

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2019 Second Quarterly Update)
November 22, 2019

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, the “Second Quarterly Update”), dated November 22, 2019, is the second quarterly update to the Annual Disclosure Statement (the “ADS”) of MTA, dated April 30, 2019, as supplemented on June 26, 2019 and on October 3, 2019, and as updated by a First Quarterly Update, dated August 2, 2019, and contains information only through its date. MTA expects to file this Second 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 November Plan hereinafter referred to, is also posted on the MTA website (utilize “Go to old site”) under “MTA Info – Financial Information – Budget and Financial Statements” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this Second Quarterly Update is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.

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

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Introduction

This update, dated November 22, 2019 (the “Second Quarterly Update”), is the second quarterly update to the Annual Disclosure Statement (the “ADS”) of the Metropolitan Transportation Authority (“MTA”), dated April 30, 2019, as supplemented on June 26, 2019 and on October 3, 2019, and as updated by a First Quarterly Update, dated August 2, 2019. This Second Quarterly Update contains information only through November 22, 2019, 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 Second Quarterly Update, readers will find:

1. A summary of recent events and changes to MTA’s 2019-2023 Financial Plan released by MTA in July 2019 (the “July Plan”), made since the date of the ADS, to reflect provisions of the 2019 MTA November Financial Plan presented to the MTA Board on November 14, 2019 (the “November Plan”). The complete November Plan is posted on MTA’s website (utilize “Go to old site”) under “MTA Info – Financial Information – Budget and Financial Statements” at www.mta.info. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the November Plan includes revised July Plan projections for fiscal years 2019 through 2023.
2. **Attachment A** to this Second Quarterly Update, which presents the November Plan in tabular form and includes Financial Plan tables that summarize MTA’s November Plan for fiscal year 2018 (actual) and projected receipts and expenditures for fiscal years 2019 through 2023, in each case prepared by MTA management.

The November Plan

The November Plan includes the 2019 November Forecast, the 2020 Final Proposed Budget and a Financial Plan for the years 2020-2023, which updates the July Financial Plan. Since 2010, MTA financial plans have included the impact of MTA management’s pursuit of operational efficiencies and recurring cost reductions which are used to moderate the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and provide funding for the capital program and enhanced maintenance. The Financial Plans have added service when sustainable, while also addressing long-term costs such as pensions, health care, paratransit, and debt service.

As discussed below in further detail, the November Plan includes projected impacts of the implementation of the MTA Transformation Plan (as approved by the MTA Board at its July 24, 2019 meeting, “Transformation Plan”), which is designed to streamline MTA internal processes, with no budget-driven service cuts, continued improvements derived from implementation of the Subway Action Plan, and projected biennial fare and toll increases intended to generate a four percent net increase in farebox and toll revenues. The November Plan permanently captures savings from vacant administrative positions that will be eliminated and reflects the fiscal impact of actions being taken to reduce fare evasion and constrain “controllable” overtime. The November Plan also assumes a

renegotiation with The City of New York (“City”) for a more equitable sharing of paratransit net operating deficits. To bridge the transition period until the Transformation Plan is fully implemented and related savings are realized, the November Plan uses several actions to balance the budget.

MTA’s finances are structurally imbalanced, with expenses surpassing revenues. Beginning with 2017, annual budgets have been balanced with a variety of non-recurring actions. While the MTA has since 2010, identified and acted on an extensive array of recurring cost reduction actions and containments resulting in annualized savings of \$2.5 billion through 2019, it has become increasingly difficult to identify and implement additional savings initiatives. In the November Plan, Related Agency re-estimates of prior Budget Reduction Program (“BRP”) items have reduced previously identified savings by \$317 million over the November Plan period.

The use of non-recurring and additional recurring savings measures are insufficient to eliminate systemic budgetary shortfalls. To address this situation, the 2019-2020 New York State Enacted Budget included a series of MTA reforms, including the legislated requirement to develop an organizational restructuring plan to remedy institutional constraints. In an effort to streamline MTA to more effectively provide safe, reliable, cost efficient service, MTA procured the services of AlixPartners, a management consulting firm, to aid in the first step of this undertaking. The firm presented its report (which is the basis for the Transformation Plan) to MTA earlier this year, and initial fiscal impacts of the report’s recommendations were included in the July Financial Plan.

Since the release of the recommendations, MTA, with the assistance of a management consulting firm, has developed a functional reorganization plan that builds on the AlixPartners report and has created the office of the Chief Transformation Officer. The Chief Transformation Officer will guide the MTA through the transformation process. The MTA Board at its November 14, 2019 meeting approved the appointment of Anthony McCord as Chief Transformation Officer.

The July Plan

The July Plan projected cash balances of \$61 million in 2019 and \$55 million in 2020, with deficits of \$26 million in 2021, \$281 million in 2022 and \$433 million in 2023. The balances reflect significant favorable impacts from \$1.8 billion in estimated savings initially identified in the AlixPartners report. Without those savings, the 2023 deficit would grow to almost \$1 billion. In addition to the Transformation Plan savings, the July Plan was based on three key inter-related elements: (i) fare and toll price increases in both 2021 and 2023 which net 4% in annual revenue; (ii) annually recurring cost reduction and containment targets that result in annual savings of almost \$2.8 billion per year by 2023; and (iii) maintaining major on-going initiative investments for the MTA Long Island Rail Road “Forward Plan”, the “Bus Plans” at MTA New York City Transit and MTA Bus, the MTA Metro-North Railroad “Way Ahead Plan”, and the Subway Action Plan for MTA New York City Transit.

