

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2019 ADS Third Quarterly Update)
March 12, 2020

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, the “Third Quarterly Update”), dated March 12, 2020, is the third 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 a Second Quarterly Update, dated November 22, 2019, and contains information only through its date. MTA expects to file this Third Quarterly Update with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system and may incorporate such information herein by specific cross-reference. Such information, together with the complete February Plan hereinafter referred to, is also posted on the MTA website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this Third Quarterly Update is accurate as of its 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 Third 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 Third Quarterly Update.

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Introduction

This update, dated March 12, 2020 (the “Third Quarterly Update”), is the third 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 and a Second Quarterly Update, dated November 22, 2019. This Third Quarterly Update contains information only through March 12, 2020, and should be read in its entirety, together with the ADS as so previously supplemented. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ADS.

In this Third Quarterly Update, readers will find:

1. A summary of recent events and changes to MTA’s 2019-2023 Financial Plan released by MTA in November 2019 (the “November Plan”), made since the date of the ADS, to reflect provisions of the 2019 MTA February Financial Plan presented to the MTA Board on February 26, 2020 (the “February Plan”). The complete February Plan is posted on MTA’s website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the February Plan includes revised November Plan projections for fiscal years 2020 (adopted budget) through 2023.
2. **Attachment A** to this Third Quarterly Update, which presents the February Plan in tabular form and includes Financial Plan tables that summarize MTA’s February Plan for fiscal year 2018 (actual), final estimate for 2019 and projected receipts and expenditures for fiscal years 2020 (adopted budget) through 2023, in each case prepared by MTA management.

Overview

The purpose of the February Plan is to incorporate Board-approved MTA adjustments that were captured below-the-line (and on a consolidated basis in the November Plan into MTA and its Related Entities’ Financial Plan baseline budgets and forecasts, and provide updated estimates of existing proposals. It also establishes a 12-month allocation of the 2020 Adopted Budget for financials, utilization and positions, which will be compared with actual results. Variances will be analyzed and reported monthly to various committees of the Board. Unlike the July and November Plans, the February Plan typically does not include new proposals or programs. The detailed explanation of the programs and assumptions supporting the February Plan can be found in the November Plan.

The November Plan

The November Plan, which was approved by the MTA Board in December 2019, projected cash balances of \$11 million in 2020 and \$33 million in 2021, with deficits of \$212 million in 2022 and \$426 million in 2023.

The November Plan included projected impacts of the implementation of the MTA Transformation Plan (as approved by the MTA Board at its July 24, 2019 meeting, the “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 4 percent net increase in farebox and toll revenues. The November Plan permanently captured 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 assumed 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 employed several actions to balance the budget.

The November Plan acknowledged that 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 MTA has since 2010, identified and acted on numerous recurring cost reduction actions and containments resulting in projected 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 items reduced previously identified savings by \$317 million over the November Plan period.

The November Plan concluded that the use of non-recurring and additional recurring savings measures were 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 in 2019, 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, developed a functional reorganization plan that builds on the AlixPartners report and created the office of the Chief Transformation Officer. The Chief Transformation Officer will guide 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 February Plan Summary and Changes to the November Plan

Consistent with the MTA budget process and, as presented in tabular form in **Attachment A**, the November and February Plans are formatted to highlight certain policy actions and other adjustments for the benefit of the Board and financial stakeholders. Until these items have been approved by the Board, MTA excludes their financial impact from the “Statement of Operations” (see

Attachment A at page II-3, also referred to as “the baseline”). Instead, these items are captured individually, and in total, on the Plan Adjustments page that follows the Statement of Operations (see **Attachment A** at page II-4). These Plan Adjustments are also referred to as being “below-the-line”. Analyzed together, the Statement of Operations and Plan Adjustments tabular presentations in **Attachment A** produce the cash balance and gap projections set forth in **Attachment A** at page II-8.

The February Plan incorporates several significant changes to the 2020 Adopted Budget and 2020-2023 Financial Plan as previously approved in December, 2019.

The February Plan reflects the approved settlement with Local 100 of the Transport Workers Union (“TWU”), which represents approximately 37,000 employees at MTA New York City Transit and MTA Bus. The agreement provides for annual wage increases of 2 percent retroactive to May 2019, 2.25 percent in May 2020, 2.5 percent in May 2021 and 2.75 percent in May 2022. Several contractual provisions, including changes in co-payments for emergency room visits and varying tiers of prescription medications, along with improvements in employee availability, result in an average annual net increase of 2.3 percent over the 48-month term of the contract. The November Financial Plan assumed annual 2 percent increases, and the February Plan reflects the net additional expense greater than the 2 percent assumption in the MTA New York City Transit and MTA Bus financial plans, totaling \$91 million over the February Plan period.

