MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2020 ADS Third Quarterly Update)
March 2, 2021

This Metropolitan Transportation Authority ("MTA") Annual Disclosure Statement Update (including Attachment A hereto, the "Third Quarterly Update"), dated March 2, 2021, is the third 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, July 17, 2020 and August 28, 2020, and as updated by a First Quarterly Update, dated August 3, 2020 and a Second Quarterly Update, dated November 24, 2020, and contains information only through its date. MTA expects to file this Third 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 February 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 Third Quarterly Update is accurate as of its 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 Third Quarterly Update contains forecasts, projections, and estimates that are based on expectations and assumptions that existed at the time they were prepared and contains statements relating to future results and economic performance that are "forward-looking statements", as such term is defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "calculate", "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, calculations 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. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism; changes in political, social, economic and environmental conditions including climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; impediments to the regulations; litigation; actions by the federal government to reduce or disallow expected aid, including federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to MTA; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of MTA. 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. Such forward-looking statements speak only as of the date of this Third Quarterly Update.

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Introduction

This update, dated March 2, 2021 (the "Third Quarterly Update"), is the third 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, July 17, 2020 and August 28, 2020, and as updated by a First Quarterly Update, dated August 3, 2020 and a Second Quarterly Update, dated November 24, 2020. This Third Quarterly Update contains information only through March 2, 2021, 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 Third Quarterly Update, readers will find:

1. A summary of recent events and changes to MTA's 2021-2024 Financial Plan released by MTA in November 2020 (the "November Plan") and previously revised by the December Financial Plan in December 2020 (the "December Plan"), to reflect provisions of the 2021 MTA February Financial Plan presented to the MTA Board on February 18, 2021 (the "February Plan"). The December Plan was approved by the MTA Board at its December 2020 meeting and can be found at https://new.mta.info/transparency/financial-information/financial-and-budget-statements under 2020: MTA 2021 Budget and 2021-2024 Financial Plan Adoption Materials. Additional information can be found in the November Plan under 2020: MTA 2021 Final Proposed Budget - November Financial Plan 2021-2024. The complete February 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 February Plan includes revised November Plan and December Plan projections for fiscal years 2021 through 2024, including the adopted budget for 2021.

2. **Attachment A** to this Third Quarterly Update, which presents the consolidated February Plan in tabular form and includes Financial Plan tables that summarize MTA's February Plan projected receipts and expenditures for fiscal years 2019 (actual), 2020 (final estimate), 2021 (adopted budget) through 2024, in each case prepared by MTA management.

Overview

This Third Quarterly Update discusses important features of February Plan derived from the 2021 Adopted Budget, the 2021-2024 Financial Plan, all relevant financial tables and reconciliations to the December Plan.

The purpose of the February Plan is to incorporate Board-approved MTA adjustments that were captured "below-the-line" and on a consolidated basis in the December Plan into the Related Entities' Financial Plan baseline budgets and forecasts, and provide updated estimates of existing proposals. "Above-the-line" items are all items that are incorporated in the Related Entity and corporate-wide (such as subsidies and debt service) financials. Items are "below-the-line" for one or more of several reasons, such as: (i) they are a late adjustment and MTA cannot revise the aforementioned financials (the FEMA reimbursement, for example); (ii) they are actions proposed that require future Board approval (such as fare and toll increases); or (iii) they are actions being taken, but have yet to be allocated to each Related Entity (such as yet unidentified non-personnel savings from the Transformation Plan). The February Plan also establishes a 12-month allocation of the 2021 Adopted Budget for financials, utilization and positions, which will be compared with actual results. Variances will be analyzed and reported monthly to Board Committees. The February Plan, unlike the July Plan and November Plan, typically does not include new proposals or programs. The detailed explanation of the programs and assumptions supporting the February Plan can be found in the December Plan.

The February Plan, however, as with prior financial plans since the onset of the pandemic, reflects the impact the coronavirus ("COVID-19") outbreak and the ensuing effect that the pandemic has had on the MTA region, with focus on MTA's financial survival as it strives to provide essential regional service. A key conclusion of the forecasts available to MTA management is that the COVID-19 pandemic can be expected to have an extended impact over the entire February Plan period.

Without further federal action and major additional budget relief, MTA management now preliminarily projects total deficits attributable to COVID-19 pandemic impacts for the February Plan period of approximately $8 billion. Federal actions identified to date will not be sufficient to fully address these forecast deficits. As previously discussed in the Second Quarterly Update and below, future actions being reviewed by MTA management may 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.

In April 2020, MTA hired McKinsey & Company ("McKinsey") to develop an initial financial impact assessment from the pandemic. McKinsey reviewed MTA farebox and toll revenues, and subsidy receipts and developed forecasts consistent with 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 begin to return 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 continued remote working, followed by a resurgence of the pandemic more severe than the base scenario. In the July Plan, the midpoint of these two scenarios was used for ridership, traffic and subsidy forecasts. McKinsey provided a preliminary updated analysis in November, including "best case" and "worst case" revised ridership scenarios. For the December Plan and the February Plan, ridership was based on the November "worst case" scenario, while traffic, and subsidy forecasts continued to be based on the midpoint of the initial McKinsey "early containment" and "delayed containment" scenarios. See discussion below relating to McKinsey's projections under "Challenges and Significant Risks Remain."

The 2020-2021 New York State Enacted Budget authorized the State Budget Director to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced State budget, and to withhold and reduce specific local aid payments during the current State fiscal year. MTA anticipated a total reduction of 20 percent for the subsidy sources appropriated under aid-to-localities (MMTOA, PBT, Payroll Mobility Tax Replacement Funds, and State and Local 18-b Operating Assistance) and included an additional reduction below-the-line totaling $281 million ($276 million for 2020 and $5 million for 2021) for such subsidies in the July Plan, beyond the reductions projected by McKinsey. This reduction continued in the November and December Plans, and both plans also included a second State fiscal year reduction. As noted below, the February Plan bases projections for the subsidies appropriated under aid-to-localities on the 2021-2022 State Executive Budget rather than on the McKinsey projections and the additional reductions assumed in the July and November Plans.

The December Plan

The December Plan, which the Board approved in December 2020, projected cash balances of $29 million in 2021, with deficits of $3.280 billion in 2022, $2.346 billion in 2023 and $2.225 billion in 2024. The December Plan included, over the December Plan period, $2.9 billion of proceeds from Municipal Liquidity Facility ("MLF") deficit financing, $4.5 billion in federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") and proposed expense savings beginning in 2022 from service reductions and a wage freeze on both represented and non-represented employees totaling $3.475 billion.

