

# MTA 2022 Preliminary Budget

## July Financial Plan 2022-2025



**Volume 1**  
**July 2021**



**Metropolitan Transportation Authority**

## OVERVIEW

### **MTA 2022 Preliminary Budget July Financial Plan 2022-2025 Volume 1**

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

**Volume 1** consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, Policy Actions, and any MTA Efficiencies and Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Chairman/CEO, and a description of the MTA Budget Process.

**Volume 2** includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2022 Preliminary Budget and the Financial Plan for 2022 through 2025. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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# **I. Introduction**

## **Executive Summary**

The **2021 MTA July Financial Plan** (the “July Plan” or “Plan”), which includes the 2021 Mid-Year Forecast, the 2022 Preliminary Budget and a Financial Plan for the years 2022 to 2025, updates the February Financial Plan. Since 2010, MTA financial plans – developed in a disciplined, consistent, and transparent process – have included the impact of our continuous pursuit of operational efficiencies and recurring cost reductions which have been used to temper 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, Plans have reflected added service, while at the same time addressing long-term costs such as pensions, health care, paratransit, and debt service.

This Plan, however, as with all plans beginning with the 2020 July Plan, reflects the impact the novel coronavirus outbreak and the ensuing pandemic has had on the MTA Region, forcing the MTA to focus on financial survival while at the same time providing service needed to keep the region moving during the height of the pandemic, during this late-pandemic period, and eventually under a post-pandemic “new normal”.

### **The February Plan**

The February Plan projected a cash balance of \$5 million in 2021, with deficits of \$3,129 million in 2022, \$2,441 million in 2023, and \$2,403 million in 2024, resulting in a cumulative deficit of \$7.972 billion. Incorporated in these figures were assumptions of ridership and traffic recovery from the pandemic based on the “worst case” scenario for ridership and the midpoint of the “best case” and “worst case” scenarios for traffic that were developed for the MTA by McKinsey & Co. Also included were 4 percent yield increases from fare and toll rate changes proposed for 2021 and 2023, subject to MTA Board approval.

The February Plan included actions to help reduce deficits the MTA is facing. The 2019 General Reserve of \$165 million and the 2020 General Reserve of \$170 million were unexpended and reserved for use in 2021. Annual Committed to Capital transfers, operating funds earmarked for capital use, were suspended through 2023, retaining in the operating budget \$187 million in 2020, \$181 million in 2021, \$120 million in 2022 and \$114 million in 2023. The Mansion Tax and the Internet Marketplace Tax, “lockbox” funds restricted for capital, were redirected to the operating budget, as permitted through 2021 under Public Authorities Law 553-j: \$440 million was used in 2020, with another \$525 million budgeted in 2021.


Agency-identified savings in overtime, consulting services and other non-personnel expenses were expected to total \$570 million in 2021, \$473 million in 2022, \$442 million in 2023, and \$448 million in 2024. The February Plan included the aligning of service with ridership levels, with 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 through 2024. Accompanying the service reductions would be workforce impacts estimated to be 9,367 positions. The proposed service reductions focused on achieving significant cost reductions, mitigating negative customer impacts, and providing service responsive to current and projected ridership. Service would be restored as ridership levels improve, and savings would be \$696 million in 2023 and \$559 million in 2024. The MTA also proposed a

permanent wage freeze for all employees, both represented and non-represented, through 2022 which would save \$309 million in 2022, \$315 million in 2023 and \$322 million in 2024.

To cover the budget deficits, the MTA was granted the authority by the 2020-2021 State Enacted Budget to borrow up to \$10 billion in deficit financing through December 2022. The MTA utilized the Federal Reserve’s Municipal Liquidity Facility (“MLF”), which was established as a source of emergency financing for state and local governments and public entities to ensure their access to credit during the COVID pandemic, to borrow the maximum \$2.9 billion allowed the MTA under the program before the lending window closed at the end of 2020. The February Plan anticipated using \$1.65 billion in 2021 in MLF deficit financing proceeds, with the remaining \$1.25 billion to be used in 2022. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan.

The February Plan also assumed reimbursement from the Federal Emergency Management Agency (“FEMA”) for the estimated \$293 million in direct COVID-related expenses incurred from the start of the pandemic through the end of August 2020, the cut-off date originally 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.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020, and analysis of the statute’s provisions indicate MTA will receive \$4.0 billion in new Federal aid, which was included in the February Plan. At the time the February Plan was presented, the American Rescue Plan had yet to be enacted, but MTA was hopeful it would provide the funding to help close the projected budget gap.



## The February Plan

(dollars in millions)

	2020	2021	2022	2023	2024	Plan Deficit
<b>Preliminary February Financial Plan</b> <sup>1</sup>	\$514	(\$5,645)	(\$4,693)	(\$3,452)	(\$3,283)	(\$17,073) <sup>2</sup>
Proceeds of MLF Deficit Bonding	\$0	\$1,650	\$1,250	\$0	\$0	\$2,900
CRRSAA Federal Aid	0	4,000	0	0	0	4,000
Additional Federal Aid	0	0	0	0	0	0
Service Reductions <sup>3</sup>	0	0	0	696	559	1,255
Wage Freeze (Rep/Non-Rep through 2022) <sup>4</sup>	0	0	309	315	322	946
Change in Prior Year Cash Balance	0	0	5	0	0	N/A
<b>February Financial Plan</b>	<b>\$514</b>	<b>\$5</b>	<b>(\$3,129)</b>	<b>(\$2,441)</b>	<b>(\$2,403)</b>	<b>(\$7,972)<sup>2</sup></b>

<sup>1</sup> Reflects fare and toll increases in 2021 and 2023.  
<sup>2</sup> Since operating balances roll into subsequent years to reduce deficits, the total deficit over the Plan period is the total of annual deficits only.  
<sup>3</sup> Service reductions tie to the McKinsey “worst case” updated ridership projections.  
<sup>4</sup> Includes TWU Local 100.

However, even with the \$2.9 billion in deficit bonding, the \$4 billion in CRRSAA Federal Aid, the assumed service reductions and permanent wage freeze, the MTA was still projecting a cumulative deficit of nearly \$8 billion through 2024.

## The July Plan

The first significant financial development since the February Plan was the March 11, 2021 signing into law by President Biden of the American Rescue Plan Act of 2021 (ARPA). The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including public health and economic impacts. While funding has yet to come to the MTA, it is estimated the MTA will receive about \$6.5 billion from ARPA, and this is incorporated into the July Plan.

The second significant development has been the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15 after the state reached its goal of 70% of adults getting at least a first dose of the vaccine. New York City public schools are scheduled to be open for full in-person instruction in the Fall. MTA continues to adjust service levels as it moves into the late-pandemic period and ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for a thorough disinfecting of the system. The Long Island Rail Road currently operates on an 83% pre-pandemic service level. MNR currently operates on a 67% pre-pandemic service level but will be restoring service on August 29, 2021 to 83% during the week and 70% on weekends relative to pre pandemic levels.

In the February Plan, ridership was based on the “worst case” scenario developed for the MTA by McKinsey & Co., while vehicular traffic at B&T facilities was based on the midpoint between McKinsey’s “best case” and “worst case” scenarios. Since the beginning of 2021, consolidated MTA ridership has been tracking consistent with the midpoint between the McKinsey scenarios, while B&T vehicular traffic has been consistently close to the McKinsey “best case” scenario as restrictions were eased and removed. These factors have led MTA to revise utilization projections for the July Plan: B&T utilization is now based on the McKinsey “best case” scenario, and ridership, with the exception of SIR ridership, is based on the midpoint of the McKinsey scenarios. SIR ridership continues to lag and is being projected under the “worst case” scenario. This anticipated improvement results in \$3.7 billion in additional farebox revenue and \$799 million in additional toll revenue through 2024 when compared with the February Plan. Despite these positive developments, ridership remains below pre-pandemic levels and McKinsey anticipates a “new normal” ridership level of between 82% and 91% of pre-pandemic levels, the result of continuation of hybrid work schedules, with fewer days per week traveling to an office location, increased online shopping at the expense of brick and mortar locations, slower return of tourism, and increases in alternative travel, such as walking and bicycling.

The increases in ridership and traffic recovery also favorably impact, by \$153 million through 2024, the estimated farebox and toll revenue generated from the proposed 2021 fare increase and from the 2023 fare and toll increases. Additionally, the 2021 toll increase that went into effect in mid-April increased toll rates by 6 percent, above the four percent assumed in the February Plan, and is expected to generate about \$175 million over the February Plan estimate.

In addition to farebox and toll revenue, Agency re-estimates include \$268 million in “New Needs” expenses, partially offset by an increase of \$94 million from savings programs. Other Agency re-estimates are \$71 million unfavorable compared with the February.


State and local subsidy and dedicated tax receipts also have improved, with revenue \$1.4 billion higher through 2024 compared with the February Plan. However, the impact on the operating budget is less, as Capital Lockbox revenues, including the Mansion Tax and the Internet

Marketplace Tax, are being redirected back to provide support for the Capital Program, reducing overall subsidies available to cover the operating budget by \$515 million.

Committed to Capital support (“PAYGO”) through 2023, which was pulled back at the start of the pandemic, is also being restored, by \$367 million in 2021, \$120 million in 2022 and \$144 million in 2023.

