurity threats and attacks, and accompanying disruptions and costs.

- *Potential Impact of Changes in Federal Law.* MTA's finances are also influenced by federal public transportation provisions, funding levels and federal tax law. The Presidential administration and Congress are considering budgetary and programmatic changes in law relating to federal public transportation and infrastructure finance. Enacted federal tax reform

includes changes in personal and corporate tax rates and deductions, which adversely impact MTA's opportunities for federal tax-exempt financing, particularly the prohibition of advance refundings for debt service savings which became effective in 2018. The limitation of itemized deductions for state and local income and property taxes to \$10,000 may also adversely impact the New York region's real estate market and levels of MTA real estate related tax subsidies. Although MTA management is monitoring federal legislative activity, at this time it is not possible to assess the financial or programmatic impacts upon MTA's finances of current federal proposals and enacted tax law changes.

- *Potentially Higher Interest Rates than Forecast.* The July Plan includes interest rate assumptions consistent with the Federal Open Markets Committee's ("FOMC"). However, recent actions and policy statements on future actions or a sudden and unexpected increase in economic activity may result in inflationary growth beyond the FOMC's inflation target, which in turn could lead to a further increasing of the federal funds rate. Such an increase could lead to an increase in interest rates for MTA capital borrowing higher than projected in the July Plan.

### **Additional Matters**

*Governance.* On June 10, 2020, the New York State Senate confirmed the following five new members to the MTA Board: Jamey Barbas, nominated by Governor Cuomo, Frank Borelli Jr., recommended by the Rockland County Executive, Michael Fleischer, recommended by the Dutchess County Executive, Victor Calise, recommended by City Mayor de Blasio and Lorraine Cortes-Vazquez, recommended by Mayor de Blasio.

*Central Business District Tolling Program.* On October 18, 2019, MTA Bridges and Tunnels announced the selection of TransCore to design, build, operate and maintain the toll system equipment and infrastructure required to implement the Central Business District ("CBD") Tolling Program in New York City. MTA Bridges and Tunnels will work closely with TransCore and the City's Department of Transportation to install the toll system and infrastructure for the CBD Tolling Program that is expected to reduce congestion and generate net revenue sufficient to fund an estimated \$15 billion for the MTA 2020-2024 Capital Plan. The City would be the first in North America to have a CBD Tolling Program.

Authorization is required from the Federal Highway Administration ("FHWA") under its Value Pricing Pilot Program ("VPPP") to implement the CBD Tolling Program on federal-aid roadways within the CBD. FHWA approval to participate in the VPPP makes this project subject to National Environmental Policy Act review. Because FHWA regulations provide that final design and construction cannot proceed before FHWA issues an environmental finding, the project will proceed in two phases, subject to receipt of FHWA approval. There is no assurance when or if FHWA approval will be secured. In light of the delays caused by the absence of FHWA approval, MTA Bridges and Tunnels' implementation of the CBD Tolling Program could be delayed until 2022.

*Climate Change Adaptation.* As noted in the ADS under the heading "THE RELATED ENTITIES – Climate Change Adaptation", MTA continues to monitor and plan for potential climate change impacts on its Transit and Commuter Systems and MTA Bridges and Tunnels' facilities, including the implementation of infrastructure resiliency projects through its capital planning process. On November 7, 2019, MTA joined the United Nations sponsored Science Based Targets initiative

(“SBTI”) to reduce greenhouse gas emissions in line with the Paris Climate Agreement. Through the SBTI, a joint-partnership between U.N. Global Compact, the World Resources Institute, World Wide Fund for Nature, and CDP, MTA will develop a defined set of emissions reduction targets using the most up-to-date climate science, in an effort to help keep the increase in global temperatures below 2 degrees Celsius this century. MTA is the second government agency in the United States to commit to a science based target to drive down greenhouse gas emissions.

MTA is also committed to reducing its energy consumption. Through Governor Cuomo’s BuildSmartNY clean energy initiative, MTA expects to complete more than 75 energy efficiency projects with New York Power Authority by the end of 2020. MTA also plans to achieve a significant emissions reduction by converting its diesel bus fleets to electric, with the current plan calling for MTA to have all electric buses by 2040. This process is well under way highlighted by the inclusion of 500 electric buses in the 2020-2024 Capital Plan. On July 22, 2020, the Board approved a contract to purchase 25 electric-diesel hybrid locomotives for use on MTA New York City Transit work trains, which help to reduce or eliminate fuel emissions during subway construction and repairs. Funding for this approximately \$233 million contract is expected to come from the 2015-2019 Capital Plan.