The February Plan and Changes to the December Plan

The February Plan incorporates several significant changes to the 2021 Adopted Budget and 2021-2024 Financial Plan. Over the February Plan period, however, the cumulative deficit remains at $7.972 billion. The $1.9 trillion American Rescue Plan proposed by the Biden Administration (the "American Rescue Plan") includes $30 billion for transit, which, if enacted as proposed, could potentially close current projected MTA budget gaps for the February Plan period.

The February Plan incorporates favorable preliminary 2020 year-end operating results, including the impact of timing adjustments to reflect 2020 budgeted expenses that will be incurred in 2021, of $514 million.

The State of New York's 2021-2022 Fiscal Year Executive Budget released by the Governor in January, 2021 ("Executive Budget"), if enacted as proposed for the State Fiscal Year beginning April 1, 2021, would provide favorable changes to appropriated subsidies for MTA. Actual receipts by MTA through the end of 2020 were favorable by $280 million compared with the December Plan, and MTA is expecting another $429 million during the fourth quarter of the current State Fiscal Year, which ends on March 31, 2021. The Executive Budget also includes $617 million more in State Fiscal Year 2022 than was assumed in the December Plan, funds expected to be received during calendar year 2021. Out-year projections of appropriated subsidies for 2022 through 2024, however, are expected to be lower than December Plan projections by $496 million. Over the February Plan period, including 2020 year-end actuals, appropriated State subsidies are expected to surpass the December Plan projections by $831 million.

Re-estimates of other subsidies and debt service expenses are favorable by $334 million over the February Plan period.

The December Plan assumed CRRSAA aid to MTA would be $4.5 billion, but MTA now expects to receive $500 million less, for a total of $4 billion.

Additional savings actions being taken by MTA to reduce deficits have also been revised, with unfavorable re-estimates of the actions proposed in the December Plan over the February Plan period by $92 million.

There is a $32 million unfavorable variance due to delays in the implementation of proposed toll increases for MTA Bridges and Tunnels facilities in 2021 from March to April, to accommodate the State Administrative Procedures Act process, and the six-month deferral on a decision on fare increases expected to generate an annualized 4% yield increase in farebox revenue.

These re-estimates, as well as other changes, are expected to result in a favorable change of $1.15 billion to the cumulative deficit over the February Plan period. This improvement may allow MTA to avoid the service reductions anticipated in 2022 and may avoid imminent layoffs. However, even with the $2.9 billion in MLF deficit financing, the $4 billion in CRRSAA federal aid, the remaining service reductions and a permanent wage freeze, MTA is still left with a projected cumulative deficit of nearly $8 billion through 2024.

The February Plan includes important policy actions that were captured "below-the-line" in the December Plan. With Board approval secured, these items—which have no impact on the bottom line—are now included within the MTA baseline:

- *2019 and 2020 General Reserves***.** The General Reserve is a contingency fund set at approximately one percent of the operating expense budget. The drawdown of the 2019 General Reserve of $165 million was reserved for use in 2021. The 2020 General Reserve of $170 million was unexpended and is also being reserved for use in 2021.

- *Hold 2020-2024 Committed to Capital.* MTA proposes that annual Committed to Capital transfers, operating funds earmarked for capital use, will not be made during the February Plan period. This action retains in the operating budget $187 million in 2020, $181 million in 2021, $120 million in 2022 and $114 million in 2023.

- *Use OPEB Trust Proceeds.* The Other Post-Employment Benefits ("OPEB") Trust Fund of $337 million was applied in 2020 to make current OPEB payments.

- *Adjustment to Farebox Revenue Forecasts.* The November Plan included Related Entity baseline farebox revenue adjustments to reflect revised ridership projections based on McKinsey's "worst case" scenario. This adjustment reduced farebox revenue by $1.6 billion in 2021, $1.8 billion in 2022, $1.9 billion in 2023 and $1.4 billion in 2024. Additional reductions in farebox revenue from the proposed 2021 and 2023 yield increases of $52 million in 2021, $73 million in 2022, $140 million in 2023 and $115 million in 2024 are captured below-the-line in the 2021 and 2023 fare and toll increase estimates.

- *Rate Increase for MTA-Sponsored Medical Plans.* MTA's self-insured medical plan is administered by Aetna and covers the medical needs of active MTA New York City Transit represented employees, retirees and their dependents. Renewal of the Aetna insurance contract is expected to increase expenses by $106 million, $113 million, $121 million and $129 million each year from 2021 to 2024, respectively. Contract renewal increases are primarily due to higher than projected member enrollment, plan enhancements that were implemented in 2017, and higher escalators than anticipated in Medicare Advantage premiums. Partially offsetting these increases are lower costs per employee, driven by fewer claims than projected.

The February Plan also includes December Plan "below-the-line" actions that have been included within the MTA baseline, but reflect re-estimates that have a fiscal impact on the bottom line:

- *Additional Savings Actions.* MTA management issued instructions to the Related Entities to identify savings in key areas, including overtime, consulting services and other non-personnel expenses. They have been able to isolate the following savings for the February Plan. For overtime, tighter controls on the use of overtime, which includes reducing unscheduled overtime and related fringe benefits, better "extra list" management for bus operators, and reducing availability overtime backfill provisions, provide savings of $958 million over the February Plan period. For consulting services expenses, contract reductions resulting from the use of existing Enterprise Asset Management systems for asset management, replacing consultants with in-house staff, reducing reliance on consultants for IT support, closing walk-in E-ZPass centers for cash customers (which have been closed since the start of the COVID-19 pandemic), and reducing the use of consultants for Transformation Plan support amount to savings of $295 million over the February Plan period. For other non-personnel expenses, reductions in various categories, including electric power, fuel and labor from lower operating service levels, reduced inventory building, better management of non-revenue fleet, elimination of bus Wi-Fi and Bus Time SMS, revised vehicle inspection schedules and reductions on non-essential repairs, business travel, membership dues and training programs total $924 million over the February Plan period. The total savings in 2020 is estimated to be $242 million, $570 million in 2021, $473 million in 2022, $442 million in 2023, and $448 million in 2024. These revised estimates are unfavorable to the December Plan estimates by $17 million in 2020, $31 million in 2021, $25 million in 2022, $24 million in 2023 and $13 million in 2024.

- *MTA Transformation Plan.* In 2019, MTA procured the services of a management consulting firm, AlixPartners, to review operations throughout the organization and recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Related Entities, and solidify accountability to foster efficiency. Although the pandemic delayed the full implementation of the Transformation Plan, savings have been realized from ongoing vacancies due to the MTA hiring freeze, and these 2020 savings are reflected in Related Entities' baselines. The savings from the consolidation and organizational efficiencies have resulted in the elimination of 2,700 vacant positions, and the savings from the eliminated vacant positions are reflected in Related Entities' baseline financial plans. Overall, the Transformation Plan is projected to generate savings of $431 million in 2021, $472 million in 2022, and $475 million in each of 2023 and 2024. After accounting for the vacancy elimination savings, estimated unidentified Transformation Plan savings of $25 million in 2021, $146 million in 2022, $151 million in 2023 and $148 million in 2024 remain below-the-line in the February Plan.