MTA expects the TWU agreement will set the pattern for eventual settlements with the remaining represented workforce. The incremental cost of the pattern settlement (as described in the previous paragraph) above the assumed annual two percent increases already incorporated in the Related Entities’ financial plans is captured below-the-line, and is estimated to increase expenses by \$65 million over the February Plan period.

The Fiscal Year 2021 New York State Executive Budget, released by Governor Cuomo in mid-January, 2020 includes provisions for additional Metropolitan Mass Transportation Operating Assistance (“MMTOA”) for MTA totaling \$755 million over the February Plan period, along with an increase of \$11 million over the November Plan estimate in projected Petroleum Business Tax receipts in 2020.

The February Plan reflects debt service savings of \$145 million through the February Plan period based on revised cash flow funding assumptions for MTA Bridges and Tunnels’ 2020-2024 Capital Program.

The February Plan also reflects a significant increase in debt issuance and debt service, but will not impact the MTA operating budget. Financial support for the 2020-2024 Capital Program is expected to include \$7.3 billion of bonds supported by Central Business District Tolling lockbox revenues (“CBDT Lockbox”), including Internet Marketplace Sales Tax and Mansion Tax receipts over the plan period. Debt service supported by CBDT Lockbox revenues is anticipated to total \$742 million over the February Plan period. While this will result in increased debt service, MTA supported debt service is projected to remain below 20 percent of operating revenue during the February Plan period.

The February Plan includes important policy actions that were captured below-the-line in the November Plan. With MTA Board approval secured, the following items are now included within the MTA baseline:

- *Fare Evasion Deterrence* – With a renewed MTA management emphasis to gain control of, and reduce, fare evasion and to address assaults on transit workers, the MTA instituted a series of actions estimated to cost \$56 million through 2023.
- *Fare Evasion Deterrence - Manhattan DA Forfeiture Fund* – The Manhattan District Attorney is partially covering the cost of fare evasion deterrence in the form of a grant that totals \$41 million through 2022.
- *Improved Overtime Spending Controls* – Constraints have been implemented to better utilize controllable overtime and ensure usage is fiscally responsible. Overtime budgets have been reduced by 5 percent for each of the Related Entities, corresponding to a net decrease in the MTA-wide overtime budget of \$44 million annually beginning in 2020.
- *Additional Revenue Achieved from Fare Evasion Initiatives* – Results from initial efforts to mitigate subway and bus fare evasion indicate \$50 million in additional MTA New York City Transit farebox revenue is expected in 2020, and in subsequent years. As efforts to mitigate fare evasion continue and results are analyzed, further increases in farebox revenue may be realized.

The February Plan also includes one November Plan below-the-line action that has been included within the MTA baseline, but reflects a re-estimate that has a fiscal impact on the bottom line:

- *Vacancy Savings* – MTA identified and eliminated non-union represented administrative positions that became vacant through the third quarter of 2019 and had not been filled due to MTA policy, which restricted new hiring. The November Plan estimated savings of \$74 million in 2020, \$83 million in 2021, \$85 million in 2022, and \$87 million in 2023. A more detailed review of the vacant positions re-categorized approximately 6 percent of the vacant positions as non-administrative, reducing the estimated savings by \$5 million per year.

Three below-the-line items in the November Plan are no longer being considered:

- *Reduction in 2019 Committed to Capital* – MTA anticipated pulling back the \$64 million 2019 contribution to the Committed to Capital budget line item as a one-shot action to balance the budget in 2019. This action is not needed and the \$64 million will remain in Committed to Capital.
- *Reduction in 2020 Committed to Capital* – MTA had anticipated the need to reduce by \$30 million a portion of the 2020 Committed to Capital as a non-recurring action to balance the budget in 2020. This action is no longer needed and the \$30 million will remain in Committed to Capital.
- *Debt Service Resulting from Reduction in Committed to Capital* – To offset the \$94 million in committed to capital contributions that would not be available for the capital program, MTA had planned to issue \$94 million of bonds (in the November Plan), which would have increased debt service expenses by an estimated \$7 million per year beginning in 2020. With the \$94 million restored for Committed to Capital, this bonding will not be necessary and the debt service expense will not be incurred.