Debt service expenses are favorable compared with the February Plan by \$293 million, reflecting the use of highly rated Payroll Mobility Tax (PMT) bonds versus Transportation Revenue Bonds (TRB), lower interest rates in general, and Federal operating support to MTA alleviating near term deficits. The coverage period for reimbursement of COVID-related expenses from the Federal Emergency Management Agency (FEMA) was extended from September 2020 to September 2021, and MTA estimates its additional reimbursement from claims during this extended period will come to \$140 million, which is expected to be realized in 2022.

These changes result in a cumulative Plan deficit of \$10.0 billion. ARPA Federal Aid, the deferred 2021 fare increase, the use of \$1.3 billion of proceeds from MLF deficit bonds, the assumed “right-sizing” service reductions and a two-year wage freeze, however, result in financial balance through the Plan period.



### The July Plan

(dollars in millions)

	2021	2022	2023	2024	2025	Plan Deficit
<b>Preliminary July Financial Plan<sup>1</sup></b>	<b>(\$39)</b>	<b>(\$2,842)</b>	<b>(\$2,125)</b>	<b>(\$2,344)</b>	<b>(\$2,655)</b>	<b>(\$10,005)</b>
American Rescue Plan Act (ARPA) Federal Aid	\$22	\$2,492	\$1,527	\$1,740	\$719	\$6,500
2021 Fare Increase	17	178	204	207	213	819
Service Reductions <sup>2</sup>	0	0	220	206	206	632
Two-Year Wage Freeze (Rep/Non-Rep through 2022) <sup>3</sup>	0	171	174	191	198	734
Proceeds of MLF Deficit Bonding	0	0	0	0	1,319	1,319
Change in Prior Year Cash Balance	0	0	0	0	0	N/A
<b>July Financial Plan</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> Only reflects fare and toll increases in 2023 and 2025.  
<sup>2</sup> Service reductions tie to the McKinsey midpoint between the “best case” and “worst case” ridership projections.  
<sup>3</sup> TWU Local 100 and all other settled contracts honored. Assumes contracts for all other pattern-following bargaining units conform to the first two years of the TWU Local 100 contract, followed by two years of a wage freeze.

As indicated in the chart above, the July Plan relies not only on federal aid and deficit financing to close the budget gaps, but three significant policy choices available to the MTA at the direction of the Board: a fare increase in 2021, the “right-sizing” of service, and implementation of a two-year wage freeze.

**American Rescue Plan Act (ARPA) Federal Aid.** With the enactment of ARPA, MTA expects to receive about \$6.5 billion in additional federal aid, in addition to the \$4 billion from the CARES Act and \$4 billion from CRRSAA, which are already included in the Financial Plan.



**2021 Fare Increase.** A four percent increase in farebox revenue derived from a fare rate increase was originally proposed for implementation in March 2021, but a decision was deferred by the MTA Board. The July Plan proposes a similar increase for implementation in November. Should the fare increase not be implemented, \$819 million in anticipated revenue over the Plan period would not be available to cover expenses.

**Service Reductions.** In the February Plan, the MTA had proposed service reductions to align with the post-pandemic “new normal” ridership levels based on the McKinsey “worst case” scenario. 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 improve, and savings would be \$696 million in 2023 and \$559 million in 2024. With ridership trending on a path consistent with the midpoint between the McKinsey “best case” and “worst case” scenarios, service reductions have been scaled back and the accompanying expense savings is reduced to \$220 million in 2023 and \$206 million in 2024 and 2025.

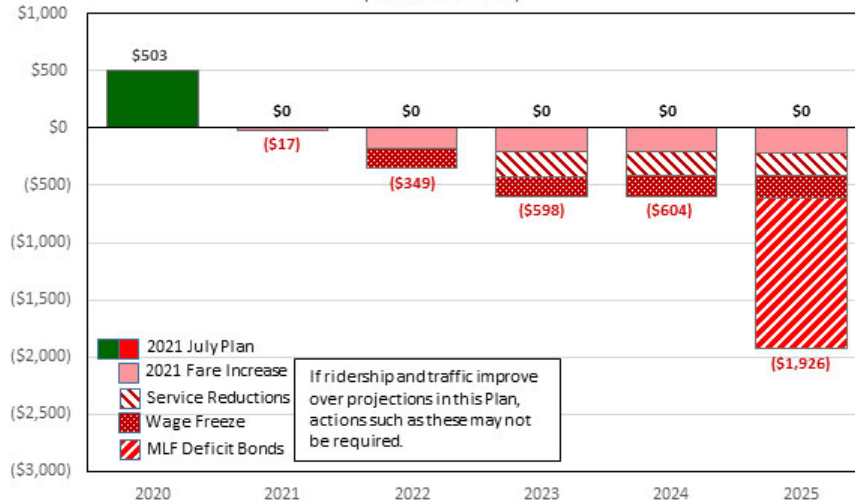
**Two-Year Wage Freeze.** In the February Plan, the MTA had proposed a wage freeze through 2022 for all employees, both represented and non-represented, saving an estimated \$309 million in 2022, \$315 million in 2023 and \$322 million in 2024. With the arrival of ARPA Federal Aid, this proposed action has been revised. The TWU Local 100 contract, a four-year contract that runs from mid-May 2019 through mid-May 2022, will be fully honored, as will all other settled contracts. Bargaining units that typically follow the TWU pattern settlements have either entered into two-year agreements similar to the first two years of the current TWU contract or are assumed to do so, and those two-year contract costs are reflected in the July Plan, but followed by a “pause” until the MTA’s financial picture better comes into focus. Non-represented employees also would not have wage increases for two years, in 2021 and 2022. Revised savings from this policy action are estimated to be \$171 million in 2022, \$174 million in 2023, \$191 million in 2024 and \$198 million in 2025.

**Proceeds of MLF Deficit Bonding.** To cover the budget deficits, the MTA was granted the authority by the 2020-2021 State Enacted Budget to borrow up to \$10 billion in deficit financing through December 2022. The MTA utilized the Federal Reserve’s Municipal Liquidity 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 pandemic, to borrow the maximum \$2.9 billion allowed the MTA under the program before the lending window closed at the end of 2020. The MLF loan is due for repayment in 2023, and the MTA expects to issue long-term bonds in 2023 to repay the Federal Reserve. In the February Plan, it was anticipated the MTA would use \$1.65 billion of MLF deficit financing proceeds in 2021, and the remaining \$1.25 billion in 2022. The July Plan, with the infusion of the \$6.5 billion in federal aid from ARPA, \$819 million from the proposed 2021 fare increase, and savings of \$632 million and \$734 million from the Service Reductions and Two-Year Wage Freeze, respectively, can delay using the proceeds of MLF deficit bonding until 2025, and when \$1.3 billion would be needed to close the 2025 deficit.



Even with \$6.5 billion in ARPA funding, the July Plan still assumes a 2021 fare increase, a two-year wage freeze, the right-sizing of service and MLF bond proceeds of \$1.3 billion in 2025 to balance

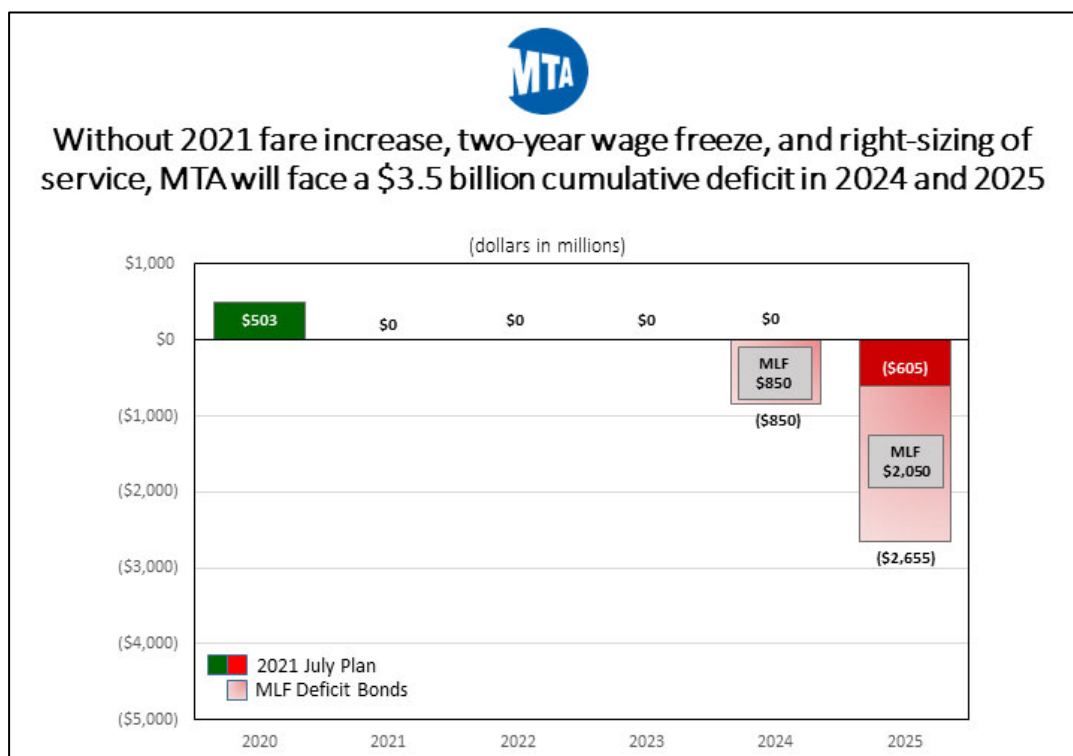
(dollars in millions)



Note: Reflects fare and toll increases in 2023 and 2025.