- *Redirect Mansion Tax and Internet Marketplace Tax.* Public Authorities Law 553-j was amended in the 2020-2021 State Enacted Budget to allow MTA to use monies in the Central Business District Tolling Lockbox Fund through the end of 2021 to offset revenue declines or operating expense increases resulting from the COVID-19 pandemic. Receipts from the Real Property Transfer Tax Surcharge and the Internet Marketplace Tax are deposited in the lockbox; revenues from the Central Business Tolling Program will also be deposited in the lockbox, once tolling commences. MTA is required to repay the lockbox if it receives sufficient funds from the federal government or insurance due to COVID-19, but only after first repaying any COVID-19 related public or private borrowings, draws on lines of credit, issuances of revenue anticipation loans or OPEB Trust. The November Plan included transfers from the lockbox of $424 million in 2020 and $476 million in 2021 to cover operating expenses. The February Plan recognizes an additional $16 million in 2020 and $49 million in 2021.

The following MTA Plan Adjustments remain “below-the-line” and therefore are not captured within Related Entities’ baseline forecasts:

- *Fare and Toll Increase in 2021*. The February Plan assumes a six-month delay in the 4% yield increase in farebox revenue, and a one-month delay in the 4% yield increase in toll revenues. The six-month farebox delay reflects a preference by the MTA Board to defer any decision on fare rate changes until later in 2021, while the toll revenue delay is to conform with the statutorily mandated State Administrative Procedures Act timeline. The 2021 farebox and toll increases are expected to yield an additional $66 million in 2021, $208 million in 2022, $256 million in 2023 and $276 million in 2024. Factoring in the MTA Bus, MTA Staten Island Railway and MTA Bridges and Tunnels adjustments included in “Subsidy Impact of Fare and Toll Increases,” the net increase to MTA is estimated to be $61 million in 2021, $203 million in 2022, $255 million in 2023 and $276 million in 2024. These delays, along with slight re-estimates, reduce the expected revenue from the yield increases by $32 million in 2021, with favorable impacts of $7 million in 2022 and $11 million in 2023 and 2024.

- *Fare and Toll Increase in 2023*. A $285 million annualized consolidated farebox and toll increase is assumed for implementation in March 2023, and is estimated to yield 4%, for an additional $226 million in 2023 and $285 million in 2024. Factoring in MTA Bus, Staten Island Railway and MTA Bridges and Tunnels adjustments included in “Subsidy Impact of Fare and Toll Increases,” the net increase to MTA is estimated to be $217 million in 2023 and $284 million in 2024, which is favorable from the estimate in the November Plan by $2 million each year.

- *Change in State Aid for the 2015-19 Capital Plan.* Pursuant to the State’s $7.3 billion funding commitment for the 2015-2019 Capital Program, as authorized through legislation enacted in 2016, State Aid will decrease compared to the July Plan by $898 million over the February Plan period to coincide with the reduction in assumed debt service resulting from the State issuing its own debt and the assumption that the State will directly fund all future obligations associated with the $7.3 billion commitment.

- *Repayment of Revolving Bank Line of Credit*. To provide liquidity, MTA drew on its lines of credit in 2020; the lines of credit are expected to be repaid in 2022.

- *Proceeds of MLF Deficit Financing.* To cover the budget deficits, MTA has been granted the authority by the 2020-2021 State Enacted Budget to borrow up to $10 billion in deficit financing through December 2022. MTA has utilized the Federal Reserve's Municipal Lending Facility ("MLF"), which the Federal Reserve established as a source of emergency financing for state and local governments and public entities to ensure they have access to credit during the COVID-19 pandemic, to borrow the maximum $2.9 billion allowed under the program before the lending window closed at the end of 2020. The December Plan assumed the full $2.9 billion in MLF deficit financing proceeds would be reflected in 2020. Due to favorable 2020 results, the February Plan anticipates using $1.65 billion in 2021 in MLF deficit financing proceeds, with the remaining $1.25 billion used in 2022.

- *MLF Takeout with Long-Term Deficit Bonds issued in 2023.* MTA expects to issue long-term bonds in 2023 to repay the MLF loan. The February Plan reflects the debt service associated with the MLF loan and the take-out bonds during the February Plan period.

- *Service Reductions.* With favorable preliminary 2020 year-end results and projected increases in State subsidies, the service reductions previously proposed in the December Plan are delayed until 2023, reducing savings by $1.27 billion in 2022. However, without additional federal aid in the out-years of the Financial Plan, MTA may still need to consider onerous alternatives. The most difficult action would be significant service reductions. In the December Financial Plan, MTA had considered service reductions to be more aligned with ridership levels, since ridership remained extremely low, and projections in the December Plan were worse than those included in the July Plan. The December Plan included service reductions of 40% percent for the subway and bus systems and 50% for the commuter railroads, which could accommodate anticipated ridership levels in 2022 and yield savings of $1.27 billion. Accompanying the service reductions would be workforce reductions of an estimated 9,367 positions. The proposed service reductions focused on achieving significant cost reductions, mitigating negative customer impacts, and providing service in response to current and projected ridership. Service would be restored as ridership levels improved, and projected savings would be $696 million in 2023 and $559 million in 2024.

- *Permanent Wage Freeze.* MTA is also proposing a permanent wage freeze for all employees, both represented and non-represented, through 2022. This action would save estimated totals of $309 million in 2022, $315 million in 2023 and $322 million in 2024.

- *FEMA Reimbursement.* The November Plan included reimbursement from the Federal Emergency Management Agency ("FEMA") for the estimated $293 million in direct COVID-19 related expenses incurred from the start of the pandemic through September 15, 2020, the cut-off date established by FEMA. FEMA typically reimburses 75% of local claim amounts, with the remaining portion covered by the State; however, with the State experiencing fiscal stress, MTA expects to receive $220 million in 2021, assuming the remaining 25% will not be received.

- *New Federal Aid*. The December Plan assumed $4.5 billion in new federal aid in 2021. The Coronavirus Response and Relief Supplemental Appropriations Act was signed into law on December 27, 2020. Analysis of the statute's provisions indicated MTA will receive $4.0 billion in new federal aid, reduced by $500 million anticipated in the December Plan.

Summary of February Plan Conclusions

In total, the foregoing changes leave the projected cumulative deficit at $7.972 billion in the February Plan, up from $7.850 billion in the December Plan, with a projected cash balance of $5 million in 2021 and deficits of $3.129 billion in 2022, $2.441 billion in 2023 and $2.403 billion in 2024. MTA continues to seek additional federal aid to mitigate these out-year deficits.