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**Attachment A to MTA Annual Disclosure Statement  
First Quarterly Update  
August 3, 2020**

**MTA July Financial Plan**

This **Attachment A** to the 2020 ADS First Quarterly Update sets forth the July Plan in tabular form and includes Financial Plan tables that summarize MTA's July Plan projected receipts and disbursements for fiscal years 2020 (adopted budget) through 2024, in each case prepared by MTA management. The complete July Plan is posted on MTA's website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA's website or any other website is included by specific cross-reference herein.

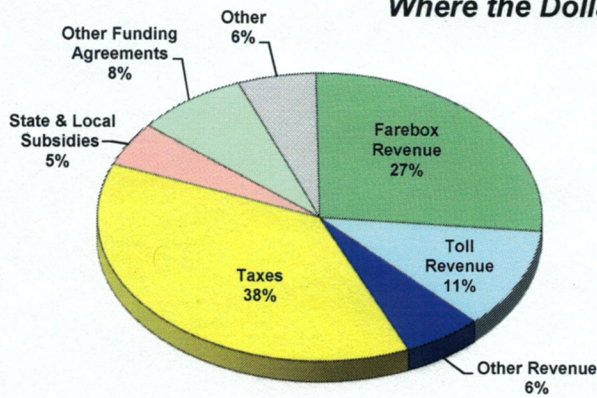
In general, the MTA's July Plan provides the opportunity for MTA to present a revised forecast of the current year's finances, a preliminary presentation of the following year's proposed budget, and a three-year re-forecast of out-year finances. The July Plan may include a series of gap closing proposals 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.

# MTA 2021 Preliminary Budget

## Baseline Expenses After Below-the-Line (BTL) Adjustments

Non-Reimbursable

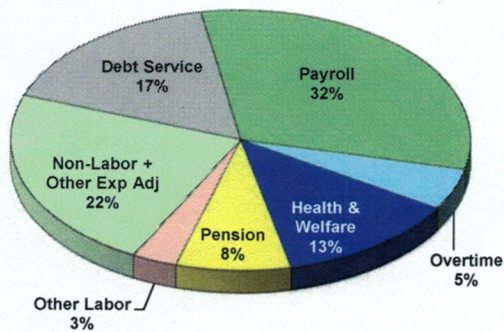
### Where the Dollars Come From ...



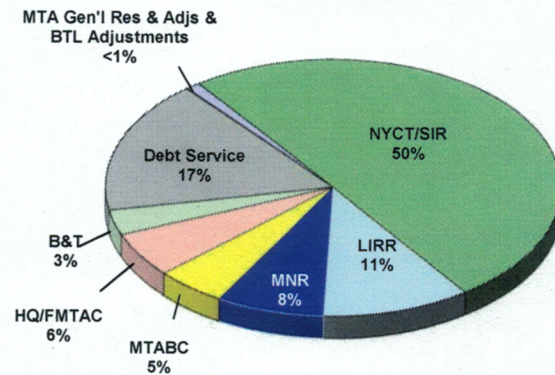
By Revenue Source (\$ in millions)	
Farebox Revenue	\$3,419
Toll Revenue	1,439
Other Revenue	732
Taxes	4,798
State and Local	629
Other Funding Agreements	1,032
Other <sup>1</sup>	730
<b>Total<sup>2</sup></b>	<b>\$12,778</b>

### Where the Dollars Go ...

#### By Expense Category



#### By MTA Agency



By Expense Category <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,670
Overtime	926
Health & Welfare	2,316
Pension	1,459
Other Labor	574
<b>Total Labor</b>	<b>\$10,945</b>
Non-Labor + Other Exp Adj	4,120
Debt Service	3,039
BTL Adjustments for Expenses <sup>4</sup>	(184)
<b>Total<sup>2</sup></b>	<b>\$17,920</b>