Should the assumed policy actions not be implemented, ARPA federal aid would need to be used earlier in the Plan period, all \$2.9 billion of proceeds of MLF deficit bonding would be used, and a deficit of \$605 million would remain in 2025.

This would leave the MTA facing a \$3.5 billion cumulative deficit in 2024 and 2025.



### The “Bottom Line”

In total, the cumulative impact of the changes since the February Plan is a balanced budget through 2025. But as noted above, despite the receipt of an additional \$6.5 billion in federal aid from ARPA, the July Plan is only balanced assuming the 2021 fare increase is implemented, service is right-sized, and a two-year wage freeze is implemented. And those assumed actions alone will not completely cover the deficit during the Plan period: the use of \$1.3 billion in MLF deficit bonding proceeds is needed to close the 2025 deficit.

### Risks to MTA’s Financial Future

The MTA faces many challenges as it works to improve its financial future:

**Continued aggressive cost cutting.** The MTA must remain focused on existing cost control efforts to avoid “backsliding”. Further savings must be identified to create the financial flexibility necessary to cover the cost of long-term deficit financing. Remaining transformation savings actions still must be identified, or the July Plan would worsen by \$619 million over the Plan period.

**Implementation of biennial fare and toll increases (2021, 2023, 2025).** While the MTA works diligently to control costs, the reality is that combined fares and tolls only cover approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total 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) and many costs are increasing at a rate above the assumed annual increase in fares and tolls of approximately 2 percent. Over the Plan period, the February Plan assumes a combined \$1.9 billion in additional fare and toll revenue from the projected 2021 fare increase and from the projected 2023 and 2025 fare and toll increases.

***Achieving affordable wage settlements.*** The MTA is committed to honoring the terms of its existing contracts. The proposed two-year wage freeze essentially pauses wage increases for the represented workers who have followed the TWU Local 100 contract in the past while MTA determines its financial capacity to negotiate affordable wage settlements with its unions.

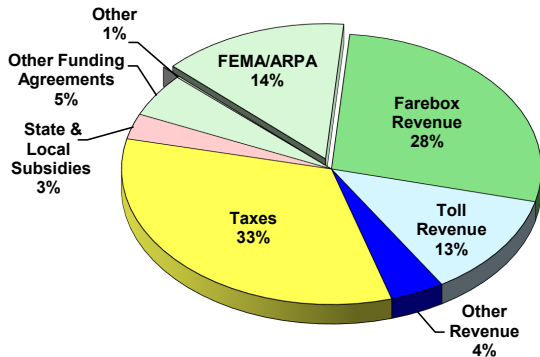
***Aligning Service to “new normal” ridership levels.*** McKinsey projects that the MTA’s overall ridership may only recover to 82% to 91% of the pre-pandemic level by the mid-2020s, a projection that considers changes in travel behavior as more employers allow their staffs to work remotely, increasing work from home from between one and three days a week, on average, from the pre-pandemic average of a half-day per week, driving down commutation ridership; non-work trips are expected to decline due to reductions in retail and leisure trips. Mode shifts, to automobile and other forms of travel—primarily bicycle and walking for shorter trips—are expected to further reduce overall ridership. The challenge facing the 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.

***Clearly, if ridership and traffic exceed the forecasts in the July Plan, the financial forecast will be more favorable, assumed policy actions in the July Plan may not be necessary and appropriate actions can be considered in subsequent Financial Plans.***

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

**MTA 2022 Preliminary Budget**  
**Baseline Revenues and Expenses After Below-the-Line (BTL) Adjustments**  
**Non-Reimbursable**

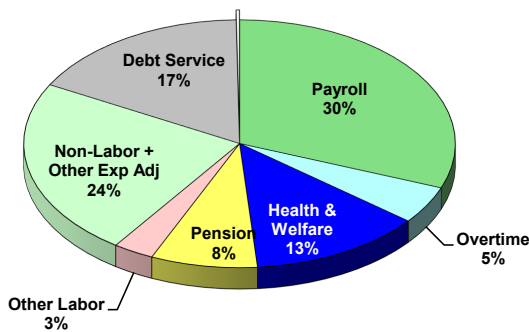
**Where the Dollars Come From ...**



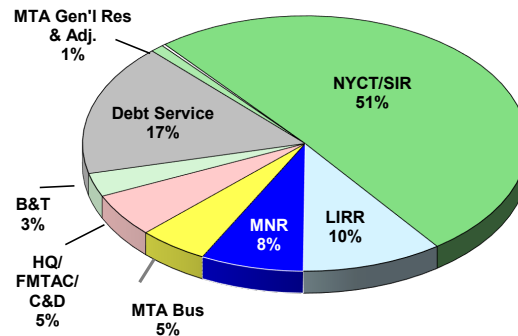
By Revenue Source (\$ in millions)	
Farebox Revenue	\$5,044
Toll Revenue	2,257
Other Revenue	764
Taxes	6,092
State and Local	559
Other Funding Agreements	955
Other <sup>1</sup>	(34)
Proceeds from MLF	0
ARPA/FEMA	2,632
<b>Total<sup>2</sup></b>	<b>\$18,270</b>

**Where the Dollars Go ...**

**By Expense Category**



**By MTA Agency**



By Expense Category <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,604
Overtime	893
Health & Welfare	2,354
Pension	1,451
Other Labor	555
<i>Total Labor</i>	<i>\$10,857</i>
Non-Labor + Other Exp Adj	4,394
Debt Service	3,065
BTL Adjustments for Expenses <sup>4</sup>	(46)
<b>Total<sup>2</sup></b>	<b>\$18,270</b>

By MTA Agency <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,320
LIRR	1,881
MNR	1,376
MTABC	928
HQ/FMTAC/C&D	1,017
B&T	549
Debt Service	3,065
MTA Gen'l Res & Adjs	180
BTL Adjustments for Expenses <sup>4</sup>	(46)
<b>Total<sup>2</sup></b>	<b>\$18,270</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, GASB 75 OPEB Adjustment, GASB 68 Pension Adjustment and Environmental Remediation.

<sup>4</sup> 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.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022 - 2025**  
**MTA Consolidated Accrued Statement of Operations By Category**  
(\$ in millions)

	Actual 2020	Mid-Year Forecast 2021	Preliminary Budget 2022	2023	2024	2025
<b>Non-Reimbursable</b>						
<b>Operating Revenues</b>						
Farebox Revenue	\$2,623	\$2,826	\$4,859	\$5,398	\$5,483	\$5,478
Toll Revenue	1,640	2,140	2,257	2,268	2,274	2,295
Other Revenue	4,571	669	764	826	857	875
Capital and Other Reimbursements	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$8,835</b>	<b>\$5,635</b>	<b>\$7,881</b>	<b>\$8,492</b>	<b>\$8,614</b>	<b>\$8,649</b>
<b>Operating Expenses</b>						
<b>Labor:</b>						
Payroll	\$5,306	\$5,363	\$5,604	\$5,709	\$5,855	\$5,997
Overtime	910	986	893	912	931	950
Health and Welfare	1,304	1,430	1,551	1,647	1,753	1,868
OPEB Current Payments	633	741	803	873	947	1,029
Pension	1,510	1,445	1,451	1,470	1,472	1,503
Other Fringe Benefits	790	938	980	1,019	1,053	1,090
Reimbursable Overhead	(380)	(425)	(425)	(416)	(422)	(425)
<b>Total Labor Expenses</b>	<b>\$10,072</b>	<b>\$10,478</b>	<b>\$10,857</b>	<b>\$11,214</b>	<b>\$11,591</b>	<b>\$12,012</b>
<b>Non-Labor:</b>						
Electric Power	\$385	\$424	\$471	\$484	\$497	\$510
Fuel	103	170	173	170	169	225
Insurance	(5)	32	61	98	118	148
Claims	237	353	436	444	454	468
Paratransit Service Contracts	326	396	519	553	588	625
Maintenance and Other Operating Contracts	772	901	975	997	999	1,028
Professional Services Contracts	447	703	621	572	590	602
Materials and Supplies	543	644	733	717	724	740
Other Business Expenses	152	179	199	219	221	231
<b>Total Non-Labor Expenses</b>	<b>\$2,960</b>	<b>\$3,802</b>	<b>\$4,188</b>	<b>\$4,255</b>	<b>\$4,361</b>	<b>\$4,578</b>
<b>Other Expense Adjustments:</b>						
Other	\$80	\$37	\$26	\$28	\$23	\$24
General Reserve	335	170	180	190	195	200
<b>Total Other Expense Adjustments</b>	<b>\$415</b>	<b>\$207</b>	<b>\$206</b>	<b>\$218</b>	<b>\$218</b>	<b>\$224</b>
<b>Total Expenses Before Non-Cash Liability Adjs.</b>	<b>\$13,447</b>	<b>\$14,487</b>	<b>\$15,251</b>	<b>\$15,687</b>	<b>\$16,169</b>	<b>\$16,814</b>
Depreciation	\$3,010	\$3,126	\$3,142	\$3,207	\$3,255	\$3,304
GASB 75 OPEB Expense Adjustment	886	1,576	1,619	1,665	1,702	1,739
GASB 68 Pension Expense Adjustment	(65)	7	51	75	(24)	21
Environmental Remediation	122	6	6	6	6	6
<b>Total Expenses After Non-Cash Liability Adjs.</b>	<b>\$17,401</b>	<b>\$19,203</b>	<b>\$20,069</b>	<b>\$20,640</b>	<b>\$21,108</b>	<b>\$21,884</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,954)	(\$4,716)	(\$4,817)	(\$4,953)	(\$4,939)	(\$5,071)
Debt Service (excludes Service Contract Bonds)	2,703	2,843	3,065	3,514	3,560	3,614
<b>Total Expenses with Debt Service</b>	<b>\$16,151</b>	<b>\$17,330</b>	<b>\$18,317</b>	<b>\$19,201</b>	<b>\$19,729</b>	<b>\$20,428</b>
Dedicated Taxes & State and Local Subsidies	\$6,686	\$7,744	\$7,613	\$7,930	\$8,156	\$8,400
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$629)</b>	<b>(\$3,952)</b>	<b>(\$2,823)</b>	<b>(\$2,779)</b>	<b>(\$2,960)</b>	<b>(\$3,379)</b>
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	648	(862)	(34)	280	207	43
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$18</b>	<b>(\$4,814)</b>	<b>(\$2,857)</b>	<b>(\$2,499)</b>	<b>(\$2,752)</b>	<b>(\$3,337)</b>
Below the Line Adjustments	\$0	\$4,311	\$2,857	\$2,499	\$2,752	\$3,337
Prior Year Carryover Balance	485	503	0	0	0	0
<b>Net Cash Balance</b>	<b>\$503</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022-2025**  
**Plan Adjustments**  
(\$ in millions)