The 2019 Mid-Year Forecast was balanced with the use of non-recurring actions, including the releasing of the \$160 million General Reserve for 2018 at the end of 2018, the freeing up of \$40 million in excess fuel hedge collateral, and a reduction in the budget line item “2019 Committed to Capital” of \$64 million. The July Plan also included a fare evasion deterrence program MTA New York City Transit, which is partially funded by a grant from the Manhattan District Attorney. Lastly, the July Plan included funding for the replacement of MTA New York City Transit’s capital

accounting system, the rollout of a computer based (“Kronos”) timekeeping system throughout MTA, and the expenses associated with State-mandated employee training.

Changes Since the July Plan

Changes since the July Plan include:

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

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

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

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

In total, these revised estimates, as well as other changes, are \$467 million unfavorable for the 2019 through 2023 November Plan period. A reconciliation of “Plan-to-Plan” changes can be found in **Attachment A** to this Second Quarterly Update.

Highlights of the November Plan

The November Plan continues to follow a similar approach to those reflected in earlier plans and incorporates additional actions necessary to achieve budget balance in the near-term and significantly reduce out-year deficits.

Implementation of the Transformation Plan to Streamline MTA Internal Processes. MTA is fundamentally changing the way business is conducted, in an effort to more effectively deliver to its customers a more modern, efficient system. This significant transformation includes the centralization of all operating support functions, with a focus on core service delivery by the operating agencies. Among the steps being taken that are reflected in the November Plan are:

- The hiring of the Chief Transformation Officer, who will report directly to the MTA Board, to lead the transformation of MTA;
- Through a planned Transformation Request for Proposals, outside experts will be retained to assist with the restructuring of MTA, re-engineering all major business processes, and implementing the transformation “roadmap”; and

- The new Transformation Management Office will support the Chief Transformation Officer with managing the outside experts and the Transformation Plan, to ensure the changes are delivered effectively and successfully. MTA will bring to the effort new senior leadership positions, including a Chief Engineering Officer, a Director of Research and Development, a Chief People Officer, and a Chief Technology Officer.

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

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

Maintain Prior Plan Investments. The November Plan maintains major on-going investment initiatives, including the MTA Long Island Rail Road “Forward Plan”, the “Bus Plans” at MTA New York City Transit and MTA Bus, and the MTA Metro-North Railroad “Way Ahead Plan”. The November Plan also sustains and expands upon the improvements of the Subway Action Plan, which was initially launched with funding jointly provided by the State and the City, and is now funded from the initial phase of congestion pricing, using revenues from the for-hire vehicle surcharge.

Hold Projected Fare/Toll Increases to 4% in 2021 and 2023. The November Plan continues to project net 4% biennial fare/toll increases (the equivalent of 2% per year) which is lower than the projected two-year inflation rates of 4.9% and 4.7% in 2021 and 2023, respectively. Consistent with recent Financial Plans, a March 1st implementation is assumed for both the 2021 and 2023 increases. The annualized yield of these increases is projected to be \$326 million and \$341 million, respectively.

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

Renegotiate with New York City for a Revised Sharing of Paratransit Costs. Since signing an agreement with the City in 1993, MTA New York City Transit has assumed the City’s responsibility for providing paratransit service. Since then, registrants and ridership have significantly increased, with the net operating deficit growing from \$11 million in 1994 to \$549 million in 2019. The current agreement provides that the City will pay one-third of the net operating deficit, but it is limited to no more than a 20% increase over the City’s payment in the prior year. Based on the 2019 projected net operating deficit, the City will only pay \$176 million, leaving MTA New York City Transit to pay

the remaining balance of \$372 million, which is more than twice as much as the City's share. MTA is proposing a renegotiation of the terms of the Paratransit Service agreement to provide a revised sharing of costs. An equal share of the net operating deficit would reduce MTA New York City Transit's cost by over \$100 million a year.

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

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

Address New Maintenance Requirements. MTA will replace, upgrade or extend the useful life of critical components for the MTA Metro-North Railroad and MTA Bus fleets, and cover additional right-of-way and station maintenance at the MTA Long Island Rail Road.