Challenges and Significant Risks Remain

There are a variety of challenges and significant risks affecting MTA and implementation of the February Plan and the ability to address the serious deficits still projected in the February Plan:

- *Additional Federal Aid.* MTA still projects $8 billion in remaining deficits over this February Plan period. MTA management is monitoring the $1.9 trillion American Rescue Plan proposal being considered by the federal government.

- *Maintain Cost Reductions.* MTA must remain focused on existing cost control efforts to maintain progress and achieve the $1.9 billion in identified Additional Savings Actions included in the February Plan.

- *Achieve Remaining Transformation Plan Savings Targets.* Without the savings from the Transformation Plan, the February Plan would worsen by $556 million over the February Plan period.

- *Implement the 4 Percent Fare/Toll Yield Increases in 2021 and 2023.* While MTA works diligently to control costs, combined fares and tolls only cover approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total expenses, 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). The February Plan assumes $795 million in additional fare and toll revenue from the projected 2021 increase, and another $501 million from the 2023 increase.

- *Align Service with “New Normal” Ridership Levels to Address MTA’s Existing and Future Structural Fiscal Imbalance.* McKinsey projected that MTA’s overall ridership may only recover to 80% to 92% of the pre-pandemic level by the mid-2020s. This projection considers changes in travel behavior as more employers allow their staffs to work remotely, increasing work from home from between one and three days a week, on average, from the pre-pandemic average of a half-day per week. McKinsey estimates this change in commutation patterns could drive down ridership between 4% and 12%. Non-work trips are expected to decline due to a 10% to 20% reduction in retail trips and a 20% to 30% decline in leisure trips, driving down overall ridership another 2 percent to 5 percent. Mode shifts, to automobile and other forms of travel—primarily bicycle and walking for shorter trips—are expected to further reduce overall ridership by 2 % to 3%. The challenge facing MTA is not only to provide the level of service to match the current needs of customers, but also to introduce the appropriate level of service as ridership returns. Simply returning to pre-pandemic service structure and service levels, without appropriately matching service with “new normal” demand, will continue the unsustainable structural fiscal imbalances that must be addressed and corrected.

- *Implement a Permanent Wage Freeze.* The permanent wage freeze, for both represented and non-represented employees, would save an estimated $946 million over the February Plan period.

- *Respond to the developing economic environment.* MTA’s finances are highly influenced by local, national and global economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction tax revenue), debt service, pensions and energy costs are all impacted by the health of the economy. If the economic assumptions reflected in the February Plan are unrealized, the February Plan’s projected results could be adversely affected.

- *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, nation states or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise MTA services, 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 2021 MTA budget provides $15.2 million for cybersecurity, an additional $188.2 million over a four-year period is allocated 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 February 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 February Plan.

- *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 (the "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.

  To implement the CBD Tolling Program on federal aid roadways within the CBD, authorization is required from the Federal Highway Administration ("FHWA") under its Value Pricing Pilot Program ("VPPP"). FHWA approval to participate in the VPPP makes this project subject to National Environmental Policy Act review. Once operational, TransCore will continue to be responsible under a contract with MTA Bridges and Tunnels for operating and maintaining the infrastructure and toll system for an additional six years. The contract envisions a future-ready system, which allows for new technologies to be incorporated as technologies advance. The total cost of this design, build, operate and maintain contract is $507 million, which includes incentive payments to encourage on-time delivery. There is no assurance when, or if, FHWA approval will be secured as MTA Bridges and Tunnels awaits a decision by the FHWA on the form of environmental review for the CBD Tolling Program. While MTA Bridges and Tunnels has already advanced some of the work on the CBD Tolling Program, within the constraints of federal environmental law, in the expectation that guidance will be provided by FHWA in the near future, on February 18, 2021, the MTA Board authorized the issuance of MTA Bridges and Tunnel's second lien subordinated revenue obligations to finance part of the

$503 million authorized to support the completion of the CBD Tolling Program as expeditiously as possible after FHWA approval is received. 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 2023.

MTA Liquidity Resources.

As of March 1, 2021, MTA had liquidity resources in the approximate amount of $6.775 billion, consisting of a current running cash balance of $885 million, internal available flexible funds totaling $1.313 billion, PMT working capital BANs totaling $2.903 billion and commercial bank lines of credit totaling $1.674 billion (total commercial bank lines of credit are $2.150 billion, of which $476 million have been drawn by MTA). *These funds provide a temporary funding "bridge" to a permanent solution to lost revenues and higher expenses. Certain of these funds must be repaid or replaced. Use of these monies will leave MTA with a significant gap in funding for both the operating budget and capital plan over the longer term and will likely result in additional debt issuance and unfunded operating needs.*

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Attachment A to MTA Annual Disclosure Statement
Third Quarterly Update
March 2, 2021

MTA February Financial Plan

This **Attachment A** to the 2020 ADS Third Quarterly Update sets forth the consolidated February Plan in tabular form and includes Financial Plan tables that summarize MTA's February Plan projected receipts and disbursements for fiscal years 2019 (actual), 2020 (final estimate), and 2021 (adopted budget) through 2024, in each case prepared by MTA management. The complete February 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 February Plan provides the opportunity for MTA to present a revised forecast of the previous year's final estimated results, revised forecast of the current year's finances and a three-year re-forecast of out-year finances. The February Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings.

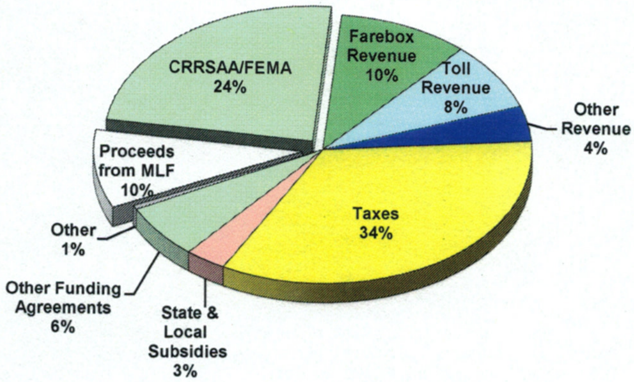
II. MTA Consolidated Financial Plan

MTA 2021 Adopted Budget

Baseline Revenues and Expenses <u>After</u> Below-the-Line (BTL) Adjustments

Non-Reimbursable

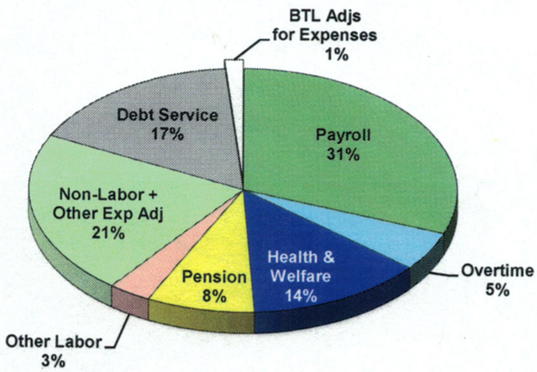
Where the Dollars Come From ...