	Actual 2020	Mid-Year Forecast 2021	Preliminary Budget 2022	Plan 2023	Plan 2024	2025
<b>Cash Balance Before Prior-Year Carry-over</b>	<b>\$18</b>	<b>(\$4,814)</b>	<b>(\$2,857)</b>	<b>(\$2,499)</b>	<b>(\$2,752)</b>	<b>(\$3,337)</b>
<b>Fare/Toll Increases:</b>						
<i>Fare Increase in November 2021 (4% Yield)</i>		\$18	\$184	\$205	\$209	\$208
<i>Fare/Toll Increase in March 2023 (4% Yield)</i>		-	-	261	310	311
<i>Fare/Toll Increase in March 2025 (4% Yield)</i>		-	-	-	-	276
<i>Subsidy Impacts of 2021, 2023 and 2025 Fare/Toll Increases</i>		(1)	(6)	(21)	(17)	(31)
<b>Subtotal</b>		<b>\$17</b>	<b>\$179</b>	<b>\$445</b>	<b>\$501</b>	<b>\$764</b>
<b>MTA Initiatives:</b>						
<i>MTA Transformation Savings - Not Yet Identified</i>		25	146	151	148	148
<b>Subtotal</b>		<b>\$25</b>	<b>\$146</b>	<b>\$151</b>	<b>\$148</b>	<b>\$148</b>
<b>Management and Policy Actions:</b>						
<i>Service Reductions</i>		-	-	\$220	\$206	\$206
<i>Two-Year Freeze (Rep/Non-Rep through 2022) <sup>1</sup></i>		-	171	174	191	198
<b>Subtotal</b>		<b>\$0</b>	<b>\$171</b>	<b>\$394</b>	<b>\$397</b>	<b>\$404</b>
<b>MTA Re-estimates:</b>						
<i>East-Side Access</i>		\$31	\$(7)	\$(58)	\$(75)	\$(60)
<i>Headquarters Call Center</i>		(3)	(0)	1	2	4
<i>State Aid for the 2015-19 Capital Program</i>		-	37	38	38	38
<i>Repayment of Revolving Bank Line of Credit</i>		-	(300)	-	-	-
<b>Subtotal</b>		<b>\$28</b>	<b>(\$271)</b>	<b>(\$19)</b>	<b>(\$35)</b>	<b>(\$18)</b>
<b>Other:</b>						
<i>FEMA Reimbursement</i>		\$220	\$140	-	-	-
<i>CRRSAA Federal Aid</i>		4,000	-	-	-	-
<i>ARPA Federal Aid</i>		22	2,492	1,527	1,740	719
<i>Proceeds of MLF Deficit Bonding</i>		-	-	-	-	1,319
<b>Subtotal</b>		<b>\$4,242</b>	<b>\$2,632</b>	<b>\$1,527</b>	<b>\$1,740</b>	<b>\$2,038</b>
<b>TOTAL ADJUSTMENTS</b>		<b>\$4,311</b>	<b>\$2,857</b>	<b>\$2,499</b>	<b>\$2,752</b>	<b>\$3,337</b>
<i>Prior-Year Carry-Over</i>	485	503	0	0	0	0
<b>Net Cash Surplus/(Deficit)</b>	<b>\$503</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> TWU Local 100 contract, and all other existing contracts, honored. Assumes contracts for all other pattern-following bargaining units conform to the first two years of the TWU Local 100 contract, followed by two years of a wage freeze.



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022 - 2025**  
**Cash Receipts and Expenditures**  
(\$ in millions)

	Actual 2020	Mid-Year Forecast 2021	Preliminary Budget 2022	2023	2024	2025
<b>Cash Receipts and Expenditures</b>						
<b>Receipts</b>						
Farebox Revenue	\$2,575	\$2,828	\$4,860	\$5,397	\$5,482	\$5,478
Other Revenue	4,569	707	784	847	879	898
Capital and Other Reimbursements	1,931	2,257	2,069	1,994	2,019	2,037
<b>Total Receipts</b>	<b>\$9,075</b>	<b>\$5,792</b>	<b>\$7,713</b>	<b>\$8,239</b>	<b>\$8,380</b>	<b>\$8,412</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$5,793	\$5,971	\$6,156	\$6,217	\$6,372	\$6,668
Overtime	1,107	1,201	1,086	1,087	1,107	1,130
Health and Welfare	1,355	1,487	1,605	1,693	1,800	1,916
OPEB Current Payments	625	730	797	866	941	1,022
Pension	1,537	1,513	1,515	1,522	1,523	1,555
Other Fringe Benefits	547	1,237	1,127	1,016	1,047	1,091
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	(5)	(5)	(5)	(5)	(5)
<b>Total Labor Expenditures</b>	<b>\$10,963</b>	<b>\$12,134</b>	<b>\$12,280</b>	<b>\$12,396</b>	<b>\$12,786</b>	<b>\$13,376</b>
<b>Non-Labor:</b>						
Electric Power	\$404	\$434	\$480	\$493	\$505	\$518
Fuel	112	162	171	168	167	223
Insurance	29	13	70	92	119	153
Claims	240	277	294	300	308	320
Paratransit Service Contracts	344	394	517	551	586	623
Maintenance and Other Operating Contracts	700	871	906	918	924	929
Professional Services Contracts	543	807	651	577	583	614
Materials and Supplies	772	789	870	841	846	862
Other Business Expenses	153	167	178	192	206	223
<b>Total Non-Labor Expenditures</b>	<b>\$3,297</b>	<b>\$3,913</b>	<b>\$4,136</b>	<b>\$4,132</b>	<b>\$4,244</b>	<b>\$4,465</b>
<b>Other Expenditure Adjustments:</b>						
Other	\$147	\$203	\$105	\$97	\$106	\$113
General Reserve	335	170	180	190	195	200
<b>Total Other Expenditure Adjustments</b>	<b>\$482</b>	<b>\$373</b>	<b>\$285</b>	<b>\$287</b>	<b>\$301</b>	<b>\$313</b>
<b>Total Expenditures</b>	<b>\$14,742</b>	<b>\$16,421</b>	<b>\$16,702</b>	<b>\$16,816</b>	<b>\$17,331</b>	<b>\$18,154</b>
<b>Net Cash Balance before Subsidies and Debt Service</b>	<b>(\$5,668)</b>	<b>(\$10,628)</b>	<b>(\$8,989)</b>	<b>(\$8,577)</b>	<b>(\$8,950)</b>	<b>(\$9,742)</b>
Dedicated Taxes & State and Local Subsidies	\$7,714	\$7,930	\$8,461	\$8,741	\$8,898	\$9,093
Debt Service (excludes Service Contract Bonds)	(2,028)	(2,116)	(2,328)	(2,663)	(2,700)	(2,688)
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$18</b>	<b>(\$4,814)</b>	<b>(\$2,857)</b>	<b>(\$2,499)</b>	<b>(\$2,752)</b>	<b>(\$3,337)</b>
Adjustments	\$0	\$4,311	\$2,857	\$2,499	\$2,752	\$3,337
Prior-Year Carryover Balance	485	503	0	0	0	0
<b>Net Cash Balance</b>	<b>\$503</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022-2025**  
**MTA Consolidated July Financial Plan Compared with February Financial Plan**  
**Cash Reconciliation after Below-the-Line Adjustments**  
(\$ in millions)