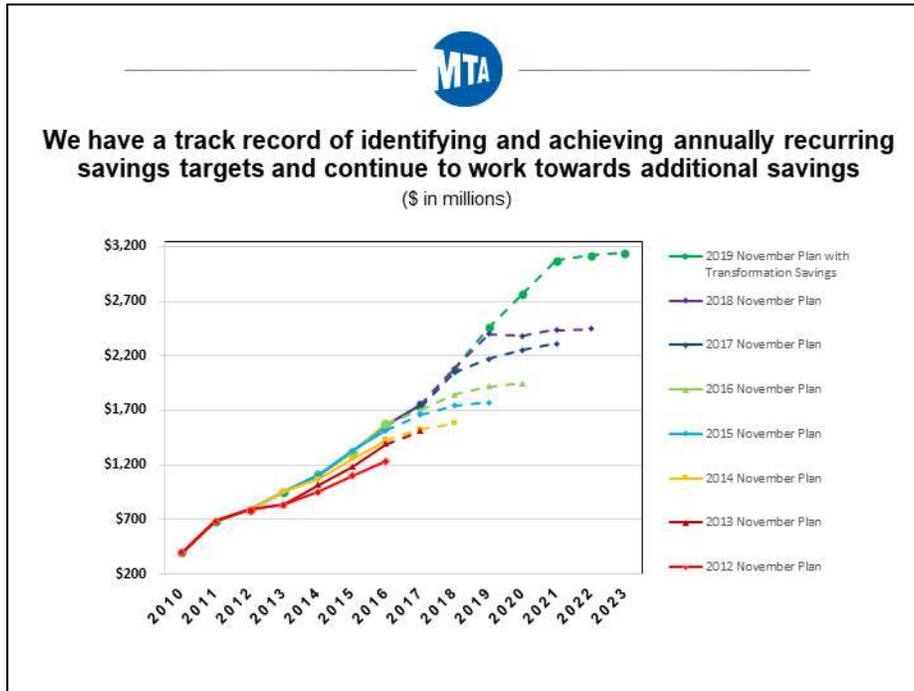
Hiring of Additional MTA Police Officers. MTA is augmenting the MTA Police Department in support of safety and security, homeless outreach efforts, and fare evasion mitigation efforts. MTA has completed the deployment of 500 officers to support these efforts, with MTA Police Department officers deployed in the subway and on bus routes, MTA Bridges and Tunnels officers deployed on bus routes, and New York Police Department officers deployed in the subway. The incremental costs included in the November Plan period for this initiative are estimated to be \$248.9 million, excluding related ongoing training and equipment costs.

Fortify technology networks. MTA will institute technology enhancements by fortifying operational technology networks and increasing risk management activities and controls. These technology security initiatives are designed to enhance existing MTA and Related Entities' operating systems, with estimated costs of \$52.3 million annually for the years 2020 through 2022, \$42.3 million in 2023 and \$41.3 million in 2024, and annually thereafter.

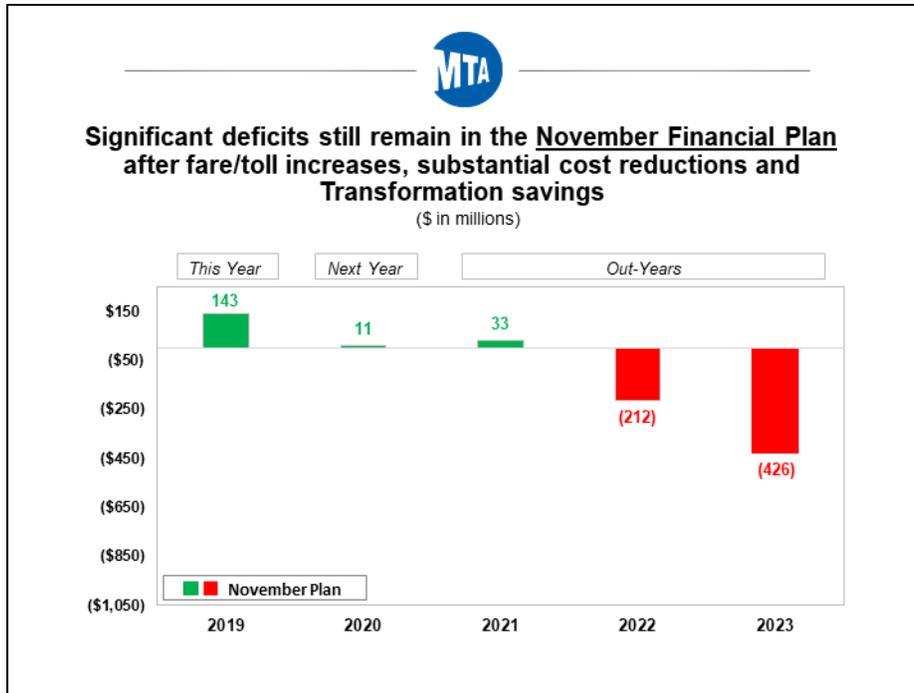
Non-Recurring Actions. Beginning in 2017, the use of non-recurring initiatives have been necessary to balance the budget, and such actions are again necessary to aid in balancing the budget in both 2019 and 2020. At the end of 2018, a favorable year-end balance of \$372 million, mostly timing related, was carried over into 2019. In the July Plan, the \$64 million that had been earmarked for 2019 Committed to Capital was instead applied for use in covering 2019 operating expenses. Similarly, \$30 million of the 2020 Committed to Capital is being applied to help cover projected 2020 operating expenses. The July Plan also assumed the \$165 million 2019 General Reserve, a contingency fund set at approximately one percent of the operating expense budget, would not be required to cover 2019 expenses and, accordingly, will be reserved to cover 2020 expenses. Lastly, it is projected that 2019 will end with a favorable balance of \$143 million, which will carry over into 2020.