The following MTA Financial Plan adjustments remain below-the-line and therefore are not captured within Related Entity baseline forecasts in the February Plan:

- *Drawdown the 2019 General Reserve* – The 2019 General Reserve of \$165 million, a contingency fund set at approximately 1 percent of the operating expense budget, was not used in 2019, and these funds will be reserved to cover anticipated 2020 expenses.
- *Fare and Toll Increase in March 2021* – A \$327 million annualized consolidated farebox and toll increase is assumed for implementation in March 2021, and estimated to yield 4%, for an additional \$279 million in 2021 and \$328 million in both 2022 and 2023. Factoring in the MTA Bus, MTA Staten Island Railway and MTA Bridges and Tunnels adjustments included in the Subsidy Impact of Fare and Toll Increases budget category in the February Plan, the net increase to MTA is projected to be \$272 million in 2021 and \$319 million in both 2022 and 2023, favorable by \$2 million each year from the estimate in the November Plan.
- *Fare and Toll Increase in March 2023* – A \$340 million annualized consolidated farebox and toll increase is assumed for implementation in March 2023, and is estimated to yield 4%, for an additional \$291 million in 2023. Factoring in the MTA Bus, MTA Staten Island Railway and MTA Bridges and Tunnels adjustments included in Subsidy Impact of Fare and Toll Increases budget category in the February Plan, the net increase to MTA is \$283 million in 2023, which is \$1 million favorable from the estimate in the November Plan.
- *Transformation Plan* – The projected savings from the consolidation and the targets identified by AlixPartners in July 2019 were estimated to generate savings, net of implementation costs, of \$11 million in 2019, \$230 million in 2020, \$488 million in 2021, \$535 million in 2022, and \$538 million in 2023. After a review of such proposals and their likelihood of implementation, estimated transformation savings were adjusted. These changes are favorable by \$18 million in 2020, and unfavorable by \$26 million in 2021 and by \$63 million in each of 2022 and 2023.
- *Paratransit Subsidy - 50/50 Share with the City* – MTA is proposing a renegotiation of the terms of the paratransit service agreement to provide a more equitable sharing of costs between the City and State. In the November Plan, it was assumed that such an agreement to equally share the paratransit net operating deficit will be in place effective July 1, 2020, resulting in MTA New York City Transit's cost being reduced by \$47 million in 2020, \$99 million in 2021, \$103 million in 2022, and \$111 million in 2023.
- *State Aid for the 2015-2019 Capital Program* – Projected debt service of \$627 million in the November Plan reflected the addition of \$7.3 billion of planned MTA bond issuances pursuant to the State's funding commitment for the 2015-2019 Capital Program as authorized by legislation enacted in 2016. The additional debt is expected to be funded through operating aid, subject to annual appropriation. In the February Plan, the projected debt service expense has been lowered to \$499 million over the February Plan period to reflect the revised debt issuance schedule. This revision will have no impact on the MTA's financial bottom line.

The February Plan also captures new below-the-line items that were not included in the November Plan:

- *Timing of Personnel Actions* – The timing of certain personnel actions accelerated for budget purposes have been revised to properly reflect the consolidation of administrative functions, reducing savings in 2020 by \$58 million. However, anticipated ongoing savings are expected to be fully achieved by the end of 2020.
- *TWU Pattern Settlement Over 2 Percent for Remaining CBAs* – The recently settled TWU Local 100 contract is assumed to set the pattern for all other collective bargaining agreements. Related Entity baseline forecasts assume a two percent annual increase, and it is expected the pattern settlements will result in expenses above that amount totaling \$65 million over the February Plan period.
- *Re-estimated MTA New York City Transit Maintenance* – MTA New York City Transit maintenance expenses are projected to increase by \$35 million in 2020, as a result of an increased scope of maintenance work under the Subway Action Plan.

Projected February Plan Period Cash Position

The February Plan, with improved balances mainly due to the increase in MMTOA revenues, projects year-end cash balances of \$134 million in 2019, \$81 million in 2020, \$273 million in 2021 and \$157 million in 2022, with a projected cash deficit of \$130 million in 2023.

Challenges and Risks Going Forward

There are a variety of challenges and risks affecting MTA and implementation of the February 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 implementation 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 February Plan financial results would worsen by \$1.6 billion over the 2019 through 2023 February 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 Third 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 February Plan period (through 2023).*

Maintain cost reductions – MTA intends to maintain existing cost control efforts in furtherance of achieving the \$1.2 billion in Budget Reduction Program savings included in the February Plan.