	Favorable/(Unfavorable)			
	2021	2022	2023	2024
<b>FEBRUARY FINANCIAL PLAN 2021-2024</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$5</b>	<b>(\$3,129)</b>	<b>(\$2,441)</b>	<b>(\$2,403)</b>
<b>Agency Baseline Re-estimates</b>	<b>\$1,585</b>	<b>\$1,637</b>	<b>\$1,126</b>	<b>\$648</b>
Revenue				
Farebox Revenue <sup>1</sup>	1,077	1,399	831	395
Toll Revenue <sup>1</sup>	645	154	-	-
April 2021 6% Increase in Toll Revenue	99	141	141	144
Rates & Related Assumptions <sup>2</sup>	156	135	113	110
COVID Impacts (Revenue and Expenditures)	(2)	21	55	(18)
Timing (including 2020)	(294)	(179)	(7)	15
Other Baseline Re-estimates <sup>3</sup>	(95)	(35)	(8)	2
<b>New Needs/Investments</b>	<b>(\$33)</b>	<b>(\$87)</b>	<b>(\$86)</b>	<b>(\$101)</b>
Maintenance	31	(22)	(22)	(22)
Service/Service Support	(12)	(25)	(25)	(26)
Technology Enhancements	(40)	(26)	(24)	(40)
Safety & Security	(3)	(10)	(11)	(10)
All Other New Needs	(10)	(4)	(4)	(3)
<b>Savings Programs</b>	<b>(\$10)</b>	<b>\$34</b>	<b>\$30</b>	<b>\$39</b>
New BRPs and Re-estimates (including ASAs)	(10)	34	30	39
<b>B&amp;T Adjustments</b>	<b>(\$748)</b>	<b>(\$288)</b>	<b>(\$126)</b>	<b>(\$125)</b>
B&T Net Baseline Impacts <sup>4</sup>	(748)	(288)	(126)	(125)
<b>General Reserve <sup>5</sup></b>	<b>(\$335)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Debt Service (Cash)</b>	<b>\$51</b>	<b>\$59</b>	<b>\$92</b>	<b>\$91</b>
<b>Subsidies (Cash)</b>	<b>\$344</b>	<b>\$571</b>	<b>\$578</b>	<b>\$720</b>
Metropolitan Mass Transportation Operating Assist (MMTOA)	154	54	39	106
Petroleum Business Tax (PBT) Receipts	16	19	19	18
Real Estate Taxes	317	375	377	368
Payroll Mobility Tax (PMT)	148	-	-	-
PMT Replacement Funds	20	13	13	13
For-Hire Vehicle (FHV) Surcharge	(43)	(33)	5	5
2020-24 Capital Program Funding from Lockbox for Debt Service	(515)	38	53	57
State Operating Assistance (18-b)	6	-	-	-
Local Operating Assistance (18-b)	(25)	-	-	-
City Subsidy for MTA Bus	(131)	(142)	(8)	(39)
City Subsidy for Staten Island Railway	(21)	5	(6)	(9)
CDOT Subsidy for Metro-North Railroad	36	(13)	5	24
B&T Surplus Transfer	737	369	199	182
Restore Committed to Capital Contribution	(367)	(120)	(114)	-
Other Subsidies and Subsidy Adjustments	12	8	(3)	(4)
<b>Below-the-Line (BTL) Adjustments</b>	<b>(\$848)</b>	<b>\$1,207</b>	<b>\$827</b>	<b>\$1,131</b>
<b>Fare and Toll Increases:</b>				
Adjustments to 2021 and 2023 Fare/Toll Increases	0	57	67	40
Reversal of Toll Increase Incorporated Above-the-Line	(44)	(78)	(85)	(85)
<b>MTA Efficiencies:</b>				
MTA Transformation Savings - Not Yet Identified	-	-	-	-
<b>Management and Policy Actions:</b>				
Service Reductions	-	-	(476)	(353)
Two-Year Freeze (Rep/Non-Rep through 2022)	-	(138)	(141)	(131)
<b>MTA Re-estimates:</b>				
Reversal of Below-the-Line Policy Actions Incorporated Above-the-Line	796	-	-	-
East-Side Access	31	(7)	(58)	(75)
Headquarters Call Center	(3)	(0)	1	2
State Aid for the 2015-19 Capital Program	-	(8)	(8)	(8)
Repayment of Revolving Bank Line of Credit	-	-	-	-
<b>Other:</b>				
FEMA Reimbursement	-	140	-	-
CRRSAA Federal Aid	-	-	-	-
ARPA Federal Aid	22	2,492	1,527	1,740
Proceeds of MLF Deficit Bonding	(1,650)	(1,250)	-	-
<b>Prior Year Carryover</b>	<b>(\$11)</b>	<b>(\$5)</b>	<b>\$0</b>	<b>\$0</b>
<b>JULY FINANCIAL PLAN 2022-2025</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Totals may not add due to rounding

**Notes to Cash Reconciliation after Below-the-Line Adjustments:**

- <sup>1</sup> In the July Plan, farebox revenue recovery estimates for NYCT Subway and Bus, MTA Bus, Long Island Rail Road and Metro-North Railroad reflect the midpoint between the "best case" and "worst case" McKinsey scenarios. Staten Island Railway reflects the "worst case" scenario, and Bridges & Tunnels toll revenue recovery projections reflect the "best case" scenario.
- <sup>2</sup> Includes plan-to-plan rate adjustments for health & welfare (employees and retirees), pension, electric power, fuel, etc.
- <sup>3</sup> Includes updated operating capital, reimbursable, OTPS adjustments, and cash.
- <sup>4</sup> 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 in 2021 and 2022 are increased toll revenue and labor expense adjustments. Changes for 2023 and 2024 primarily reflect insurance and changes in rates and related assumptions.
- <sup>5</sup> The 2019 and 2020 unspent General Reserves, which were held in the Plan for cash needs, can now be released with the anticipated receipt of federal ARPA funds and used to pay back a portion of an MTA intercompany loan.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022 - 2025**  
**Consolidated Subsidies**  
**Cash Basis**  
(\$ in Millions)

	Actual 2020	Mid-Year Forecast 2021	Preliminary Budget 2022	2023	2024	2025
<b>MMTOA, PBT &amp; Real Estate Taxes</b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,564.0	\$2,247.5	\$1,924.0	\$1,983.6	\$2,047.4	\$2,112.9
Petroleum Business Tax (PBT)	565.1	582.9	589.9	584.3	582.1	580.5
Mortgage Recording Tax (MRT)	462.7	579.6	598.2	597.9	614.6	635.7
MRT Transfer to Suburban Counties	(5.8)	(3.9)	(6.8)	(7.1)	(7.5)	(7.9)
MTA Bus Debt Service	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)	(12.6)
Interest	5.3	5.3	5.3	5.3	5.3	5.3
Urban Tax	377.0	342.4	437.6	497.8	534.6	574.2
Other Investment Income	1.7	1.7	1.7	1.7	1.7	1.7
	<b>\$2,957.8</b>	<b>\$3,743.3</b>	<b>\$3,537.8</b>	<b>\$3,651.3</b>	<b>\$3,765.9</b>	<b>\$3,889.8</b>
<b>PMT and MTA Aid</b>						
Payroll Mobility Tax (PMT)	\$1,560.8	\$1,523.5	\$1,596.2	\$1,762.5	\$1,840.6	\$1,920.8
Payroll Mobility Tax Replacement Funds	195.4	293.1	244.3	244.3	244.3	244.3
MTA Aid	248.8	273.2	305.0	310.5	310.9	311.2
	<b>\$2,005.1</b>	<b>\$2,089.8</b>	<b>\$2,145.4</b>	<b>\$2,317.3</b>	<b>\$2,395.8</b>	<b>\$2,476.2</b>
<b>New Funding Sources</b>						
<b>SAP Support and For-Hire Vehicle Surcharge:</b>						
For-Hire Vehicle (FHV) Surcharge	\$223.2	\$228.1	\$354.2	\$392.5	\$392.5	\$392.5
Subway Action Plan Account	222.1	224.7	300.0	300.0	300.0	300.0
Outerborough Transportation Account (OBTA)	0.0	0.0	50.0	50.0	50.0	50.0
Less: OBTA Projects	0.0	0.0	(50.0)	(50.0)	(50.0)	(50.0)
General Transportation Account	1.1	3.4	54.2	92.5	92.5	92.5
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 Lockbox for Debt Service:</b>						
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	1,000.0	1,000.0	1,000.0
Real Property Transfer Tax Surcharge (Mansion Tax)	176.5	185.7	202.0	219.7	239.0	259.9
Internet Marketplace Tax	260.0	343.5	319.1	322.3	324.5	327.7
Less: Transfer Lockbox Revenues to Committed to Capital	63.5	(519.4)	(483.0)	(1,489.3)	(1,499.2)	(1,516.2)
	<b>\$723.2</b>	<b>\$237.9</b>	<b>\$392.3</b>	<b>\$445.2</b>	<b>\$456.7</b>	<b>\$463.9</b>
<b>State and Local Subsidies</b>						
State Operating Assistance	\$150.3	\$225.5	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	216.6	194.7	187.9	187.9	187.9	187.9
Station Maintenance	174.8	177.4	181.0	184.5	188.3	192.5
	<b>\$541.7</b>	<b>\$597.6</b>	<b>\$556.9</b>	<b>\$560.3</b>	<b>\$564.2</b>	<b>\$568.3</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)	(26.1)	10.1	12.0	0.1	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	(367.3)	(120.2)	(114.1)	(108.8)	(103.8)
Drawdown of OPEB Trust Proceeds	337.4	0.0	0.0	0.0	0.0	0.0
	<b>\$297.3</b>	<b>(\$371.1)</b>	<b>(\$122.1)</b>	<b>(\$127.9)</b>	<b>(\$122.8)</b>	<b>(\$117.7)</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$6,525.1</b>	<b>\$6,297.5</b>	<b>\$6,510.3</b>	<b>\$6,846.2</b>	<b>\$7,059.9</b>	<b>\$7,280.6</b>
<b>Other Funding Agreements</b>						
City Subsidy for MTA Bus Company	\$354.2	\$398.6	\$671.6	\$720.3	\$677.6	\$701.5
City Subsidy for Staten Island Railway	39.5	18.6	68.1	60.6	63.1	67.6
CDOT Subsidy for Metro-North Railroad	299.5	324.5	219.7	203.6	205.9	212.7
	<b>\$693.2</b>	<b>\$741.7</b>	<b>\$959.5</b>	<b>\$984.5</b>	<b>\$946.6</b>	<b>\$981.8</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>\$7,218.3</b>	<b>\$7,039.2</b>	<b>\$7,469.8</b>	<b>\$7,830.7</b>	<b>\$8,006.4</b>	<b>\$8,262.4</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	\$495.3	\$890.9	\$990.9	\$910.3	\$891.7	\$830.5
	<b>\$495.3</b>	<b>\$890.9</b>	<b>\$990.9</b>	<b>\$910.3</b>	<b>\$891.7</b>	<b>\$830.5</b>
<b>TOTAL SUBSIDIES</b>	<b>\$7,713.6</b>	<b>\$7,930.2</b>	<b>\$8,460.6</b>	<b>\$8,740.9</b>	<b>\$8,898.1</b>	<b>\$9,092.9</b>