Achieve Annually Recurring Savings Targets. The November Plan reflects Related Agency re-estimates of prior Budget Reduction Program items, reducing previously identified savings by \$317 million over the November Plan period. As noted in prior Financial Plans, it has become more difficult to identify recurring savings actions, but MTA remains committed to identifying actions to

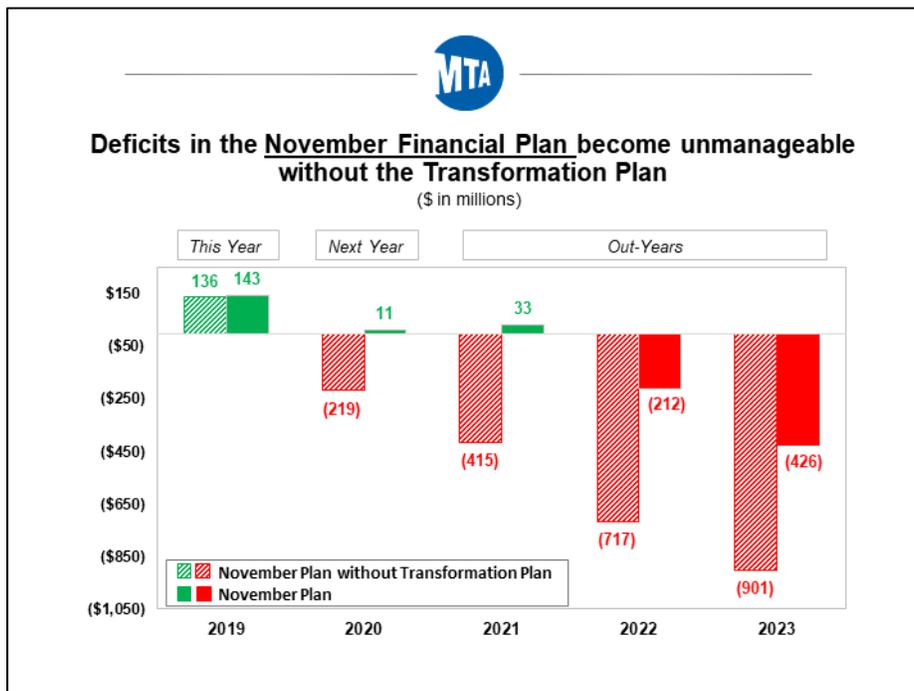
replace the savings that remain to be achieved. The chart below identifies MTA management’s cost reduction/cost containment targets by Financial Plan. Through 2019, MTA has implemented initiatives with annualized savings of \$2.5 billion. These programs are expected to result in annual savings of \$2.7 billion by 2023. Together with the anticipated savings from the Transformation Plan, the annual savings are projected increase to \$3.1 billion by 2023.



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



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



Challenges and Risks Going Forward

There are a variety of challenges and risks affecting MTA and implementation of the November Plan:

Implementation and Timing of State Funding, Governance, Management Changes and Transformation Plan Initiatives. Each of the State legislative initiatives described in the ADS and above, including the For-Hire Vehicle Surcharges, the CBD Tolling Program, expansion of design-build contracting powers, and imposition of the Mass Transit Expert Panel and related MTA governance proposals are complex and require time to implement. Without the savings from the Transformation Plan, the November Plan financial results would worsen by \$1.6 billion over the 2019 through 2023 November Plan period. *Projections of potential financial or operational and management benefits from each of the foregoing are uncertain and difficult to quantify as of the date of this Second Quarterly Update. There can be no assurance that the projected management and Transformation Plan budgetary gains or operational efficiencies reflected in the November Plan will be achieved in whole or in part during the November Plan period (through 2023).*

Maintain Cost Reductions. MTA must remain focused on existing cost control efforts to ensure the savings that MTA and the Related Agencies have achieved to date.

Renegotiate the Paratransit Contract with the City to Achieve Revised Cost Sharing. With MTA covering two-thirds of the paratransit net operating deficit, the current financial sharing relationship is unsustainable.

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

Negotiate Labor Contracts. Most collective bargaining agreements with represented employees expired earlier this year, and MTA is currently engaged in negotiations with labor representatives on both wages and work rules. An agreement that is fair to labor and provides management with the flexibility needed to operate and maintain MTA's transportation network is critical for fiscal stability.

Maintain Fiscal Discipline Over Overtime Usage. While overtime can be a cost-effective and efficient means for addressing certain assignments, a consistent approach to managing overtime usage is necessary. A recent Morrison and Foerster report analyzing overtime usage, commissioned by MTA, emphasized specific recommendations to address existing deficiencies. MTA is diligently putting those recommendation in place.

Implement Biennial Fare and Toll Increases that Yield 4% Increases in Such Revenues. While MTA works diligently to control costs, nonetheless, combined fares and tolls only cover approximately half of operating costs ("Farebox Operating Ratio") and a little more than a third of total costs, including capital costs ("Farebox Recovery Ratio"). Moreover, many costs are dependent on pricing factors outside MTA's direct control (e.g., energy, health & welfare and pensions). If projected fare and toll increases are not implemented, MTA's financial situation will deteriorate as revenue will not be able to keep pace with inflation and other cost growth.

Increase Investments to Address Reliability and Service. The challenge is to continue maintaining and improving the operations of an aging fleet and its infrastructure, including MTA's 115-year old subway system. MTA needs to continue to identify more efficient ways to improve the Transit and Commuter Systems.

Respond to Developing Economic Environment. MTA's finances are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the health of the MTA region, State and national economies. If the economic assumptions reflected in the November Plan are unrealized, the November Plan's projected results would be adversely affected.

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 November 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 which are higher than projected in the November Plan.