Renegotiate the paratransit contract with the City to achieve equitable cost sharing – MTA is currently covering two-thirds of the paratransit services net operating deficit, and the current financial sharing relationship with the City is unsustainable. The February Plan assumes \$360 million in savings over the February Plan period from a new agreement with the City.

Implement the 4 percent fare/toll yield increases in 2021 and 2023 – While MTA works diligently to control costs, combined fares and tolls only cover approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total costs, including capital costs (“Farebox Recovery Ratio”). See page II-9 in **Attachment A** for estimated and projected Farebox Recovery Ratios and Farebox Operating Ratios for 2019 and the February Plan period. Moreover, many costs are dependent on pricing factors outside MTA’s direct control (e.g., energy, health and welfare and pensions). The February Plan assumes, over the February Plan period, \$910 million in additional fare and toll revenue from the projected 2021 increase, and another \$283 million from the 2023 increase. 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.

Reduce fare evasion losses – The revenue uncollected because of fare evasion has a detrimental effect on the MTA’s bottom line, and the result is less available funds for maintenance and operations. The February Plan assumes \$200 million in additional fare revenue over the February Plan period.

Maintain fiscal discipline over controllable overtime – While overtime can be a cost-effective and efficient means for addressing certain assignments, a consistent approach to managing and overseeing overtime usage is necessary. Both the MTA Inspection General’s and 2018 outside firm, Morrison and Foerster’s report emphasized specific recommendations to address existing deficiencies. MTA, through its Overtime Task Force, is putting those recommendations into effect, and the February Plan assumes \$177 million in overtime savings over the February Plan period.

Negotiate affordable labor contracts – With the approval of the TWU contract, MTA will engage with its remaining labor bargaining partners to reach pattern-based settlements that are consistent with the TWU agreement.

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.

Cybersecurity Risks. In the course of its daily business, MTA and its Related Entities collect and store sensitive data, including fare and toll collection data, financial information, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to many of MTA and its Related Entities’ operations, including operations of the Transit and Commuter Systems and MTA Bridges and Tunnels’ facilities. Despite security and other technical measures currently in place and those which may be adopted in the future, information technology and infrastructure may be vulnerable to attacks by hackers or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise networks, facility operations and the information stored there could be accessed, disrupted, publicly disclosed, lost or stolen. Any such access, disruption, disclosure, theft or other loss of information could result in disruptions to MTA and its Related Entities’ operations and financial or other activities, including as they relate to the Transit and Commuter Systems and MTA Bridges and Tunnels’ facilities or otherwise, or legal claims or proceedings, including pursuant to laws that protect the privacy of personal information, or regulatory penalties.

MTA maintains a cybersecurity division within its IT department lead by the MTA Chief Information and Security Officer who reports to the MTA Chief Technology Officer. MTA uses National Institute of Standards and Technology Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks at MTA and its Related Entities. The current focus is on improving detection, response and recovery capabilities along with a continual review of critical controls for systems which process MTA and its Related Entities corporate/IT data. Funding has been provided to cover previously identified cybersecurity investment needs. While the 2019 MTA operating budget provided \$24 million for cybersecurity, an additional \$199 million has been allocated over the 4-year February Plan period to strengthen cybersecurity defenses at MTA and its Related Entities.

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

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 February Plan are unrealized, the February Plan's projected results would be adversely affected.

Potential Impacts from Global Coronavirus Outbreak and Public Health Threats. An outbreak of disease or similar public health threat, such as the current novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on MTA's financial condition and operating results. The outbreak of the COVID-19, a respiratory disease caused by a new strain of coronavirus was first detected in China and has since spread globally, including to the United States and to New York State. On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the outbreak. Currently, the COVID-19 outbreak appears to be altering the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally have seen significant declines attributed to concerns over COVID-19. There can be no assurances that the spread of COVID-19 will not materially adversely impact the financial condition of MTA and its Related Entities. Potential impacts to MTA and its Related Entities associated with the COVID-19 outbreak include, but are not limited to, costs and challenges to MTA and its Related Entities' operations, health risks to MTA employees and reductions in ridership and facilities' usage.