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

	2021	2022	2023	2024
<b>MMTOA, PBT and Real Estate Taxes</b>				
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$153.8	\$53.7	\$38.7	\$105.7
Petroleum Business Tax (PBT)	16.0	18.9	19.1	17.7
Mortgage Recording Tax (MRT)	291.6	284.9	257.2	244.0
MRT Transfer to Suburban Counties	2.5	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	22.9	90.2	119.9	123.6
Other Investment Income	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
	<b>\$487.2</b>	<b>\$448.1</b>	<b>\$435.3</b>	<b>\$491.4</b>
<b>PMT and MTA Aid</b>				
Payroll Mobility Tax (PMT)	\$148.4	\$0.0	\$0.0	\$0.0
Payroll Mobility Tax Replacement Funds	20.2	12.6	12.6	12.6
MTA Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$168.5</b>	<b>\$12.6</b>	<b>\$12.6</b>	<b>\$12.6</b>
<b>New Funding Sources</b>				
<b>SAP Support and For-Hire Vehicle Surcharge:</b>				
For-Hire Vehicle (FHV) Surcharge	(\$43.2)	(\$33.3)	\$5.0	\$5.0
Subway Action Plan Account	(44.1)	0.0	0.0	0.0
Outerborough Transportation Account (OBTA)	0.0	0.0	0.0	0.0
Less: OBTA Projects	0.0	0.0	0.0	0.0
General Transportation Account	0.9	(33.3)	5.0	5.0
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>	<b>(514.8)</b>	<b>38.1</b>	<b>52.7</b>	<b>57.0</b>
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	0.0	0.0	0.0	0.0
Internet Marketplace Tax	4.7	0.0	0.0	0.0
Less: Transfer Lockbox Revenues to Committed to Capital	(519.4)	38.1	52.7	57.0
	<b>(\$558.0)</b>	<b>\$4.8</b>	<b>\$57.7</b>	<b>\$62.0</b>
<b>State and Local Subsidies</b>				
State Operating Assistance	\$5.9	\$0.0	\$0.0	\$0.0
Local Operating Assistance	(24.9)	0.0	0.0	0.0
Station Maintenance	<u>(1.4)</u>	<u>(2.0)</u>	<u>(3.0)</u>	<u>(3.8)</u>
	<b>(\$20.5)</b>	<b>(\$2.0)</b>	<b>(\$3.0)</b>	<b>(\$3.8)</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)	13.3	9.8	0.1	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	<u>(367.3)</u>	<u>(120.2)</u>	<u>(114.1)</u>	<u>0.0</u>
	<b>(\$354.0)</b>	<b>(\$110.3)</b>	<b>(\$114.0)</b>	<b>\$0.0</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>(\$276.8)</b>	<b>\$353.1</b>	<b>\$388.6</b>	<b>\$562.2</b>
<b>Other Funding Agreements</b>				
City Subsidy for MTA Bus Company	(\$131.5)	(\$142.2)	(\$8.2)	(\$39.1)
City Subsidy for Staten Island Railway	(20.8)	4.5	(5.9)	(9.2)
CDOT Subsidy for Metro-North Railroad	<u>35.9</u>	<u>(13.4)</u>	<u>4.6</u>	<u>24.3</u>
	<b>(\$116.4)</b>	<b>(\$151.1)</b>	<b>(\$9.5)</b>	<b>(\$24.0)</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>(\$393.2)</b>	<b>\$202.0</b>	<b>\$379.1</b>	<b>\$538.1</b>
<b>Inter-agency Subsidy Transactions</b>				
B&T Operating Surplus Transfer	<u>\$737.4</u>	<u>\$369.1</u>	<u>\$198.7</u>	<u>\$182.4</u>
	<b>\$737.4</b>	<b>\$369.1</b>	<b>\$198.7</b>	<b>\$182.4</b>
<b>TOTAL SUBSIDIES</b>	<b>\$344.2</b>	<b>\$571.2</b>	<b>\$577.8</b>	<b>\$720.5</b>

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**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2022-2025**  
**Debt Affordability Statement after Below-the-Line Adjustments <sup>(1)</sup>**  
 \$ in millions