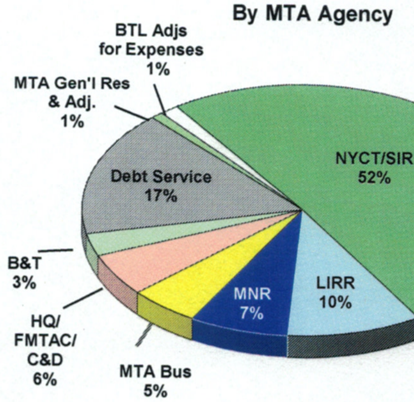
By Revenue Source ($ in millions)	
Farebox Revenue	$1,768
Toll Revenue	1,435
Other Revenue	736
Taxes	5,990
State and Local	558
Other Funding Agreements	1,139
Other [1]	88
Proceeds from MLF	1,650
CRRSAA/FEMA	4,215
Total [2]	**$17,579**

Where the Dollars Go ...

By Expense Category



By MTA Agency



By Expense Category [3] includes below-the-line adjustments ($ in millions)	
Payroll	$5,433
Overtime	917
Health & Welfare	2,361
Pension	1,443
Other Labor	568
Total Labor	*$10,723*
Non-Labor + Other Exp Adj	3,691
Debt Service	2,911
BTL Adjustments for Expenses [4]	249
Total [2]	**$17,574**

By MTA Agency [3] includes below-the-line adjustments ($ in millions)	
NYCT/SIR	$9,102
LIRR	1,771
MNR	1,292
MTABC	913
HQ/FMTAC/C&D	973
B&T	522
Debt Service	2,911
MTA Gen'l Res & Adjs	(160)
BTL Adjustments for Expenses [4]	249
Total [2]	**$17,574**

[1] *Includes cash adjustments and prior-year carryover.*

[2] *Totals may not add due to rounding.*

[3] *Expenses exclude Depreciation, GASB 75 OPEB Adjustment, GASB 68 Pension Adjustment and Environmental Remediation.*

[4] *In the pie chart "By Expense Category," the below-the-line adjustments cannot be segmented by Expense Category. The pie slice reflects the total adjustments to expenses that are being proposed in this Plan.*
In the pie chart "By MTA Agency," the below-the-line adjustments cannot be segmented by Agency . The pie slice reflects the total adjustments to expenses that are being proposed in this Plan.

Note: The revenues and expenses reflected in these charts are on an accrued basis.

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METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2021 - 2024
MTA Consolidated Accrued Statement of Operations By Category
($ in millions)

	Actual 2019	Final Estimate 2020	Adopted Budget 2021	2022	2023	2024
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	$6,351	$2,393	$1,746	$3,461	$4,566	$5,088
Toll Revenue	2,071	1,419	1,396	1,962	2,127	2,130
Other Revenue	706	4,621	736	813	846	941
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	**$9,128**	**$8,434**	**$3,878**	**$6,235**	**$7,539**	**$8,158**
Operating Expenses						
Labor:						
Payroll	$5,311	$5,402	$5,433	$5,592	$5,703	$5,856
Overtime	974	971	917	910	930	950
Health and Welfare	1,339	1,398	1,564	1,662	1,758	1,872
OPEB Current Payments	666	692	797	863	935	1,013
Pension	1,493	1,531	1,443	1,451	1,452	1,450
Other Fringe Benefits	848	990	998	1,056	1,095	1,135
Reimbursable Overhead	(470)	(370)	(430)	(417)	(409)	(416)
Total Labor Expenses	***$10,161***	***$10,614***	***$10,723***	***$11,117***	***$11,465***	***$11,860***
Non-Labor:						
Electric Power	$444	$398	$458	$474	$485	$497
Fuel	174	114	145	150	154	157
Insurance	2	19	30	47	56	71
Claims	495	387	424	436	451	465
Paratransit Service Contracts	477	345	434	511	545	585
Maintenance and Other Operating Contracts	731	830	863	925	939	944
Professional Services Contracts	442	604	609	595	559	549
Materials and Supplies	647	591	681	746	731	742
Other Business Expenses	231	174	170	200	223	225
Total Non-Labor Expenses	***$3,642***	***$3,463***	***$3,814***	***$4,083***	***$4,143***	***$4,235***
Other Expense Adjustments:						
Other	$149	$94	$37	$26	$28	$23
General Reserve	0	170	(160)	185	185	205
Total Other Expense Adjustments	***$149***	***$264***	***($123)***	***$211***	***$213***	***$228***
Total Expenses Before Non-Cash Liability Adjs.	**$13,952**	**$14,340**	**$14,414**	**$15,412**	**$15,821**	**$16,323**
Depreciation	$2,870	$2,849	$2,923	$2,992	$3,067	$3,125
GASB 75 OPEB Expense Adjustment	877	1,607	1,760	1,860	1,966	2,032
GASB 68 Pension Expense Adjustment	13	(237)	(311)	(300)	(241)	(348)
Environmental Remediation	42	6	6	6	6	6
Total Expenses After Non-Cash Liability Adjs.	**$17,752**	**$18,566**	**$18,792**	**$19,969**	**$20,618**	**$21,138**
Conversion to Cash Basis: Non-Cash Liability Adjs.	($3,801)	($4,226)	($4,378)	($4,557)	($4,798)	($4,815)
Debt Service (excludes Service Contract Bonds)	2,630	2,734	2,911	3,176	3,682	3,723
Total Expenses with Debt Service	**$16,582**	**$17,075**	**$17,325**	**$18,588**	**$19,503**	**$20,045**
Dedicated Taxes & State and Local Subsidies	$7,290	$6,689	$7,682	$7,245	$7,489	$7,616
Net Surplus/(Deficit) After Subsidies and Debt Service	**($164)**	**($1,951)**	**($5,764)**	**($5,108)**	**($4,474)**	**($4,271)**
Conversion to Cash Basis: GASB Account	$0	$0	$0	$0	$0	$0
Conversion to Cash Basis: All Other	277	654	95	324	361	247
Cash Balance Before Prior-Year Carryover	**$113**	**($1,297)**	**($5,669)**	**($4,783)**	**($4,113)**	**($4,024)**
Below the Line Adjustments	$0	$1,326	$5,160	$1,650	$1,672	$1,622
Prior Year Carryover Balance	372	485	514	5	0	0
Net Cash Balance	**$485**	**$514**	**$5**	**($3,129)**	**($2,441)**	**($2,403)**