By MTA Agency <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,099
LIRR	1,907
MNR	1,388
MTABC	900
HQ/FMTAC	1,031
B&T	565
Debt Service	3,039
MTA Gen'l Res & Adjs	175
BTL Adjustments for Expenses <sup>4</sup>	(184)
<b>Total<sup>2</sup></b>	<b>\$17,920</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> In the pie chart "By Expense Category," the below-the-line adjustments are grouped together with "Non-Labor + Other Exp Adj." In the pie chart "By MTA Agency," the below-the-line adjustments are grouped with "MTA General Reserve," as 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 2021 - 2024**  
**MTA Consolidated Accrued Statement of Operations By Category**  
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
<b>Non-Reimbursable</b>						
<b>Operating Revenues</b>						
Farebox Revenue	\$6,351	\$2,267	\$3,309	\$5,287	\$6,435	\$6,492
Toll Revenue	2,071	1,238	1,396	1,962	2,127	2,130
Other Revenue	706	4,617	732	820	853	950
Capital and Other Reimbursements	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$9,128</b>	<b>\$8,123</b>	<b>\$5,437</b>	<b>\$8,069</b>	<b>\$9,415</b>	<b>\$9,572</b>
<b>Operating Expenses</b>						
<b>Labor:</b>						
Payroll	\$5,311	\$5,455	\$5,670	\$5,821	\$5,925	\$6,101
Overtime	974	992	926	947	967	987
Health and Welfare	1,339	1,420	1,530	1,626	1,721	1,844
OPEB Current Payments	666	722	786	858	937	1,022
Pension	1,493	1,529	1,459	1,470	1,467	1,467
Other Fringe Benefits	848	964	996	1,045	1,081	1,122
Reimbursable Overhead	(470)	(388)	(423)	(422)	(418)	(421)
<b>Total Labor Expenses</b>	<b>\$10,161</b>	<b>\$10,695</b>	<b>\$10,945</b>	<b>\$11,345</b>	<b>\$11,679</b>	<b>\$12,121</b>
<b>Non-Labor:</b>						
Electric Power	\$444	\$411	\$486	\$501	\$518	\$532
Fuel	174	121	145	149	154	164
Insurance	2	19	29	47	56	71
Claims	495	421	420	432	447	461
Paratransit Service Contracts	477	365	417	532	566	603
Maintenance and Other Operating Contracts	731	934	779	811	818	832
Professional Services Contracts	442	710	709	651	611	614
Materials and Supplies	647	706	709	696	693	724
Other Business Expenses	231	216	210	226	236	236
<b>Total Non-Labor Expenses</b>	<b>\$3,642</b>	<b>\$3,903</b>	<b>\$3,903</b>	<b>\$4,045</b>	<b>\$4,099</b>	<b>\$4,237</b>
<b>Other Expense Adjustments:</b>						
Other	\$149	\$99	\$41	\$28	\$28	\$23
General Reserve	0	170	175	185	185	205
<b>Total Other Expense Adjustments</b>	<b>\$149</b>	<b>\$269</b>	<b>\$216</b>	<b>\$213</b>	<b>\$213</b>	<b>\$228</b>
<b>Total Expenses Before Non-Cash Liability Adjs.</b>	<b>\$13,952</b>	<b>\$14,867</b>	<b>\$15,065</b>	<b>\$15,603</b>	<b>\$15,991</b>	<b>\$16,585</b>
Depreciation	\$2,870	\$2,846	\$2,913	\$2,982	\$3,056	\$3,115
GASB 75 OPEB Expense Adjustment	877	1,652	1,792	1,886	1,982	2,043
GASB 68 Pension Expense Adjustment	13	(237)	(311)	(300)	(241)	(348)
Environmental Remediation	42	6	6	6	6	6
<b>Total Expenses After Non-Cash Liability Adjs.</b>	<b>\$17,752</b>	<b>\$19,133</b>	<b>\$19,464</b>	<b>\$20,176</b>	<b>\$20,795</b>	<b>\$21,401</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,801)	(\$4,267)	(\$4,400)	(\$4,573)	(\$4,803)	(\$4,816)
Debt Service (excludes Service Contract Bonds)	2,630	2,765	3,039	3,424	3,938	4,078
<b>Total Expenses with Debt Service</b>	<b>\$16,582</b>	<b>\$17,632</b>	<b>\$18,104</b>	<b>\$19,026</b>	<b>\$19,929</b>	<b>\$20,663</b>
Dedicated Taxes & State and Local Subsidies	\$7,290	\$6,131	\$6,396	\$7,118	\$7,637	\$7,855
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$164)</b>	<b>(\$3,378)</b>	<b>(\$6,271)</b>	<b>(\$3,840)</b>	<b>(\$2,876)</b>	<b>(\$3,236)</b>
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	277	119	28	122	119	134
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$113</b>	<b>(\$3,260)</b>	<b>(\$6,243)</b>	<b>(\$3,718)</b>	<b>(\$2,757)</b>	<b>(\$3,102)</b>
Below the Line Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior Year Carryover Balance	372	485	702	0	0	0
<b>Net Cash Balance</b>	<b>\$485</b>	<b>\$702</b>	<b>(\$5,142)</b>	<b>(\$3,485)</b>	<b>(\$1,776)</b>	<b>(\$1,959)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2021 - 2024**  
**Plan Adjustments**  
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$113</b>	<b>(\$3,260)</b>	<b>(\$6,243)</b>	<b>(\$3,718)</b>	<b>(\$2,757)</b>	<b>(\$3,102)</b>
<b>Fare and Toll Increases:</b>						
<i>Fare and Toll Increase on 3/1/21 (4% Yield)</i>		\$0	\$153	\$276	\$326	\$329