Additional Matters

Governance. As noted above, on November 14, 2019, the MTA Board approved the appointment of Anthony McCord as Chief Transformation Officer. In addition, Veronique Hakim has submitted her resignation as MTA Managing Director, effective November 30, 2019. On November 20, 2019, MTA announced the appointment of Mario P eloquin as Chief Operating Officer ("COO"), replacing Ms. Hakim and he is expected to begin as COO in early 2020. In the interim, MTA Chief Safety Officer Patrick Warren will serve as Acting Managing Director, effective November 27, 2019. MTA Board member Veronica Vanterpool has submitted her resignation from the Board effective as of December 19, 2019.

Central Business District Tolling Program. On October 18, 2019, MTA Bridges and Tunnels announced the selection of TransCore to design, build, operate and maintain the toll system equipment and infrastructure required to implement the Central Business District ("CBD") Tolling Program in New York City. MTA Bridges and Tunnels will work closely with TransCore and the City's Department of Transportation to install the toll system and infrastructure for the CBD Tolling Program that is expected to reduce congestion and generate net revenue sufficient to fund an estimated

\$15 billion for the MTA 2020-2024 Capital Plan. The City would be the first in North America to have a CBD Tolling Program, expected to be operational in 2021.

Authorization is required from the Federal Highway Administration (“FHWA”) under its Value Pricing Pilot Program (“VPPP”) to implement the CBD Tolling Program on federal-aid roadways within the CBD. FHWA approval to participate in the VPPP makes this project subject to National Environmental Policy Act review. Because FHWA regulations provide that final design and construction cannot proceed before FHWA issues an environmental finding, the project will proceed in two phases, subject to receipt of FHWA approval.

After the early design phase is complete and the environmental finding is issued, TransCore will complete final design and begin building the infrastructure and installing the toll system equipment. 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.

Climate Change Adaptation. As noted in the ADS under the heading “THE RELATED ENTITIES – Climate Change Adaptation”, MTA continues to monitor and plan for potential climate change impacts on its Transit and Commuter Systems, including the implementation of infrastructure resiliency projects through its capital planning process. On November 7, 2019, MTA joined the United Nations sponsored Science Based Targets initiative (“SBTI”) to reduce greenhouse gas emissions in line with the Paris Climate Agreement. Through the SBTi, a joint-partnership between U.N. Global Compact, the World Resources Institute, World Wide Fund for Nature, and CDP, MTA will develop a defined set of emissions reduction targets using the most up-to-date climate science, in an effort to help keep the increase in global temperatures below 2 degrees Celsius this century. MTA is the second government agency in the United States to commit to a science based target to drive down greenhouse gas emissions.

MTA is also committed to reducing its energy consumption. Through Governor Cuomo’s BuildSmartNY clean energy initiative, MTA expects to complete more than 75 energy efficiency projects with New York Power Authority by the end of 2020. MTA also plans to achieve a significant emissions reduction by converting its diesel bus fleets to electric, with the current plan calling for MTA to have all electric buses by 2040. This process is well under way highlighted by the inclusion of 500 electric buses in the 2020-2024 Capital Plan.

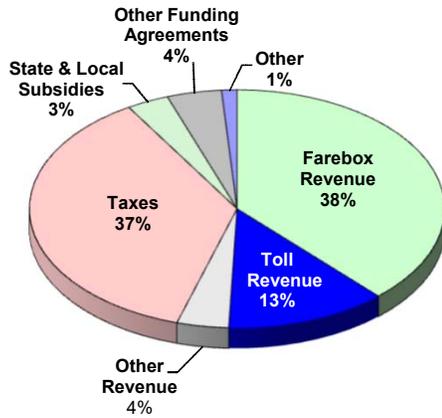
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Second Quarterly Update
November 22, 2019**

MTA November Financial Plan

This **Attachment A** to the 2019 Second Quarterly Update sets forth the November Plan in tabular form and includes Financial Plan tables that summarize MTA's November Plan for fiscal year 2018 (actual) and projected receipts and disbursements for fiscal years 2019 through 2023, in each case prepared by MTA management. The complete November Plan is posted on MTA's website (utilize "Go to old site") under "MTA Info – Financial Information – Budget and Financial Statements" at www.mta.info. No statement on MTA's website or any other website is included by specific cross-reference herein.

MTA 2020 Final Proposed Budget
Baseline Expenses Before Below-the-Line Adjustments
Non-Reimbursable

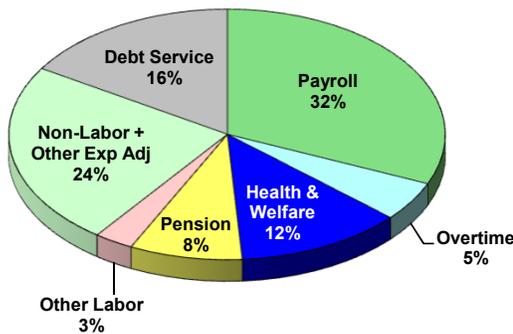
Where the Dollars Come From ...