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2021 - 2024
Plan Adjustments
($ in millions)

	Actual 2019	Final Estimate 2020	Adopted Budget 2021	2022	2023	2024
Cash Balance Before Prior-Year Carryover	**$113**	**($1,297)**	**($5,669)**	**($4,783)**	**($4,113)**	**($4,024)**
Fare and Toll Increases:						
Fare Increase 9/01/21 (4% Yield)		*$0*	*$22*	*$129*	*$171*	*$191*
Toll Increases on 4/01/21 (4% Yield)		*0*	*44*	*78*	*85*	*85*
Fare and Toll Increase on 3/1/23 (4% Yield)		*0*	*0*	*0*	*226*	*285*
Subsidy Impacts of 2021/2023 Fare/Toll Increase		*0*	*(5)*	*(7)*	*(19)*	*(15)*
Subtotal:		**$0**	**$61**	**$200**	**$464**	**$546**
MTA Initiatives:						
MTA Transformation Savings - Not Yet Identified		*$0*	*$25*	*$146*	*$151*	*$148*
Subtotal:		**$0**	**$25**	**$146**	**$151**	**$148**
Management and Policy Actions:						
State Aid for the 2015-19 Capital Program		*0*	*0*	*44*	*46*	*46*
Repayment of Revolving Bank Line of Credit		*0*	*0*	*(300)*	*0*	*0*
Drawdown of MLF Deficit Financing		*0*	*1,650*	*1,250*	*0*	*0*
Service Reductions		*0*	*0*	*0*	*696*	*559*
Permanent Wage Freeze (Rep/Non-Rep through 2022)		*0*	*0*	*309*	*315*	*322*
Subtotal:		**$0**	**$1,650**	**$1,303**	**$1,057**	**$927**
MTA Re-estimates:						
2020 Preliminary Results (with Timing Adjustments)		*1,326*	*(796)*	*0*	*0*	*0*
Subtotal		**$1,326**	**($796)**	**$0**	**$0**	**$0**
Other:						
FEMA Reimbursement		*$0*	*$220*	*$0*	*$0*	*$0*
CRRSAA Federal Aid		*0*	*4,000*	*0*	*0*	*0*
Subtotal:		**$0**	**$4,220**	**$0**	**$0**	**$0**
TOTAL ADJUSTMENTS		**$1,326**	**$5,160**	**$1,650**	**$1,672**	**$1,622**
Prior Year Carryover Balance	*$372*	*$485*	*$514*	*$5*	*$0*	*$0*
Net Cash Surplus/(Deficit)	**$485**	**$514**	**$5**	**($3,129)**	**($2,441)**	**($2,403)**

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2021 - 2024
Accrued Statement of Operations by Agency
($ in millions)

	Actual 2019	Final Estimate 2020	Adopted Budget 2021	2022	2023	2024
Non-Reimbursable						
Total Revenues						
New York City Transit	$5,061	$5,000	$1,773	$3,061	$3,876	$4,329
Long Island Rail Road	809	819	243	458	601	679
Metro-North Railroad	814	623	257	481	619	691
MTA Headquarters	50	60	17	17	16	6
First Mutual Transportation Assurance Company	47	39	40	41	41	42
MTA Bus Company	242	427	81	141	180	200
Staten Island Railway	9	28	4	6	7	8
Construction and Development	0	0	48	50	53	55
Bridges and Tunnels	2,095	1,438	1,415	1,981	2,146	2,148
Total	**$9,128**	**$8,434**	**$3,830**	**$6,185**	**$7,486**	**$8,103**
Total Expenses before Non-Cash Liability Adjs.*						
New York City Transit	$8,859	$8,866	$9,036	$9,509	$9,861	$10,220
Long Island Rail Road	1,514	1,558	1,771	1,879	1,920	1,997
Metro-North Railroad	1,339	1,324	1,292	1,336	1,363	1,388
MTA Headquarters	654	881	842	848	836	844
First Mutual Transportation Assurance Company	35	1	5	6	3	(7)
MTA Bus Company	834	887	913	944	939	951
Staten Island Railway	58	68	66	65	66	69
Construction and Development	0	0	88	73	75	76
Bridges and Tunnels	511	491	522	541	544	555
Other	149	264	(123)	211	213	228
Total	**$13,952**	**$14,340**	**$14,414**	**$15,412**	**$15,821**	**$16,323**
Depreciation						
New York City Transit	$1,994	$1,928	$1,978	$2,029	$2,082	$2,136
Long Island Rail Road	379	414	417	421	425	429
Metro-North Railroad	242	247	247	247	247	247
MTA Headquarters	31	21	39	39	39	39
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	45	54	55	56	56	56
Staten Island Railway	12	12	12	12	18	18
Construction and Development	0	0	6	6	6	6
Bridges and Tunnels	167	173	170	182	194	194
Total	**$2,870**	**$2,849**	**$2,923**	**$2,992**	**$3,067**	**$3,125**
GASB 75 OPEB Expense Adjustment						
New York City Transit	$580	$1,346	$1,472	$1,557	$1,643	$1,699
Long Island Rail Road	108	52	53	54	55	56
Metro-North Railroad	112	69	70	63	62	65
MTA Headquarters	34	42	53	63	72	74
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	0	58	70	80	90	93
Staten Island Railway	6	6	7	5	5	5
Bridges and Tunnels	37	34	36	38	39	40
Total	**$877**	**$1,607**	**$1,760**	**$1,860**	**$1,966**	**$2,032**
GASB 68 Pension Expense Adjustment						
New York City Transit	($27)	($303)	($309)	($309)	($309)	($309)
Long Island Rail Road	(12)	28	(34)	(33)	(8)	(61)
Metro-North Railroad	(4)	(4)	2	2	18	(13)
MTA Headquarters	6	4	0	6	12	1
MTA Bus Company	52	51	44	44	52	38
Staten Island Railway	0	0	(1)	(1)	(1)	(1)
Bridges and Tunnels	(3)	(14)	(13)	(9)	(5)	(3)
Total	**$13**	**($237)**	**($311)**	**($300)**	**($241)**	**($348)**
Environmental Remediation						
New York City Transit	$28	$0	$0	$0	$0	$0
Long Island Rail Road	10	2	2	2	2	2
Metro-North Railraod	3	4	4	4	4	4
MTA Bus Company	2	0	0	0	0	0
Bridges and Tunnels	0	0	0	0	0	0
Total	**$42**	**$6**	**$6**	**$6**	**$6**	**$6**
Net Surplus/(Deficit)						
New York City Transit	($6,372)	($6,836)	($10,404)	($9,725)	($9,402)	($9,418)
Long Island Rail Road	(1,190)	(1,236)	(1,965)	(1,864)	(1,793)	(1,746)
Metro-North Railroad	(879)	(1,017)	(1,357)	(1,171)	(1,074)	(999)
MTA Headquarters	(675)	(889)	(917)	(939)	(943)	(952)
First Mutual Transportation Assurance Company	13	38	35	35	39	49
MTA Bus Company	(690)	(624)	(1,001)	(983)	(957)	(938)
Staten Island Railway	(66)	(58)	(79)	(75)	(80)	(83)
Construction and Development	0	0	(47)	(29)	(29)	(28)
Bridges and Tunnels	1,382	754	700	1,229	1,373	1,363
Other	(149)	(264)	123	(211)	(213)	(228)
Total	**($8,625)**	**($10,132)**	**($14,914)**	**($13,734)**	**($13,079)**	**($12,979)**