<i>Fare and Toll Increase on 3/1/23(4% Yield)</i>		0	0	0	289	341
<i>Subsidy Impacts of 2021/2023 Fare/Toll Increase</i>		<u>0</u>	<u>(8)</u>	<u>(10)</u>	<u>(23)</u>	<u>(20)</u>
<b>Subtotal:</b>		<b>\$0</b>	<b>\$145</b>	<b>\$267</b>	<b>\$592</b>	<b>\$650</b>
<b>Management and Policy Actions:</b>						
<i>Delay Use of the 2019 General Reserve to 2021</i>		(\$165)	\$165	\$0	\$0	\$0
<i>MTA Transformation Plan (as of 2020 Feb Financial Plan)</i>		0	462	472	475	475
<i>MTA Transformation Plan - Revised Timing</i>		0	(32)	0	0	0
<i>Change in State Aid for the 2015-19 Capital Program</i>		0	76	205	325	428
<i>Repayment of Revolving Bank Line of Credit</i>		<u>0</u>	<u>0</u>	<u>(300)</u>	<u>0</u>	<u>0</u>
<b>Subtotal:</b>		<b>(\$165)</b>	<b>\$671</b>	<b>\$377</b>	<b>\$800</b>	<b>\$903</b>
<b>MTA Re-Estimates:</b>						
<i>Reduced State Aid to Localities</i>		(\$276)	(\$5)	\$0	\$0	\$0
<i>May/June Actual Revenues</i>		143	0	0	0	0
<i>Additional Sanitization Expenses</i>		<u>(94)</u>	<u>(379)</u>	<u>(379)</u>	<u>(379)</u>	<u>(377)</u>
<b>Subtotal:</b>		<b>(\$227)</b>	<b>(\$384)</b>	<b>(\$379)</b>	<b>(\$379)</b>	<b>(\$377)</b>
<b>Other:</b>						
<i>Juneteenth Holiday Expense Impact</i>		(\$32)	(\$32)	(\$32)	(\$32)	(\$33)
<i>Additional Federal Funding</i>		<u>3,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal:</b>		<b>\$3,868</b>	<b>(\$32)</b>	<b>(\$32)</b>	<b>(\$32)</b>	<b>(\$33)</b>
<b>TOTAL ADJUSTMENTS</b>		<b>\$3,477</b>	<b>\$399</b>	<b>\$233</b>	<b>\$981</b>	<b>\$1,143</b>
<i>Prior Year Carryover Balance</i>	\$372	\$485	\$702	\$0	\$0	\$0
<b>Net Cash Surplus/(Deficit)</b>	<b>\$485</b>	<b>\$702</b>	<b>(\$5,142)</b>	<b>(\$3,485)</b>	<b>(\$1,776)</b>	<b>(\$1,959)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2021 - 2024**  
**Cash Receipts and Expenditures**  
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
<b><u>Cash Receipts and Expenditures</u></b>						
<b>Receipts</b>						
Farebox Revenue	\$6,380	\$2,282	\$3,322	\$5,291	\$6,435	\$6,491
Other Revenue	757	4,653	874	838	872	971
Capital and Other Reimbursements	2,323	2,236	2,062	1,987	1,964	1,987
<b>Total Receipts</b>	<b>\$9,460</b>	<b>\$9,171</b>	<b>\$6,258</b>	<b>\$8,116</b>	<b>\$9,271</b>	<b>\$9,449</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$5,823	\$5,979	\$6,174	\$6,310	\$6,403	\$6,587
Overtime	1,226	1,189	1,102	1,122	1,141	1,164
Health and Welfare	1,379	1,452	1,576	1,671	1,763	1,886
OPEB Current Payments	652	711	778	849	928	1,012
Pension	1,549	1,590	1,514	1,524	1,521	1,523
Other Fringe Benefits	930	967	984	1,021	1,048	1,084
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
<b>Total Labor Expenditures</b>	<b>\$11,559</b>	<b>\$11,887</b>	<b>\$12,128</b>	<b>\$12,497</b>	<b>\$12,804</b>	<b>\$13,257</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$459	\$424	\$493	\$509	\$526	\$539
Fuel	172	118	143	146	151	161
Insurance	23	16	29	47	56	72
Claims	392	282	280	291	303	315
Paratransit Service Contracts	484	363	415	530	564	601
Maintenance and Other Operating Contracts	738	939	712	710	716	725
Professional Services Contracts	595	870	766	676	634	634
Materials and Supplies	875	867	868	807	800	831
Other Business Expenses	199	224	194	200	205	218
<b>Total Non-Labor Expenditures</b>	<b>\$3,935</b>	<b>\$4,103</b>	<b>\$3,900</b>	<b>\$3,916</b>	<b>\$3,954</b>	<b>\$4,096</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	\$112	\$218	\$187	\$196	\$236	\$231
General Reserve	0	170	175	185	185	205
<b>Total Other Expenditure Adjustments</b>	<b>\$112</b>	<b>\$388</b>	<b>\$362</b>	<b>\$381</b>	<b>\$421</b>	<b>\$436</b>
<b>Total Expenditures</b>	<b>\$15,607</b>	<b>\$16,378</b>	<b>\$16,389</b>	<b>\$16,794</b>	<b>\$17,178</b>	<b>\$17,788</b>
<b>Net Cash Balance before Subsidies and Debt Service</b>	<b>(\$6,147)</b>	<b>(\$7,208)</b>	<b>(\$10,131)</b>	<b>(\$8,678)</b>	<b>(\$7,907)</b>	<b>(\$8,339)</b>
Dedicated Taxes & State and Local Subsidies	\$8,223	\$6,003	\$6,142	\$7,543	\$8,089	\$8,301
Debt Service (excludes Service Contract Bonds)	(1,963)	(2,055)	(2,254)	(2,582)	(2,938)	(3,064)
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$113</b>	<b>(\$3,260)</b>	<b>(\$6,243)</b>	<b>(\$3,718)</b>	<b>(\$2,757)</b>	<b>(\$3,102)</b>
Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior-Year Carryover Balance	372	485	702	0	0	0
<b>Net Cash Balance</b>	<b>\$485</b>	<b>\$702</b>	<b>(\$5,142)</b>	<b>(\$3,485)</b>	<b>(\$1,776)</b>	<b>(\$1,959)</b>

# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2021-2024

### MTA Consolidated July Financial Plan Compared with February Financial Plan Cash Reconciliation after Below-the-Line Adjustments (Page 1 of 2)

(\$ in millions)

	Favorable/(Unfavorable)			
	2020	2021	2022	2023
<b>FEBRUARY FINANCIAL PLAN 2020-2023 NET CASH SURPLUS/(DEFICIT)</b>	<b>\$81</b>	<b>\$273</b>	<b>\$157</b>	<b>(\$130)</b>
<b>COVID-19 Impacts</b>	<b>(\$1,533)</b>	<b>(\$4,039)</b>	<b>(\$1,532)</b>	<b>(\$203)</b>
Revenue Loss				
Farebox Revenue	(4,200)	(3,130)	(1,157)	(13)
Toll Revenue	(880)	(730)	(164)	-
All Other (including Advertising, Rental, Freight, etc.)	(120)	(65)	(71)	(72)
Expenses				
Direct COVID-19 Response Expenses	(410)	(158)	(141)	(117)
Net Other Expense Impacts <sup>1</sup>	67	45	0	(2)
Federal Aid from the CARES Act	4,009	-	-	-
<b>Agency Baseline Re-estimates</b>	<b>\$82</b>	<b>\$46</b>	<b>(\$26)</b>	<b>(\$37)</b>
Wage Adjustments (including TWU Pattern)	(10)	(39)	(47)	(55)
Rates & Related Assumptions <sup>2</sup>	73	55	0	(37)
Paratransit Reimbursement - Increase from NYC	43	92	96	100
Timing (including 2019 Year-End Impact)	94	(35)	(40)	2
Reimbursable Adjustments	(96)	(19)	(18)	(18)
Other Baseline Re-estimates <sup>3</sup>	(22)	(8)	(17)	(30)
<b>New Needs/Other Investments</b>	<b>(\$18)</b>	<b>(\$44)</b>	<b>(\$46)</b>	<b>(\$47)</b>
Technology Enhancements	(9)	(26)	(26)	(24)
Maintenance	(6)	(17)	(19)	(22)
All Other	(3)	(1)	(1)	(0)
<b>Savings Programs</b>	<b>\$114</b>	<b>\$1</b>	<b>(\$14)</b>	<b>(\$12)</b>
Impact of Hiring Freeze <sup>4</sup>	88	17	16	16
BRPs/BRP Re-estimates	26	(16)	(31)	(28)
<b>B&amp;T Adjustments</b>	<b>\$886</b>	<b>\$723</b>	<b>\$155</b>	<b>(\$10)</b>
B&T Net Baseline Impacts <sup>5</sup>	886	723	155	(10)
<b>Debt Service</b>	<b>\$68</b>	<b>\$80</b>	<b>\$133</b>	<b>\$304</b>
<b>Subsidies (Cash)</b>	<b>(\$2,442)</b>	<b>(\$2,298)</b>	<b>(\$1,234)</b>	<b>(\$1,053)</b>
Metropolitan Mass Transportation Operating Assist (MMTOA)	(621)	(611)	(413)	(195)
Petroleum Business Tax (PBT) Receipts	(161)	(152)	(15)	25
Real Estate Taxes	(380)	(490)	(470)	(416)
Payroll Mobility Tax (PMT)/PMT Replacement Funds	(281)	(331)	(182)	(91)
MTA Aid	(41)	(46)	(15)	(11)
For-Hire Vehicle (FHV) Surcharge	(93)	(95)	-	-
2020-24 Capital Program Funding from Lockbox for Debt Service	(31)	(64)	(182)	(463)
City Subsidy for MTA Bus	(150)	134	190	62
City Subsidy for Staten Island Railway	(9)	(13)	3	8
CDOT Subsidy for Metro-North Railroad	163	129	61	24
B&T Surplus Transfer	(749)	(746)	(236)	(61)
Other Subsidies and Subsidy Adjustments	(89)	(14)	25	65

# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2021-2024

### MTA Consolidated July Financial Plan Compared with February Financial Plan

#### Cash Reconciliation after Below-the-Line Adjustments (Page 2 of 2)

(\$ in millions)

	Fav orable/(Unfav orable)			
	2020	2021	2022	2023
<b>Below-the-Line Adjustments</b>	<b>\$3,113</b>	<b>(\$505)</b>	<b>(\$804)</b>	<b>(\$432)</b>
<b><i>Fare and toll Increases:</i></b>				
Adjustments to 2021 and 2023 Fare/Toll Increases	-	(127)	(52)	(10)
<b><i>Management and Policy Actions:</i></b>				
Reversal of Below-the-Line Adjustments for MTA Transformation Plan	(190)	-	-	-
Reversal of Below-the-Line Adjustment for Paratransit Subsidy-50/50 Share	(47)	(99)	(103)	(111)
Reversal of Below-the-Line Adjustment for TWU Wage Settlement Over 2%	3	8	22	32
Reversal of Below-the-Line Adjustment for Re-estimated NYCT Maintenance	35	-	-	-
Reversal of Below-the-Line Adjustment for 2019 General Reserve	(165)	-	-	-
Delay Use of the 2019 General Reserve to 2021	(165)	165	-	-
MTA Transformation Plan - Revised Timing	-	(32)	-	-
Change in State Aid for the 2015-19 Capital Plan	-	(3)	41	70
Repayment of Revolving Bank Line of Credit	-	-	(300)	-
<b><i>MTA Re-estimates:</i></b>				
Reduced State Aid to Localities	(276)	(5)	-	-
May/June Actual Revenues	143	-	-	-
Additional Sanitization Expenses	(94)	(379)	(379)	(379)
<b><i>Other:</i></b>				
Juneteenth Holiday Expense Impact	(32)	(32)	(32)	(32)
Potential Additional Federal Funding	3,900	-	-	-
<b>Prior Year Carryover</b>	<b>\$351</b>	<b>\$620</b>	<b>(\$273)</b>	<b>(\$157)</b>
<b>JULY FINANCIAL PLAN 2021-2024 NET CASH SURPLUS/(DEFICIT)</b>	<b>\$702</b>	<b>(\$5,142)</b>	<b>(\$3,485)</b>	<b>(\$1,776)</b>

\* Totals may not add due to rounding

1 Includes savings resulting from operating on a reduced service schedule; e.g., lower consumption of electricity and fuel.