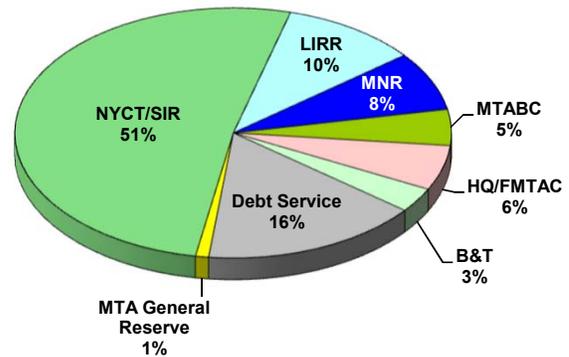
By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,436
Toll Revenue	2,118
Other Revenue	682
Taxes	6,182
State and Local	554
Other Funding Agreements	718
Other ¹	203
Total ²	\$16,893

Where the Dollars Go ...

By Expense Category



By MTA Agency



By Expense Category ³ (\$ in millions)	
Payroll	\$5,525
Overtime	896
Health & Welfare	2,171
Pension	1,467
Other Labor	509
<i>Total Labor</i>	<i>\$10,568</i>
Non-Labor + Other Exp Adj	4,156
Debt Service	2,837
Total ²	\$17,561

By MTA Agency ³ (\$ in millions)	
NYCT/SIR	\$9,039
LIRR	1,775
MNR	1,341
MTABC	819
HQ/FMTAC	1,021
B&T	560
Debt Service	2,837
MTA General Reserve	170
Total ²	\$17,561

¹ Includes cash adjustments and prior-year carryover.

² Totals may not add due to rounding.

³ Expenses exclude Depreciation, OPEB Obligation and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude "below-the-line" adjustments that are captured in Volume 1.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2020 - 2023
MTA Consolidated Accrued Statement of Operations By Category
(\$ in millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,155	\$6,346	\$6,436	\$6,427	\$6,439	\$6,448
Toll Revenue	1,976	2,078	2,118	2,126	2,125	2,127
Other Revenue	643	689	682	708	724	739
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$8,774	\$9,113	\$9,237	\$9,261	\$9,288	\$9,314
Operating Expenses						
Labor:						
Payroll	\$5,211	\$5,334	\$5,525	\$5,610	\$5,744	\$5,833
Overtime	1,066	978	896	917	937	959
Health and Welfare	1,230	1,342	1,452	1,530	1,626	1,721
OPEB Current Payments	604	655	719	784	856	935
Pension	1,336	1,495	1,467	1,481	1,425	1,373
Other Fringe Benefits	881	898	940	986	1,027	1,062
Reimbursable Overhead	(528)	(490)	(431)	(415)	(417)	(410)
Total Labor Expenses	\$9,799	\$10,211	\$10,568	\$10,893	\$11,198	\$11,471
Non-Labor:						
Electric Power	\$482	\$452	\$481	\$495	\$530	\$559
Fuel	185	176	172	170	169	172
Insurance	(29)	7	8	12	14	14
Claims	438	418	413	403	409	417
Paratransit Service Contracts	455	488	489	521	550	585
Maintenance and Other Operating Contracts	678	815	758	786	781	802
Professional Services Contracts	544	588	677	633	582	577
Materials and Supplies	637	632	676	672	683	689
Other Business Expenses	221	229	229	217	227	229
Total Non-Labor Expenses	\$3,611	\$3,805	\$3,901	\$3,909	\$3,945	\$4,045
Other Expense Adjustments:						
Other	\$129	\$158	\$86	\$41	\$28	\$29
General Reserve	0	165	170	175	180	185
Total Other Expense Adjustments	\$129	\$323	\$256	\$216	\$208	\$214
Total Expenses Before Non-Cash Liability Adjs.	\$13,539	\$14,339	\$14,725	\$15,019	\$15,352	\$15,730
Depreciation	\$2,805	\$2,777	\$2,843	\$2,909	\$2,977	\$3,052
GASB 75 OPEB Expense Adjustment	1,048	1,457	1,628	1,749	1,823	1,898
GASB 68 Pension Expense Adjustment	(373)	(221)	(272)	(343)	(318)	(242)
Environmental Remediation	106	6	6	6	6	6
Total Expenses After Non-Cash Liability Adjs.	\$17,124	\$18,359	\$18,930	\$19,339	\$19,840	\$20,444
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,585)	(\$4,020)	(\$4,205)	(\$4,320)	(\$4,488)	(\$4,714)
Debt Service (excludes Service Contract Bonds)	2,541	2,664	2,837	3,140	3,457	3,848
Total Expenses with Debt Service	\$16,079	\$17,003	\$17,561	\$18,158	\$18,808	\$19,578
Dedicated Taxes & State and Local Subsidies	\$7,177	\$7,286	\$7,454	\$7,637	\$7,887	\$8,067
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$128)	(\$603)	(\$871)	(\$1,261)	(\$1,633)	(\$2,197)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	379	302	60	136	122	170
Cash Balance Before Prior-Year Carryover	\$251	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2020 - 2023