Among other measures, MTA announced on March 2, 2020 an update to agency-wide sanitizing protocols as it continues to implement precautions in response to the COVID-19 outbreak. MTA New York City Transit, MTA Bus, Access-A-Ride, MTA Long Island Rail Road and MTA Metro-North Railroad are significantly increasing the frequency and intensity of sanitizing procedures at each of its stations and on its full fleet of rolling stock. Trains, cars and buses will experience daily cleanings with the MTA's full fleet undergoing sanitization every 72 hours or less. Frequently used surfaces in stations, such as turnstiles, MetroCard and ticket vending machines, and handrails, will be disinfected daily with EPA-approved and National Centers for Disease Control-endorsed disinfectants. MTA will also work closely with the National Centers for Disease Control, the State Department of Health, and other government agencies during this time.

The degree of any such impact to MTA and its Related Entities operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by other governmental authorities and health care providers to contain or mitigate its impact.

Potential Impact of Changes in Federal Law. MTA’s finances are also influenced by federal public transportation provisions, funding levels and federal tax law. The Presidential administration and Congress are considering budgetary and programmatic changes in law relating to federal public transportation and infrastructure finance. Enacted federal tax reform includes changes in personal and corporate tax rates and deductions, which adversely impact MTA’s opportunities for federal tax-exempt financing, particularly the prohibition of advance refundings for debt service savings which became effective in 2018. The limitation of itemized deductions for state and local income and property taxes to \$10,000 may also adversely impact the New York region’s real estate market and levels of MTA real estate related tax subsidies. Although MTA management is monitoring federal legislative activity, at this time it is not possible to assess the financial or programmatic impacts upon MTA’s finances of current federal proposals and enacted tax law changes.

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

Additional Matters

Governance. As noted above, on November 14, 2019, the MTA Board approved the appointment of Anthony McCord as Chief Transformation Officer. On November 20, 2019, MTA announced the appointment of Mario Pélouquin as Chief Operating Officer (“COO”), and he began as COO in January 2020. Current MTA Board member and Chair of the MTA Board Transit Committee, Sarah E. Feinberg, was appointed as interim president of MTA New York City Transit beginning on March 9, 2020. Ms. Feinberg will step back from service on the MTA Board while she serves as interim president of MTA New York City Transit.

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. There is no assurance that FHWA approval will be secured in time to meet MTA Bridges and Tunnels' current schedule for the CBD Tolling Program implementation.

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 6 years. The contract envisions a modern system that will allow 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.

State-Mandated Forensic Audit on MTA Capital Planning Process. On December 18, 2019, MTA released the findings of the forensic audit mandated by the Governor and the State Legislature examining MTA's capital program planning process. The audit, conducted by an independent firm, Crowe LLP, found the MTA capital planning process to be "consistent with industry-leading practices" and required no modifications to the 2020-2024 Capital Plan. The auditors did find areas of non-compliance and significant deficiencies in both compliance and control evaluations. MTA accepted the findings and has begun to implement the recommendations to identify efficiencies and deliver cost-savings for all upcoming and future MTA capital plans. Crowe LLP made recommendations to modernize capital planning and the Twenty Year-Needs report, to find efficiencies and costs savings, and to improve delivery of capital projects.

As part of the Transformation Plan, MTA formed the MTA Construction and Development Company ("MTA Capital Construction") led by Chief Development Officer Janno Lieber. This new function will oversee the integration of all MTA capital planning, development and project delivery by planning and prioritizing capital projects across the MTA service region for cost-effective, timely delivery. MTA Capital Construction has already implemented several cost-cutting initiatives for projects by consolidating various projects and developing new processes, benchmarks and standards used across MTA and its Related Entities. The 2020-2024 Capital Program was deemed approved by the MTA Capital Program Review Board as of January 1, 2020. The 2020-2024 Capital Plan (exclusive of MTA Bridges and Tunnels), when implemented, would invest \$51.5 billion in the region's subways, buses and railroads, building on the progress of the Subway Action Plan, and create a faster, more accessible, and more reliable public transportation system. The level of investment in the 2020-2024 Capital Plan is the highest in the MTA's history, increasing spending on infrastructure by 70% over current levels. The 2020-2024 Capital Plan is described in detail in the MTA's October 3, 2019 Supplement to the ADS.

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

degrees Celsius this century. MTA is the second government agency in the United States to commit to a science based target to drive down greenhouse gas emissions.