Note: * Excludes Debt Service

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

	Actual 2019	Final Estimate 2020	Adopted Budget 2021	2022	2023	2024
Cash Receipts and Expenditures						
Receipts						
Farebox Revenue	$6,380	$2,391	$1,749	$3,461	$4,570	$5,090
Other Revenue	757	4,648	887	831	865	962
Capital and Other Reimbursements	2,322	2,144	2,125	1,984	1,938	1,956
Total Receipts	**$9,459**	**$9,183**	**$4,761**	**$6,276**	**$7,373**	**$8,008**
Expenditures						
Labor:						
Payroll	$5,823	$5,885	$6,009	$6,099	$6,191	$6,353
Overtime	1,226	1,160	1,111	1,089	1,105	1,127
Health and Welfare	1,379	1,430	1,618	1,712	1,806	1,921
OPEB Current Payments	652	681	790	856	928	1,005
Pension	1,549	1,586	1,504	1,512	1,512	1,512
Other Fringe Benefits	930	932	957	985	1,009	1,041
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	(4)	(4)	(4)	(4)
Total Labor Expenditures	***$11,559***	***$11,674***	***$11,984***	***$12,249***	***$12,546***	***$12,954***
Non-Labor:						
Electric Power	$459	$410	$466	$482	$493	$505
Fuel	172	111	143	147	151	155
Insurance	23	22	30	47	56	72
Claims	392	246	286	295	307	319
Paratransit Service Contracts	484	343	432	509	543	583
Maintenance and Other Operating Contracts	737	827	819	846	846	847
Professional Services Contracts	595	768	658	608	569	554
Materials and Supplies	875	762	844	850	828	838
Other Business Expenses	199	177	153	174	198	211
Total Non-Labor Expenditures	***$3,935***	***$3,665***	***$3,831***	***$3,958***	***$3,991***	***$4,083***
Other Expenditure Adjustments:						
Other	$112	$167	$193	$169	$172	$178
General Reserve	0	170	(160)	185	185	205
Total Other Expenditure Adjustments	***$112***	***$337***	***$33***	***$354***	***$357***	***$383***
Total Expenditures	**$15,606**	**$15,677**	**$15,848**	**$16,561**	**$16,893**	**$17,419**
Net Cash Balance before Subsidies and Debt Service	**($6,147)**	**($6,494)**	**($11,087)**	**($10,285)**	**($9,521)**	**($9,411)**
Dedicated Taxes & State and Local Subsidies	$8,223	$7,241	$7,586	$7,889	$8,163	$8,178
Debt Service (excludes Service Contract Bonds)	(1,963)	(2,044)	(2,168)	(2,388)	(2,755)	(2,791)
Cash Balance Before Prior-Year Carryover	**$113**	**($1,297)**	**($5,669)**	**($4,783)**	**($4,113)**	**($4,024)**
Adjustments	$0	$1,326	$5,160	$1,650	$1,672	$1,622
Prior-Year Carryover Balance	372	485	514	5	0	0
Net Cash Balance	**$485**	**$514**	**$5**	**($3,129)**	**($2,441)**	**($2,403)**

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2021 - 2024
Consolidated Cash Statement of Operations By Agency
($ in millions)

	Actual 2019	Final Estimate 2020	Adopted Budget 2021	2022	2023	2024
Total Receipts						
New York City Transit	$6,377	$6,065	$2,897	$4,137	$4,922	$5,321
Long Island Rail Road	1,237	1,265	617	815	937	1,015
Metro-North Railroad	1,148	982	592	732	874	948
MTA Headquarters	353	310	369	250	255	319
Construction & Development	34	49	141	138	139	140
First Mutual Transportation Assurance Company	47	39	40	41	41	42
MTA Bus Company	248	438	92	153	191	211
Staten Island Railway	15	35	12	12	13	12
Total	**$9,459**	**$9,183**	**$4,761**	**$6,276**	**$7,373**	**$8,008**
Total Expenditures						
New York City Transit	$9,988	$9,581	$9,929	$10,310	$10,634	$11,006
Long Island Rail Road	2,002	1,987	2,160	2,239	2,252	2,335
Metro-North Railroad	1,766	1,739	1,708	1,630	1,643	1,678
MTA Headquarters	887	1,149	1,015	984	949	951
Construction & Development	34	49	182	160	161	162
First Mutual Transportation Assurance Company	47	39	40	41	41	42
MTA Bus Company	816	873	864	894	888	899
Staten Island Railway	60	75	71	69	70	71
Other	6	185	(122)	235	254	275
Total	**$15,606**	**$15,677**	**$15,848**	**$16,561**	**$16,893**	**$17,419**
Net Operating Surplus/(Deficit)						
New York City Transit	($3,611)	($3,516)	($7,032)	($6,174)	($5,711)	($5,685)
Long Island Rail Road	(765)	(722)	(1,544)	(1,424)	(1,315)	(1,320)
Metro-North Railroad	(617)	(756)	(1,116)	(898)	(770)	(730)
MTA Headquarters	(535)	(839)	(646)	(734)	(695)	(632)
Construction & Development	0	0	(41)	(23)	(22)	(21)
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	(568)	(436)	(772)	(741)	(697)	(689)
Staten Island Railway	(45)	(40)	(60)	(57)	(57)	(59)
Other	(6)	(185)	122	(235)	(254)	(275)
Total	**($6,147)**	**($6,494)**	**($11,087)**	**($10,285)**	**($9,521)**	**($9,411)**

METROPOLITAN TRANSPORTATION AUTHORITY

February Financial Plan 2021-2024

MTA Consolidated February Financial Plan Compared with December Financial Plan

Cash Reconciliation after Below-the-Line Adjustments

($ in millions)