Accrued Statement of Operations by Agency

(\$ in millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
<u>Non-Reimbursable</u>						
Total Revenues						
New York City Transit	\$4,893	\$5,054	\$5,116	\$5,116	\$5,132	\$5,140
Long Island Rail Road	790	813	817	823	831	840
Metro-North Railroad	793	825	839	848	848	854
MTA Headquarters	38	53	54	56	59	59
First Mutual Transportation Assurance Company	13	18	18	19	19	20
MTA Bus Company	240	242	246	246	246	246
Staten Island Railway	9	9	9	9	9	9
Bridges and Tunnels	2,000	2,099	2,137	2,145	2,144	2,146
Total	\$8,774	\$9,113	\$9,237	\$9,261	\$9,288	\$9,314
Total Expenses before Non-Cash Liability Adjs.*						
New York City Transit	\$8,516	\$8,936	\$8,977	\$9,189	\$9,454	\$9,737
Long Island Rail Road	1,491	1,545	1,775	1,856	1,892	1,961
Metro-North Railroad	1,335	1,342	1,341	1,357	1,387	1,416
MTA Headquarters	739	775	941	944	916	927
First Mutual Transportation Assurance Company	(12)	(6)	(6)	(15)	(23)	(36)
MTA Bus Company	780	832	819	835	865	854
Staten Island Railway	60	64	62	59	60	61
Bridges and Tunnels	501	527	560	576	593	596
Other	129	323	256	216	208	214
Total	\$13,539	\$14,339	\$14,725	\$15,019	\$15,352	\$15,730
Depreciation						
New York City Transit	\$1,958	\$1,878	\$1,928	\$1,978	\$2,029	\$2,082
Long Island Rail Road	362	397	398	402	406	410
Metro-North Railroad	230	247	247	247	247	247
MTA Headquarters	40	37	46	46	46	46
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	53	54	54	55	56	56
Staten Island Railway	12	12	12	12	12	18
Bridges and Tunnels	149	152	159	170	182	194
Total	\$2,805	\$2,777	\$2,843	\$2,909	\$2,977	\$3,052
GASB 75 OPEB Expense Adjustment						
New York City Transit	\$706	\$1,084	\$1,346	\$1,472	\$1,557	\$1,643
Long Island Rail Road	133	100	52	39	21	0
Metro-North Railroad	98	94	40	34	27	26
MTA Headquarters	24	32	49	60	70	79
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	42	100	100	100	103	103
Staten Island Railway	3	8	8	8	8	8
Bridges and Tunnels	41	40	34	36	38	39
Total	\$1,048	\$1,457	\$1,628	\$1,749	\$1,823	\$1,898
GASB 68 Pension Expense Adjustment						
New York City Transit	(\$335)	(\$296)	(\$303)	(\$309)	(\$309)	(\$309)
Long Island Rail Road	(5)	(14)	(7)	(37)	(29)	3
Metro-North Railroad	4	(4)	4	(15)	(6)	17
MTA Headquarters	(11)	0	2	(4)	0	8
MTA Bus Company	(14)	111	46	36	37	46
Staten Island Railway	(2)	1	0	(1)	(1)	(1)
Bridges and Tunnels	(9)	(18)	(14)	(13)	(9)	(5)
Total	(\$373)	(\$221)	(\$272)	(\$343)	(\$318)	(\$242)
Environmental Remediation						
New York City Transit	\$84	\$0	\$0	\$0	\$0	\$0
Long Island Rail Road	2	2	2	2	2	2
Metro-North Railroad	17	4	4	4	4	4
MTA Bus Company	0	0	0	0	0	0
Staten Island Railway	2	0	0	0	0	0
Total	\$106	\$6	\$6	\$6	\$6	\$6
Net Surplus/(Deficit)						
New York City Transit	(\$6,037)	(\$6,548)	(\$6,831)	(\$7,215)	(\$7,599)	(\$8,013)
Long Island Rail Road	(1,193)	(1,217)	(1,403)	(1,439)	(1,461)	(1,536)
Metro-North Railroad	(891)	(858)	(796)	(778)	(811)	(856)
MTA Headquarters	(754)	(791)	(983)	(989)	(972)	(1,000)
First Mutual Transportation Assurance Company	25	24	24	34	42	56
MTA Bus Company	(622)	(855)	(774)	(781)	(815)	(813)
Staten Island Railway	(65)	(75)	(72)	(68)	(69)	(75)
Bridges and Tunnels	1,317	1,397	1,398	1,375	1,341	1,322
Other	(129)	(323)	(256)	(216)	(208)	(214)
Total	(\$8,350)	(\$9,245)	(\$9,693)	(\$10,078)	(\$10,551)	(\$11,130)

Note: * Excludes Debt Service

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

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

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2020 - 2023
Consolidated Cash Statement of Operations By Agency
(\$ in millions)