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

3 Changes in this category include updated operating capital, cash and General Reserve.

4 Ongoing savings from hiring freeze on non-essential positions have remained in place, since 2017.

5 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 this line. Included within B&T's baseline changes are COVID-related toll revenue losses projected at \$880 million in 2020, \$730 million in 2021, and \$164 million in 2022, partially offset by timing of capitalized assets, and overall lower costs projected in areas, such as pensions, business expense, and maintenance contracts.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2021 - 2024**  
**Consolidated Subsidies**  
**Cash Basis**  
(\$ in Millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
<b>MMTOA, PBT &amp; Real Estate Taxes</b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,823.7	\$1,522.5	\$1,534.8	\$1,795.2	\$2,090.2	\$2,118.4
Petroleum Business Tax (PBT)	648.6	477.7	467.3	601.2	640.7	640.7
Mortgage Recording Tax (MRT)	461.7	354.9	288.0	313.3	340.7	370.6
MRT Transfer to Suburban Counties	(4.9)	(5.8)	(6.4)	(6.8)	(7.1)	(7.5)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(12.3)	(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	668.5	360.5	319.5	347.5	377.9	411.0
Other Investment Income	1.3	1.3	1.4	1.4	1.4	1.4
	<b>\$3,581.9</b>	<b>\$2,694.2</b>	<b>\$2,587.6</b>	<b>\$3,034.9</b>	<b>\$3,426.9</b>	<b>\$3,517.6</b>
<b>PMT and MTA Aid</b>						
Payroll Mobility Tax (PMT)	\$1,560.5	\$1,399.6	\$1,375.1	\$1,596.2	\$1,762.5	\$1,840.6
Payroll Mobility Tax Replacement Funds	244.3	195.4	244.3	244.3	244.3	244.3
MTA Aid	311.0	276.7	273.2	305.0	310.5	310.9
	<b>\$2,115.8</b>	<b>\$1,871.7</b>	<b>\$1,892.6</b>	<b>\$2,145.4</b>	<b>\$2,317.3</b>	<b>\$2,395.8</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	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	336.4	292.0	290.3	385.0	385.0	385.0
Subway Action Plan Account	336.4	292.0	290.3	300.0	300.0	300.0
Outerborough Transportation Account	0.0	0.0	0.0	50.0	50.0	50.0
Less: Assumed Capital or Member Project	0.0	0.0	0.0	(50.0)	(50.0)	(50.0)
General Transportation Account	0.0	0.0	0.0	85.0	85.0	85.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0	0.0	0.0
<b>2020-24 Capital Program Funding from Lockox for Debt Service:</b>						
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Real Property Transfer Tax Surcharge (Mansion Tax)	58.1	215.0	185.7	202.0	219.7	239.0
Internet Marketplace Tax	85.1	226.3	322.3	325.5	328.7	332.0
Less: Transfer Lockbox Revenues to Committed to Capital	(143.2)	(441.2)	(508.0)	(527.5)	(1,546.0)	(1,546.5)
	<b>\$336.4</b>	<b>\$292.0</b>	<b>\$290.3</b>	<b>\$385.0</b>	<b>\$387.4</b>	<b>\$409.5</b>
<b>State and Local Subsidies</b>						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	152.5	222.9	187.9	187.9	187.9	187.9
Station Maintenance	171.8	175.2	178.8	183.0	187.5	192.1
	<b>\$512.2</b>	<b>\$586.1</b>	<b>\$554.7</b>	<b>\$558.9</b>	<b>\$563.3</b>	<b>\$568.0</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)
Forward Energy Contracts Program - Gain/(Loss)	1.0	(32.6)	(15.9)	(0.1)	0.0	0.0
Fuel Hedge Collateral	40.0	0.0	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	0.0	(186.7)	(180.6)	(120.2)	(114.1)	(108.8)
Drawdown of GASB 45 OPEB Reserves	0.8	0.0	0.0	0.0	0.0	0.0
	<b>\$27.9</b>	<b>(\$233.3)</b>	<b>(\$210.4)</b>	<b>(\$134.2)</b>	<b>(\$128.1)</b>	<b>(\$122.8)</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$6,574.2</b>	<b>\$5,210.7</b>	<b>\$5,114.8</b>	<b>\$5,989.9</b>	<b>\$6,566.9</b>	<b>\$6,768.2</b>
<b>Other Funding Agreements</b>						
City Subsidy for MTA Bus Company	\$667.6	\$418.9	\$668.7	\$734.4	\$637.2	\$638.1
City Subsidy for Staten Island Railway	47.2	39.5	43.8	62.8	77.0	90.8
CDOT Subsidy for Metro-North Railroad	145.8	296.4	258.9	201.4	169.3	175.0
	<b>\$860.6</b>	<b>\$754.9</b>	<b>\$971.5</b>	<b>\$998.6</b>	<b>\$883.6</b>	<b>\$903.9</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>\$7,434.8</b>	<b>\$5,965.6</b>	<b>\$6,086.3</b>	<b>\$6,988.5</b>	<b>\$7,450.4</b>	<b>\$7,672.0</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	\$788.5	\$37.1	\$55.8	\$554.5	\$638.1	\$628.9
	<b>\$788.5</b>	<b>\$37.1</b>	<b>\$55.8</b>	<b>\$554.5</b>	<b>\$638.1</b>	<b>\$628.9</b>
<b>TOTAL SUBSIDIES</b>	<b>\$8,223.3</b>	<b>\$6,002.7</b>	<b>\$6,142.1</b>	<b>\$7,543.0</b>	<b>\$8,088.5</b>	<b>\$8,300.9</b>