<b>Forecasted Debt Service and Borrowing Schedule</b>		<b>Notes</b>	<b>2020 ACTL</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Combined MTA/TBTA Forecasted Debt Service Schedule		1, 2, 3	\$2,703.0	\$2,842.9	\$3,065.3	\$3,514.3	\$3,559.9	\$3,614.1
Forecasted New Long-Term Bonds Issued		4	-	988.6	3,382.2	4,335.6	893.5	883.6
<b>Forecasted Debt Service by Credit <sup>9</sup></b>		<b>Notes</b>	<b>2020 ACTL</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Transportation Revenue Bonds</b>								
Pledged Revenues		5	\$8,777.6	\$10,465.6	\$12,488.4	\$13,100.6	\$13,297.9	\$13,982.1
Debt Service		10	1,636.3	1,685.9	1,749.3	1,837.6	1,841.6	1,827.1
Debt Service as a % of Pledged Revenues			19%	16%	14%	14%	14%	13%
<b>Dedicated Tax Fund Bonds</b>								
Pledged Revenues		6	\$565.1	\$582.9	\$589.9	\$584.3	\$582.1	\$580.5
Debt Service		10	388.1	388.1	387.3	391.9	391.5	386.5
Debt Service as a % of Pledged Revenues			69%	67%	66%	67%	67%	67%
<b>Payroll Mobility Tax Bonds</b>								
Pledged Revenues		7	\$1,809.7	\$1,796.7	\$1,901.2	\$2,073.0	\$2,151.6	\$2,232.0
Debt Service		10	-	58.0	223.1	479.8	517.4	523.8
Debt Service as a % of Pledged Revenues			0%	3%	12%	23%	24%	23%
<b>Triborough Bridge and Tunnel Authority General Revenue Bonds</b>								
Pledged Revenues		8	\$1,138.8	\$1,603.9	\$1,700.9	\$1,700.1	\$1,695.9	\$1,694.6
Debt Service		10	569.9	601.7	588.4	683.4	692.4	757.7
Debt Service as a % of Total Pledged Revenues			50%	38%	35%	40%	41%	45%
<b>Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds</b>								
Pledged Revenues		9	\$568.9	\$1,002.2	\$1,112.5	\$1,016.7	\$1,003.5	\$936.8
Debt Service		10	102.0	102.1	103.3	103.1	93.7	91.7
Debt Service as a % of Total Pledged Revenues			18%	10%	9%	10%	9%	10%
<b>Triborough Bridge and Tunnel Authority 2nd Subordinate Revenue Bonds</b>								
Pledged Revenues		11	\$466.9	\$900.0	\$1,009.2	\$913.6	\$909.7	\$845.1
Debt Service		10	-	-	7.5	12.9	18.5	20.9
Debt Service as a % of Total Pledged Revenues			0%	0%	1%	1%	2%	2%
<b>Debt Service Secured by Lockbox Revenues</b>								
Debt Service		10	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4
<b>2 Broadway Certificates of Participation</b>								
Lease Payments			\$6.7	\$7.1	\$6.3	\$5.5	\$4.7	\$3.9
<b>Cumulative Debt Service (Excluding State Service Contract Bonds)</b>		<b>Notes</b>	<b>2020 ACTL</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Total Debt Service before Below-the-Line Adjustments:</b>								
		1, 2, 3	\$2,703.0	\$2,842.9	\$3,065.3	\$3,514.3	\$3,559.9	\$3,614.1
<b>Fare and Toll Revenues before Below-the-Line Adjustments</b>								
			\$4,263.2	\$4,966.1	\$7,116.4	\$7,665.8	\$7,756.4	\$7,773.2
<b>Total Debt Service as a % of Fare/Toll Revenue</b>								
			63.4%	57.2%	43.1%	45.8%	45.9%	46.5%
<b>Operating Revenues (including Fare/Toll Revenues) and Subsidies</b>								
			\$15,521.1	\$13,378.3	\$15,493.5	\$16,422.0	\$16,769.4	\$17,048.4
<b>Total Debt Service as a % of Operating Revenues and Subsidies</b>								
			17.4%	21.3%	19.8%	21.4%	21.2%	21.2%
<b>Non-Reimbursable Expenses with Non-Cash Liabilities</b>								
			\$17,401.2	\$19,203.1	\$20,068.8	\$20,639.5	\$21,108.5	\$21,884.5
<b>Total Debt Service as % of Non-reimbursable Expenses</b>								
			15.5%	14.8%	15.3%	17.0%	16.9%	16.5%
<b>Total Debt Service <u>after</u> Below the Line Adjustments:</b>								
		15	\$2,703.0	\$2,842.9	\$3,065.3	\$3,514.3	\$3,559.9	\$3,614.1
<b>Fare and Toll Revenues after Below the Line Adjustments</b>								
		15	\$4,263.2	\$4,984.0	\$7,300.6	\$8,132.1	\$8,275.1	\$8,568.0
<b>Total Debt Service as a % of Fare and Toll Revenue after BTL Adjustments</b>								
			63.4%	57.0%	42.0%	43.2%	43.0%	42.2%
<b>Operating Revenues and Subsidies after Below the Line Adjustments</b>								
		15	\$15,521.1	\$17,637.0	\$18,340.9	\$18,432.7	\$19,049.3	\$19,888.6
<b>Total Debt Service as a % of Operating Rev/Subsidies after BTL Adjs.</b>								
			17.4%	16.1%	16.7%	19.1%	18.7%	18.2%
<b>Non-reimbursable Expenses after Below the Line Adjustments</b>								
		15	\$17,401.2	\$19,150.4	\$20,059.1	\$20,151.0	\$20,636.0	\$21,387.8
<b>Total Debt Service as a % of Non-Reimbursable Exp after BTL Adjs.</b>								
			15.5%	14.8%	15.3%	17.4%	17.3%	16.9%
<b>2015-19 State Operating Aid (Capital Plan State Share) - Below the Line</b>								
		13	\$0.0	\$0.0	\$36.7	\$38.1	\$38.1	\$38.1
<b>Lockbox Revenues to Fund Certain PMT Bonds Issued for the 2020-24 CP</b>								
		14	-	9.8	30.6	39.8	45.7	48.1
<b>Lockbox Revenues to Fund Interest on TBTA 2nd Subordinate BAN Interest</b>								
		14	-	-	7.5	12.9	18.5	20.9
<b>Debt Service Secured by Lockbox Revenues</b>								
		12	-	-	-	-	-	2.4
<b>Total Debt Service Less State Operating Aid, Debt Service Supported by Lockbox Revenues</b>								
		12, 13, 14	\$2,703.0	\$2,833.1	\$2,990.5	\$3,423.4	\$3,457.6	\$3,504.6
<b>Operating Revenues and Subsidies Less State Operating Aid and Lockbox Revenues</b>								
			\$15,521.1	\$17,627.3	\$18,266.0	\$18,341.8	\$18,946.9	\$19,779.1
<b>Total Debt Service as a % of Operating Revenue/Subsidies Less State Operating Aid and Lockbox Revenues</b>								
			17.4%	16.1%	16.4%	18.7%	18.2%	17.7%

Notes on the following page are integral to this table.

## Notes

- 1 *Floating rate notes assumed at the variable rate assumption plus the current fixed spread to maturity.*
- 2 *Synthetic fixed-rate debt assumed at swap rate; floating rate notes assumed at swap rate plus the current fixed spread to maturity.*
- 3 *All debt service numbers reduced by Build America Bonds (BAB) subsidy.*
- 4 *All bonds to be issued assume 30-year level debt service with the principal amortized over the life of the bonds, with the following exceptions: 1) PMT Bonds for Deficit Financing which are 30-year bonds, amortized on a level debt service basis over 20 years, from year 11 to year 30; 2) PMT Bonds for the MTA Bond funded portion of the 2020-24 capital program (\$9,792 million portion) which are 30-year bonds, amortized on a level debt service basis over 20 years, from year 11 to year 30.*
- 5 *Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; funds contributed to the General Transportation Account of the NYC Transportation Assistance Fund; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds, and the Payroll Mobility Tax Obligation Resolution Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.*
- 6 *Dedicated Tax Fund pledged revenues as shown above consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA, in addition, while not reflected in the DTF pledged revenue figures above, the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Transportation Operating Assistance Account for the benefit of the MTA are also pledged. After the payment of debt service on the MTA Dedicated Tax Fund Bonds, these subsidies are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTQA.*
- 7 *Payroll Mobility Tax Obligations pledged revenues consist of Payroll Mobility Tax and Aid Trust Account Receipts.*
- 8 *Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.*
- 9 *Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.*
- 10 *A debt service schedule for each credit is attached as addendum hereto.*
- 11 *Triborough Bridge and Tunnel Authority Second Subordinate (2nd SUB) Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue and Subordinate Revenue Bonds.*
- 12 *Debt service secured by lockbox revenues. Lockbox revenues consist of sales tax revenues, mansion tax and CBDTP revenues.*
- 13 *The 2015-19 Capital Plan includes capital projects funded by the State through additional operating aid appropriated to the MTA on an annual basis.*
- 14 *Certain PMT and TBTA 2nd SUB debt service to be paid by Lockbox revenues.*
- 15 *These totals incorporate the Plan's Below-the-Line Adjustments.*



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### **III. Plan Adjustments**

## **Plan Adjustments**

The discussion that follows reflects proposed Plan Adjustments to the Baseline.

### **Fare/Toll Increases**

Fare Increase in November 2021 – An increase in fare rates, yielding a 4% increase in farebox revenues, is assumed for implementation in November 2021 and is projected to generate an annualized increase of \$209 million in MTA consolidated farebox revenue (as measured in 2024, when ridership is expected to recover to the “new normal” level). Consolidated farebox revenue is expected to increase by \$18 million in 2021, by \$184 million in 2022, by \$205 million in 2023, \$209 million in 2024 and by \$208 million in 2025.

Increases in farebox revenues generated at MTA Bus and SIR are used to hold down NYC subsidies that cover the costs associated with these operations. These items are offsets to the consolidated farebox revenue generated from the fare increase, and are included within “Subsidy Impacts of 2021, 2023 and 2025 Fare/Toll Increase”; when these subsidy offsets are factored in, the net change to the MTA from the proposed 2021 increase is \$17 million in 2021, \$179 million in 2022, \$197 million in 2023, \$201 million in 2024 and \$200 million in 2025. These net projections when compared with the February Plan are lower by \$5 million in 2021, and higher by \$50 million in 2022, \$31 in 2023 and \$16 million in 2024.

Fare and Toll Increase in March 2023 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2023 and is projected to generate a \$310 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$261 million in 2023, \$310 million in 2024 and \$311 million in 2025. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of 2021, 2023 and 2025 Fare/Toll Increase” (10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited), the net increase to the MTA is \$248 million in 2023, \$301 million in 2024 and \$302 million in 2025. Compared with the February Plan, net projections are higher by \$29 million in 2023 and \$23 million in 2024.

Fare and Toll Increase in March 2025 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2025 and is projected to generate a \$327 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$276 million in 2025. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of 2021, 2023 and 2025 Fare/Toll Increase”, the net increase to the MTA is \$262 million 2025.