	Favorable/(Unfavorable)				
	2020	2021	2022	2023	2024
DECEMBER FINANCIAL PLAN 2021-2024 NET CASH SURPLUS/(DEFICIT)	**$1,786**	**$29**	**($3,280)**	**($2,346)**	**($2,225)**
Subtotal Agency Changes	**$249**	**($788)**	**($1,121)**	**($1,201)**	**($732)**
Technical Adjustments [1]	$2	($103)	$8	$14	$19
Additional Savings Actions	247	582	489	458	465
Transformation Plan - Vacancy Savings	-	405	326	324	327
Adjustments to Farebox Revenue Forecasts	-	(1,561)	(1,826)	(1,869)	(1,404)
Rate Increase to MTA-Sponsored Medical Plans	-	(106)	(113)	(121)	(129)
All Other	-	(5)	(3)	(6)	(9)
B&T Net Baseline Impacts [2]	**($19)**	**($44)**	**($40)**	**($38)**	**($38)**
Debt Service	**$0**	**$1**	**($0)**	**($109)**	**($111)**
Subsidies (Cash)	**$1,285**	**$1,577**	**$359**	**$13**	**($198)**
Metropolitan Mass Transportation Operating Assist (MMTOA)	148	752	80	(145)	(177)
Petroleum Business Tax (PBT) Receipts	61	100	(30)	(76)	(76)
PMT Replacement Funds	34	112	(13)	(13)	(13)
2020-24 Capital Program Funding from Lockbox for Debt Service	440	525	0	-	(0)
State Operating Assistance (18-b)	26	32	-	-	-
Local Operating Assistance (18-b)	26	32	-	-	-
City Subsidy for MTA Bus	0	(246)	118	59	27
City Subsidy for Staten Island Railway	(0)	(1)	(6)	(15)	(29)
CDOT Subsidy for Metro-North Railroad	(5)	24	31	32	13
B&T Surplus Transfer	17	46	46	46	47
Use of OPEB Trust Proceeds	337	-	-	-	-
Savings from Holding 2020-2024 Committed to Capital	187	181	120	114	-
Other Subsidies and Subsidy Adjustments	13	22	12	10	10
Below-the-Line (BTL) Adjustments	**($2,786)**	**$501**	**$978**	**$1,241**	**$900**
Fare and Toll Increases:					
Adjustments to 2021 and 2023 Fare/Toll Increases	-	(32)	7	11	11
MTA Efficiencies:					
MTA Transformation Savings - Not Yet Identified	-	25	146	151	148
Management and Policy Actions:					
Reversal of Below-the-Line Policy Actions Incorporated Above-the-Line [3]	(1,212)	(1,513)	(1,090)	(912)	(793)
Drawdown of MLF Deficit Financing	(2,900)	1,650	1,250	-	-
Service Reductions	-	-	(1,274)	-	-
MTA Re-estimates:					
Reversal of Below-the-Line Re-estimates Incorporated Above-the-Line [4]	-	1,667	1,940	1,990	1,533
2020 Preliminary Results (with Timing Adjustments)	1,326	(796)	-	-	-
Other:					
Adjustment to CRRSAA Federal Aid	-	(500)	-	-	-
Prior Year Carryover	**($0)**	**($1,272)**	**($25)**	**$0**	**$0**
FEBRUARY FINANCIAL PLAN 2021-2024 NET CASH SURPLUS/(DEFICIT)	**$514**	**$5**	**($3,129)**	**($2,441)**	**($2,403)**

* *Totals may not add due to rounding*

[1] The MTA-wide hiring freeze has resulted in vacancies beyond the 2,700 envisioned in the Transformation Plan, and the separation expenses will not be incurred, saving the operating budget the $86.4 million in 2021. This Plan reassigns the expenses to Headquarters in the Technical Adjustments line in 2021, which are then eliminated as savings in Transformation Plan - Vacancy Savings line in 2021.

[2] 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, B&T's baseline impacts are eliminated within this line. Included within B&T's baseline changes are Additional Savings Actions, Transformation Plan - Vacancy Savings and technical adjustments.

[3] Below-the-line Policy Actions have been incorporated above-the-line requiring a reversal of the policy action proposed in the December Plan. These include: Delay Use of the 2019 General Reserve to 2021, MTA Transformation Savings, Additional Savings Actions, Redirect of Mansion Tax & Internet Marketplace Tax, Hold 2020-2024 Committed to Capital, Use of OPEB Trust Proceeds, MLF Takeout with Long-Term Deficit Bonds issued in 2022.

[4] Below-the-line Re-estimates have been incorporated above-the-line requiring a reversal of the re-estimate proposed in the December Plan. These include: Adjustment to Farebox Revenue Forecasts and Rate Increase for MTA-Sponsored Medical Plans.

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2021 - 2024
Farebox Recovery and Operating Ratios

FAREBOX RECOVERY RATIOS

	Final Estimate 2020	Adopted Budget 2021	Plan 2022	Plan 2023	Plan 2024
New York City Transit	14.2%	10.0%	18.3%	22.9%	24.6%
Staten Island Railway	3.9%	3.1%	4.7%	5.1%	5.4%
Long Island Rail Road	10.6%	7.5%	14.0%	17.9%	20.0%
Metro-North Railroad	14.0%	11.3%	21.6%	27.7%	30.9%
MTA Bus Company	8.0%	6.6%	11.3%	14.3%	15.8%
MTA-Wide Farebox Recovery Ratio	**13.2%**	**9.5%**	**17.5%**	**22.0%**	**23.9%**

FAREBOX OPERATING RATIOS

	Final Estimate 2020	Adopted Budget 2021	Plan 2022	Plan 2023	Plan 2024
New York City Transit	21.0%	14.9%	27.1%	34.2%	36.6%
Staten Island Railway	5.9%	5.2%	8.0%	9.5%	9.8%
Long Island Rail Road	17.8%	11.8%	22.4%	29.3%	31.7%
Metro-North Railroad	20.0%	16.0%	31.6%	41.5%	45.1%
MTA Bus Company	9.9%	8.2%	14.2%	18.4%	20.1%
MTA-Wide Farebox Operating Ratio	**19.6%**	**14.1%**	**25.9%**	**33.0%**	**35.5%**

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation and interest on long-term debt. Approximately 20% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management, Legal and Shared Services.

Farebox operating ratio focuses on Agency operating financial performance. It reflects the way MTA meets its statutory and bond-covenant budget-balancing requirements, and it excludes certain costs that are not subject to Agency control, but are provided centrally by MTA.

In the agenda materials for the Meeting of the Metro-North and Long Island Committees, the calculations of the farebox operating and recovery ratios for the LIRR and MNR use a revised methodology to put the railroads on a more comparable basis. Those statistics, which are included in the respective financial and ridership reports of both Agencies, differ from the statistics presented in this table.

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