	Actual 2018	November Forecast 2019	Final Proposed Budget 2020	2021	2022	2023
Total Receipts						
New York City Transit	\$6,389	\$6,406	\$6,322	\$6,276	\$6,251	\$6,252
Long Island Rail Road	1,286	1,232	1,184	1,164	1,172	1,162
Metro-North Railroad	1,116	1,183	1,203	1,155	1,125	1,126
MTA Headquarters	306	353	397	399	344	350
Capital Construction Company	37	39	44	45	46	47
First Mutual Transportation Assurance Company	13	18	18	19	19	20
MTA Bus Company	245	253	257	257	258	258
Staten Island Railway	12	16	16	15	15	16
Total	\$9,403	\$9,501	\$9,441	\$9,329	\$9,231	\$9,230
Total Expenditures						
New York City Transit	\$9,687	\$10,029	\$9,992	\$10,107	\$10,351	\$10,624
Long Island Rail Road	1,983	1,965	2,156	2,215	2,248	2,297
Metro-North Railroad	1,667	1,779	1,831	1,697	1,688	1,714
MTA Headquarters	926	1,034	1,171	1,134	1,084	1,087
Capital Construction Company	37	39	44	45	46	47
First Mutual Transportation Assurance Company	13	18	18	19	19	20
MTA Bus Company	762	827	772	788	818	806
Staten Island Railway	63	67	68	63	64	65
Other	11	181	212	241	268	290
Total	\$15,148	\$15,940	\$16,264	\$16,308	\$16,586	\$16,951
Net Operating Surplus/(Deficit)						
New York City Transit	(\$3,299)	(\$3,623)	(\$3,670)	(\$3,830)	(\$4,100)	(\$4,373)
Long Island Rail Road	(697)	(734)	(971)	(1,051)	(1,076)	(1,135)
Metro-North Railroad	(551)	(596)	(628)	(543)	(563)	(588)
MTA Headquarters	(620)	(680)	(775)	(735)	(740)	(737)
Capital Construction Company	0	0	0	0	0	0
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	(517)	(574)	(515)	(532)	(560)	(549)
Staten Island Railway	(51)	(51)	(52)	(47)	(49)	(49)
Other	(11)	(181)	(212)	(241)	(268)	(290)
Total	(\$5,745)	(\$6,439)	(\$6,823)	(\$6,979)	(\$7,355)	(\$7,721)

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

	Favorable/(Unfavorable)				
	2019	2020	2021	2022	2023
JULY FINANCIAL PLAN 2020-2023					
CASH BALANCE BEFORE PRIOR YEAR CARRYOVER	(\$384)	(\$392)	(\$838)	(\$1,133)	(\$1,566)
Agency Baseline Adjustments	\$106	(\$222)	(\$75)	\$9	\$4
Farebox/Toll Revenue Reforecast	31	44	51	52	51
NYCT & MTA Bus Wage Adjustments	(81)	(31)	(31)	(31)	(31)
Rates and Related Assumptions ¹	(44)	(22)	(27)	(22)	(30)
NYCT Public Liability & Worker's Compensation	(37)	(27)	(14)	(15)	(15)
Paratransit Service Expenses	7	(0)	(15)	(15)	(17)
Other Baseline Re-estimates (includes Timing) ²	230	(185)	(38)	41	46
New Needs/Investments	(\$18)	(\$171)	(\$168)	(\$175)	(\$172)
500 New MTA Police Officers	(1)	(52)	(61)	(64)	(71)
Technology Enhancements	-	(52)	(52)	(52)	(42)
Maintenance	(3)	(24)	(21)	(26)	(26)
Safety and Security ³	(7)	(10)	(10)	(9)	(9)
Other New Needs	(7)	(32)	(25)	(24)	(24)
Savings Programs	\$25	(\$76)	(\$70)	(\$70)	(\$68)
2019 BRP Savings (New)	7	9	6	6	6
Adjustments to Prior Period BRPs ⁴	(10)	(85)	(76)	(75)	(74)
Impact of Hiring Freeze and Additional Savings Actions ⁵	28	-	-	-	-
Subsidies (Cash)	(\$36)	\$48	\$95	(\$19)	(\$17)
Real Estate Taxes	10	34	41	58	61
Payroll Mobility Tax	(38)	(31)	(26)	(25)	(24)
Outerborough Transportation Account	(38)	-	-	-	-
Less: Assumed Capital or Member Project	38	-	-	-	-
City Subsidy for MTA Bus	(35)	45	94	(15)	28
B&T Surplus Transfer	20	0	(20)	(46)	(94)
Other Subsidies	7	(0)	5	9	13
Debt Service	\$5	\$1	(\$68)	(\$124)	(\$208)
NOVEMBER FINANCIAL PLAN 2020-2023					
CASH BALANCE BEFORE PRIOR YEAR CARRYOVER	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)

Totals may not add due to rounding

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

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

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

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

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

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2020-2023
Baseline Farebox Recovery and Farebox Operating Ratios

FAREBOX RECOVERY RATIOS

	November Forecast 2019	Final Proposed Budget 2020	Plan 2021	Plan 2022	Plan 2023
New York City Transit	36.3%	35.6%	34.4%	33.4%	32.3%
Staten Island Railway	8.8%	7.9%	7.8%	7.3%	6.6%
Long Island Rail Road	30.4%	27.6%	26.5%	25.7%	24.8%
Metro-North Railroad	40.8%	41.2%	40.9%	39.7%	38.4%
Bus Company	<u>20.8%</u>	<u>22.2%</u>	<u>21.9%</u>	<u>21.2%</u>	<u>21.1%</u>
MTA Total Agency Average	34.9%	34.1%	33.0%	32.0%	31.0%

FAREBOX OPERATING RATIOS

	November Forecast 2019	Final Proposed Budget 2020	Plan 2021	Plan 2022	Plan 2023
New York City Transit	52.2%	52.7%	51.3%	49.9%	48.4%
Staten Island Railway	13.3%	13.4%	14.1%	13.8%	13.7%
Long Island Rail Road	49.4%	43.4%	42.0%	41.7%	40.7%
Metro-North Railroad	56.1%	55.8%	57.9%	57.5%	56.5%
Bus Company	<u>28.5%</u>	<u>29.3%</u>	<u>28.7%</u>	<u>27.7%</u>	<u>28.0%</u>
MTA Total Agency Average	50.5%	50.1%	49.1%	47.9%	46.7%

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.