# MTA Consolidated Utilization

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

		Mid-Year Forecast	Preliminary Budget	2023	2024	2025
		2021	2022			
<b>Fare Revenue</b>						
Long Island Rail Road	Baseline	\$292.003	\$556.959	\$630.0	\$648.7	\$659.8
	2021 Yield Increase	\$1.956	\$22.278	25.200	25.948	26.394
	2023 Yield Increase	\$0.000	\$0.000	22.404	26.986	27.449
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	24.404
		<b>\$293.959</b>	<b>\$579.238</b>	<b>\$677.6</b>	<b>\$701.6</b>	<b>\$738.1</b>
Metro-North Railroad <sup>1</sup>	Baseline	\$255.216	\$514.836	\$581.0	\$584.2	\$588.6
	2021 Yield Increase	\$0.990	\$12.494	14.208	14.286	14.399
	2023 Yield Increase	\$0.000	\$0.000	11.380	13.402	13.518
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	11.847
		<b>\$256.207</b>	<b>\$527.330</b>	<b>\$606.6</b>	<b>\$611.9</b>	<b>\$628.3</b>
MTA Bus Company <sup>2</sup>	Baseline	\$123.248	\$178.962	\$193.9	\$197.2	\$196.6
	2021 Yield Increase	\$0.814	\$7.158	7.755	7.888	7.864
	2023 Yield Increase	\$0.000	\$0.000	6.875	8.204	8.179
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	7.250
		<b>\$124.062</b>	<b>\$186.120</b>	<b>\$208.5</b>	<b>\$213.3</b>	<b>\$219.9</b>
New York City Transit <sup>3</sup>	Baseline	\$2,153.425	\$3,604.150	\$3,987.4	\$4,047.2	\$4,027.9
	2021 Yield Increase	\$14.072	\$142.062	157.614	160.318	159.547
	2023 Yield Increase	\$0.000	\$0.000	139.117	166.669	165.867
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	146.413
		<b>\$2,167.497</b>	<b>\$3,746.212</b>	<b>\$4,284.2</b>	<b>\$4,374.2</b>	<b>\$4,499.8</b>
Staten Island Railway <sup>2</sup>	Baseline	\$1.874	\$4.507	\$5.4	\$5.5	\$5.5
	2021 Yield Increase	\$0.013	\$0.180	0.218	0.221	0.221
	2023 Yield Increase	\$0.000	\$0.000	0.193	0.230	0.230
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	0.203
		<b>\$1.887</b>	<b>\$4.688</b>	<b>\$5.8</b>	<b>\$6.0</b>	<b>\$6.2</b>
<b>Total Farebox Revenue</b>	Baseline	\$2,825.767	\$4,859.414	\$5,397.8	\$5,482.9	\$5,478.5
	2021 Yield Increase	\$17.845	\$184.174	204.994	208.662	208.425
	2023 Yield Increase	\$0.000	\$0.000	179.968	215.490	215.243
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	190.118
		<b>\$2,843.612</b>	<b>\$5,043.588</b>	<b>\$5,782.7</b>	<b>\$5,907.0</b>	<b>\$6,092.3</b>
<b>Toll Revenue</b>						
Bridges & Tunnels <sup>4</sup>	Baseline	\$2,140.345	\$2,256.999	\$2,268.0	\$2,273.5	\$2,294.7
	2021 Yield Increase	\$0.000	\$0.000	0.000	0.000	0.000
	2023 Yield Increase	\$0.000	\$0.000	81.364	94.579	95.459
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	85.614
		<b>\$2,140.345</b>	<b>\$2,256.999</b>	<b>\$2,349.4</b>	<b>\$2,368.1</b>	<b>\$2,475.8</b>
<b>TOTAL FARE &amp; TOLL REVENUE</b>						
	Baseline	\$4,966.112	\$7,116.413	\$7,665.8	\$7,756.4	\$7,773.2
	2021 Yield Increase	\$17.845	\$184.174	204.994	208.662	208.425
	2023 Yield Increase	\$0.000	\$0.000	261.333	310.070	310.702
	2025 Yield Increase	\$0.000	\$0.000	0.000	0.000	275.732
		<b>\$4,983.957</b>	<b>\$7,300.586</b>	<b>\$8,132.1</b>	<b>\$8,275.1</b>	<b>\$8,568.0</b>

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

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

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

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

## **MTA Initiatives**

MTA Transformation Savings – Not Yet Identified – In 2019, the MTA procured the services of a management consulting firm to review operations throughout the organization and recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Agencies, and solidify accountability so that the MTA can efficiently deliver the safe and reliable service its customers deserve. Although the pandemic had delayed the full implementation of the Transformation Plan, savings were realized from ongoing vacancies and the MTA hiring freeze; these savings were incorporated into Agency baselines in the February Plan. Unidentified transformation savings of \$25 million in 2021, \$146 million in 2022, \$151 million in 2023, and \$148 million in 2024 remained, and are unchanged in the July Plan.

## **MTA Management and Policy Actions**

Service Reductions – In the February Plan, the MTA had proposed service reductions to align with the post-pandemic “new normal” ridership levels based on the “worst case” ridership recovery scenario. 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 improve, and savings would be \$696 million in 2023 and \$559 million in 2024. With ridership trending on a path consistent with the midpoint between the “best case” and “worst case” recovery scenarios, service reductions have been scaled back to align with the more favorable ridership expectations and the accompanying expense savings are reduced to \$220 million in 2023 and \$206 million in 2024 and 2025.

Two-Year Wage Freeze – In the February Plan, the MTA had proposed a wage freeze through 2022 for all employees, both represented and non-represented, saving an estimated \$309 million in 2022, \$315 million in 2023 and \$322 million in 2024. With the arrival of ARPA Federal Aid, this proposed action has been revised. The TWU Local 100 contract, a four-year contract that runs through mid-May 2022, will be fully honored, as will all other settled contracts. Bargaining units that typically follow the TWU pattern settlements have either entered into two-year agreements similar to the first two years of the current TWU contract or are expected to do so, and those two-year contracts will also be honored, but followed by a pause until the MTA financial picture comes into focus. Non-represented employees would not have wage increases for two years. Revised savings from this policy action are estimated to be \$171 million in 2022, \$174 million in 2023, \$191 million in 2024 and \$198 million in 2025.

## **MTA Re-estimates**

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 be \$37 million in 2020 and \$38 million in each year thereafter. This is a decrease of \$23 million over the Plan period compared to the February Plan.

Repayment of Revolving Bank Line of Credit – To provide liquidity, the MTA drew on its line of credit in 2020; the line of credit is expected to be repaid in 2022.

## **Other Adjustments**

FEMA Reimbursement – The February Plan included reimbursement from the Federal Emergency Management Agency (“FEMA”) for the estimated \$293 million in direct COVID-

related expenses incurred from the start of the pandemic through the end of August 2020, the cut-off date originally 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. For the July Plan, the coverage period from the Federal Emergency Management Agency (FEMA) was extended from September 2020 to September 2021, and MTA estimates its additional reimbursement from claims will come to \$140 million, which is expected to be received in 2022.

Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) –The MTA expects to receive \$4.0 billion from CRRSAA, which was signed into law on December 27, 2020. There is no change from the February Plan.

Proceeds of MLF Deficit Bonding –To cover the budget deficits, the MTA was been granted the authority by the 2020-2021 State Enacted Budget to borrow up to \$10 billion in deficit financing through December 2022. The MTA utilized the Federal Reserve’s Municipal Liquidity 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 pandemic, to borrow the maximum \$2.9 billion allowed under the program before the lending window closed at the end of 2020. The MLF loan is due for repayment in 2023, and the MTA expects to issue long-term bonds in 2023 to repay the Federal Reserve. In the February Plan, it was anticipated the MTA would use \$1.65 billion of MLF deficit financing proceeds in 2021, and the remaining \$1.25 billion in 2022. The July Plan delays using the proceeds of MLF deficit financing until 2025, when it is expected that \$1.301 billion will be needed to close the 2025 deficit.

The following items are being proposed in the July Plan:

East Side Access – Terminal and right-of-way operating and maintenance plans for the East Side Access “Mega” project continue to be fine-tuned, as are safety and security plans. These expenses are captured below the line in Volume 1 of the July Plan.

MTA Consolidated Call Center – To improve how the MTA operates by simplifying workstreams, reducing redundancies and standardizing processes, a centralized call center that will allow the MTA to deliver a clear, high quality and consistent “One MTA” customer experience is being proposed in the July Plan. Cloud-based contact center architectures inclusive of automatic call distribution, integrated voice response, work force management and integrated customer relationship management features are becoming the de-facto standard for organizations that are focused on improving customer experiences. These solutions also provide significant operational efficiencies and long-term reductions in labor, data center, maintenance and capital investment costs and will require a net investment in 2021 of \$3 million and \$1 million in 2022. Thereafter, it is expected that the MTA will realize efficiencies and net savings of \$1 million in 2023, \$2 million in 2024 and \$4 million in 2025.

American Rescue Plan Act (ARPA) Federal Aid – At the time the February Plan was presented, the American Rescue Plan had yet to be enacted. With its enactment, MTA expects to receive about \$6.5 billion in additional federal aid, which will be used to cover deficits in the July Plan.

## **IV. Appendix**

**Certification of the Chairman and Chief Executive Officer  
of the Metropolitan Transportation Authority  
in accordance with Section 202.3(1) of the  
State Comptroller's Regulations**

I, Patrick J. Foye, Chairman and Chief Executive Officer of the Metropolitan Transportation Authority ("MTA") hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority



By: \_\_\_\_\_

Patrick J. Foye  
Chairman and Chief Executive Officer

Dated: 7/16/21



## **V. Other**

## **The MTA Budget Process**

MTA budgeting is a rigorous and thorough on-going process and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three following calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” items;
- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

### **July Plan**

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year’s finances, a preliminary presentation of the following year’s proposed budget, and a three year re-forecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis on which monthly results are compared for the remainder of the year.

### **November Plan**

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

### **December Adopted Budget**

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance and is presented to the MTA Board for review and approval.

### **February Plan**

Finally, certain below-the-line policy issues included in the December Adopted Budget are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The Adopted Budget is allocated over the 12 month period and becomes the basis on which monthly results are compared.