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

	2020	2021	2022	2023
<b>MMTOA, PBT and Real Estate Taxes</b>				
Metropolitan Mass Transportation Operating Assistance (MMTOA)	(\$621.0)	(\$610.9)	(\$412.6)	(\$194.9)
Petroleum Business Tax (PBT)	(160.9)	(152.3)	(15.1)	25.1
Mortgage Recording Tax (MRT)	(102.1)	(187.1)	(170.0)	(148.9)
MRT Transfer to Suburban Counties	0.2	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	(278.0)	(302.8)	(300.3)	(267.5)
Other Investment Income	<u>(0.9)</u>	<u>(0.9)</u>	<u>(0.9)</u>	<u>(0.9)</u>
	<b>(\$1,162.7)</b>	<b>(\$1,254.0)</b>	<b>(\$898.9)</b>	<b>(\$587.2)</b>
<b>PMT and MTA Aid</b>				
Payroll Mobility Tax (PMT)	(\$232.3)	(\$330.6)	(\$182.4)	(\$90.8)
Payroll Mobility Tax Replacement Funds	(48.9)	0.0	0.0	0.0
MTA Aid	<u>(41.4)</u>	<u>(46.0)</u>	<u>(15.2)</u>	<u>(10.7)</u>
	<b>(\$322.5)</b>	<b>(\$376.6)</b>	<b>(\$197.6)</b>	<b>(\$101.5)</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	<u>(93.0)</u>	<u>(94.7)</u>	0.0	0.0
Subway Action Plan Account	(9.0)	(9.7)	0.0	0.0
Outerborough Transportation Account	(50.0)	(50.0)	0.0	0.0
Less: Assumed Capital or Member Project	50.0	50.0	0.0	0.0
General Transportation Account	(84.0)	(85.0)	0.0	0.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0
<b>2020-24 Capital Program Funding from Lockbox for Debt Service:</b>	<u>(31.3)</u>	<u>(63.9)</u>	<u>(181.5)</u>	<u>(463.1)</u>
Central Business District Tolling Program (CBDTP)	0.0	(1,000.0)	(1,000.0)	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	(158.5)	(198.3)	(194.3)	(191.3)
Internet Marketplace Tax	(56.2)	0.0	0.0	0.0
Less: Transfer Lockbox Revenues to Committed to Capital	183.4	1,134.3	1,012.8	(271.9)
	<b>(\$124.3)</b>	<b>(\$158.7)</b>	<b>(\$181.5)</b>	<b>(\$463.1)</b>
<b>State and Local Subsidies</b>				
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	35.0	0.0	0.0	0.0
Station Maintenance	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.3)</u>	<u>(0.3)</u>
	<b>\$34.8</b>	<b>(\$0.2)</b>	<b>(\$0.3)</b>	<b>(\$0.3)</b>
<b>Other Subsidy Adjustments</b>				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	(23.8)	(13.9)	(0.1)	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	<u>(63.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>(\$87.8)</b>	<b>(\$13.9)</b>	<b>(\$0.1)</b>	<b>\$0.0</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>(\$1,662.6)</b>	<b>(\$1,803.4)</b>	<b>(\$1,278.3)</b>	<b>(\$1,152.1)</b>
<b>Other Funding Agreements</b>				
City Subsidy for MTA Bus Company	(\$149.7)	\$134.0	\$190.0	\$61.6
City Subsidy for Staten Island Railway	(8.9)	(13.3)	3.1	8.1
CDOT Subsidy for Metro-North Railroad	<u>162.7</u>	<u>129.2</u>	<u>61.0</u>	<u>24.1</u>
	<b>\$4.1</b>	<b>\$250.0</b>	<b>\$254.2</b>	<b>\$93.9</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>(\$1,658.5)</b>	<b>(\$1,553.4)</b>	<b>(\$1,024.2)</b>	<b>(\$1,058.2)</b>
<b>Inter-agency Subsidy Transactions</b>				
B&T Operating Surplus Transfer	<u>(\$748.6)</u>	<u>(\$746.0)</u>	<u>(\$235.5)</u>	<u>(\$60.9)</u>
	<b>(\$748.6)</b>	<b>(\$746.0)</b>	<b>(\$235.5)</b>	<b>(\$60.9)</b>
<b>TOTAL SUBSIDIES</b>	<b>(\$2,407.1)</b>	<b>(\$2,299.4)</b>	<b>(\$1,259.7)</b>	<b>(\$1,119.1)</b>