August 2020
Financial Update

Presentation to the MTA Board

August 26, 2020
Without the $3.9 billion from additional federal funding for 2020, immediate action is necessary.

(dollars in millions)
MTA needs to solve the immediate problem of revenue loss, and also solve its long-term structural imbalance in the post-pandemic world.

- Without $12 billion in federal aid, the first line responses presented on the next page – which total roughly $1.2 billion a year for the next two years – will not solve our financial problem for the remainder of 2020, let alone 2021.

- Expenses cannot be reduced quickly and significantly enough to offset the 40 percent reduction in revenue we have experienced and are expecting.
Deficit reduction options to be implemented immediately

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additional Spending Reductions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime Spending Reduction</td>
<td>25</td>
<td>215</td>
<td>245</td>
<td>245</td>
<td>245</td>
</tr>
<tr>
<td>Consulting Contract Reductions</td>
<td>65</td>
<td>115</td>
<td>50</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td>Other Non-Personnel Expense Reductions</td>
<td>150</td>
<td>210</td>
<td>185</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>240</td>
<td>540</td>
<td>480</td>
<td>445</td>
<td>455</td>
</tr>
<tr>
<td><strong>Reduce or Delay Capital Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use Lockbox Revenues for Operations</td>
<td>441</td>
<td>508</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Eliminate PAYGO Capital</td>
<td>123</td>
<td>181</td>
<td>120</td>
<td>114</td>
<td>109</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>564</td>
<td>689</td>
<td>120</td>
<td>114</td>
<td>109</td>
</tr>
<tr>
<td><strong>Use OPEB Trust Proceeds</strong></td>
<td>336</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>1,141</td>
<td>1,229</td>
<td>600</td>
<td>559</td>
<td>564</td>
</tr>
</tbody>
</table>
### Additional options for deficit reduction - potential fare/toll increases and reductions in force (dollars in millions)

<table>
<thead>
<tr>
<th>Fare and Toll Increases (above 4% biennial):</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2021 - Each <strong>1 Percent</strong> Fare Increase</td>
<td>26</td>
<td>48</td>
<td>58</td>
<td>59</td>
</tr>
<tr>
<td>• 2021 - Each <strong>1 Dollar</strong> Toll Increase</td>
<td>270</td>
<td>343</td>
<td>348</td>
<td>348</td>
</tr>
<tr>
<td>• 2023 - Each <strong>1 Percent</strong> Fare Increase</td>
<td>0</td>
<td>0</td>
<td>51</td>
<td>59</td>
</tr>
<tr>
<td>• 2023 - Each <strong>1 Dollar</strong> Toll Increase</td>
<td>0</td>
<td>0</td>
<td>270</td>
<td>343</td>
</tr>
</tbody>
</table>

| Reductions in Force | $125 million per thousand positions eliminated |

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**Note:** MTA Logo appears at the top of the page.
NYCT Subways, SIR & Buses – Potential Service Reductions

• Without $12B in federal aid, NYCT could be forced to reduce service by up to 40% on subways, buses and SIR
  o This will save almost $880M annually, net of expected revenue losses
  o Subway headways could increase up to 8 minutes; off-peak headways on SIR would increase by 30 minutes
  o Bus headways could increase up to 15 minutes
  o Estimated workforce impact is permanent reduction of over 7,200 positions

• In addition, the following actions may be needed to address the shortfall
  o Changes to the Access-A-Ride program such as increasing trips to feeder service and eliminating on-demand service could save up to $65M annually
LIRR & MNR – Potential Service Reductions

• Without $12B in federal aid, LIRR & MNR could be forced to reduce service up to 50%
  o This will save almost $160M annually, net of expected revenue losses
  o Service changes include:
    o Reduced service frequencies to 60 minutes on heavier ridership branches/lines, and 120 minutes on lower ridership branches/lines
    o Eliminate service on one or more LIRR branches
  o Estimated workforce impact is permanent reduction of nearly 850 positions

• In addition, the following actions may be needed to address the shortfall
  o Delaying start of service into East Side Access saves over $250M in operating costs
  o Closing ticket windows could result in the permanent reduction of up to 60 positions and estimated savings of up to $8M annually
  o Eliminating West of Hudson service in NY to save more than $25M in annual operating costs and avoid nearly $1.2B in capital expenses
B&T – Potential Service Reductions

- Without $12B in federal aid, MTA Bridges and Tunnels could be forced to change its toll structure and reduce staff, impacting regional mobility
  - Eliminating resident discounts would save over $65M annually
  - Implementing peak period pricing could generate over $100M annually
  - Estimated workforce impact is permanent reduction of nearly 300 positions for savings of nearly $40M, resulting in:
    - Increased frequency of lane closures and potential facility closures to ensure safety
    - Delays in response time to non-critical incidents and less frequent customer-facing maintenance (e.g. painting, landscaping)
    - Less timely information for customer messaging, leading to travel delays
C&D – Potential Project Impacts

- Without $12B in federal aid, MTA Construction and development could be forced to pause 2020-2024 capital projects
  - Potential projects that could be paused include:
    - Second Avenue Subway Phase 2
    - Penn Station Access/4 Bronx stations
    - Additional ADA station upgrades
    - Purchasing of electric bus fleet
    - Purchasing of new subway rolling stock
    - CBTC signal modernization projects – including Lexington line
    - LIRR Central Branch electrification
Additional options to manage cash flow – Potential expense deferral and wage freeze options

(dollars in millions)

<table>
<thead>
<tr>
<th>Expense Deferrals</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Tax Deferral</td>
<td>473</td>
<td>(236)</td>
<td>(236)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NYCERS Pension Plan Payment Deferral</td>
<td>220</td>
<td>813</td>
<td>(324)</td>
<td>(324)</td>
<td>(324)</td>
</tr>
<tr>
<td>NYSLRS Pension Plan Payment Deferral</td>
<td>0</td>
<td>17</td>
<td>(5)</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>MTA-Sponsored Pension Plan Deferrals</td>
<td>164</td>
<td>608</td>
<td>(239)</td>
<td>(239)</td>
<td>(239)</td>
</tr>
<tr>
<td>Total</td>
<td>857</td>
<td>1,202</td>
<td>(804)</td>
<td>(568)</td>
<td>(568)</td>
</tr>
</tbody>
</table>

**Wage Freeze:**

- Assuming Permanent
  - 2020: 58
  - 2021: 169
  - 2022: 309
  - 2023: 315
  - 2024: 322

- Assuming Postponement
  - 2020: 58
  - 2021: 169
  - 2022: 309
  - 2023: (536)
  - 2024: 0
The MTA faces cash shortfalls totaling $12 billion through 2021, which consists of not only the operating budget impacts reflected previously in the July Financial Plan, but also the loss of $1 billion - just in 2021 - dedicated to the Capital Program due to federal inaction on the Central Business District Tolling Program.