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

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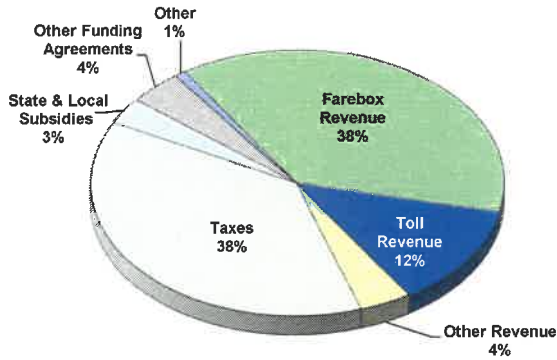
**Attachment A to MTA Annual Disclosure Statement
Third Quarterly Update
March 12, 2020**

MTA November Financial Plan

This **Attachment A** to the 2019 ADS Third Quarterly Update sets forth the February Plan in tabular form and includes Financial Plan tables that summarize MTA's February Plan for fiscal year 2019 (actual) and projected receipts and disbursements for fiscal years 2020 (adopted budget) through 2023, in each case prepared by MTA management. The complete February Plan is posted on MTA's website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA's website or any other website is included by specific cross-reference herein.

MTA 2020 Adopted Budget
Baseline Expenses After Below-the-Line (BTL) Adjustments
Non-Reimbursable

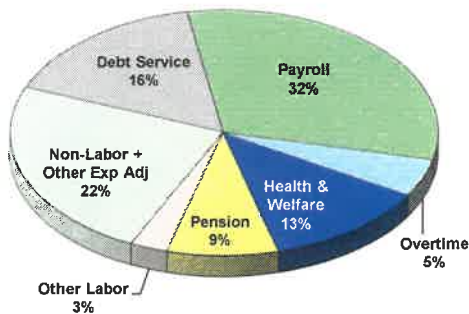
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,486
Toll Revenue	2,118
Other Revenue	692
Taxes	6,478
State and Local	554
Other Funding Agreements	726
Other ¹	150
Total²	\$17,204

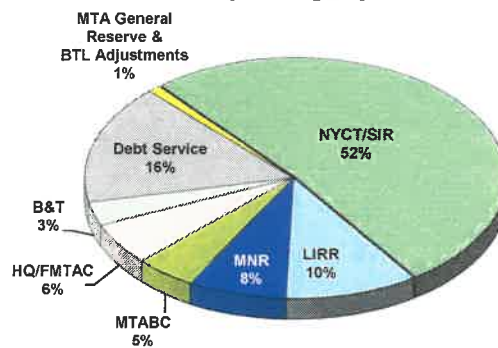
Where the Dollars Go ...

By Expense Category



By Expense Category ³ includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,486
Overtime	852
Health & Welfare	2,156
Pension	1,469
Other Labor	509
Total Labor	\$10,471
Non-Labor + Other Exp Adj	4,183
Debt Service	2,833
BTL Adjustments for Expenses ⁴	(364)
Total²	\$17,123

By MTA Agency



By MTA Agency ³ includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,012
LIRR	1,764
MNR	1,329
MTABC	828
HQ/FMTAC	995
B&T	555
Debt Service	2,833
MTA General Reserve	170
BTL Adjustments for Expenses ⁴	(364)
Total²	\$17,123

¹ Includes cash adjustments, prior-year carryover and subsidy-related BTL Adjustments.

² Totals may not add due to rounding.

³ Expenses exclude Depreciation, OPEB Liability Adjustment, GASB 68 Pension Adjustment and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

⁴ The below-the-line adjustments are grouped together with "Non-Labor + Other Exp Adj." in the pie chart "By Expense Category" and grouped with "MTA General Reserve" in the pie chart "By MTA Agency." The dollars have not been allocated to specific Agencies as yet.

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

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METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2020 - 2023
Accrual Statement of Operations By Category
(\$ in millions)

	Actual 2018	Final Estimate 2019	Adopted Budget 2020	2021	2022	2023
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,155	\$6,346	\$6,486	\$6,477	\$6,489	\$6,498
Toll Revenue	1,976	2,078	2,118	2,126	2,125	2,127
Other Revenue	643	700	692	717	731	738
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$8,774	\$9,124	\$9,296	\$9,320	\$9,346	\$9,363
Operating Expenses						
Labor:						
Payroll	\$5,211	\$5,334	\$5,486	\$5,574	\$5,725	\$5,820
Overtime	1,066	978	852	874	897	919
Health and Welfare	1,230	1,342	1,437	1,510	1,606	1,700
OPEB Current Payments	604	655	719	784	856	935
Pension	1,336	1,495	1,469	1,476	1,422	1,371
Other Fringe Benefits	881	898	941	987	1,029	1,064
Reimbursable Overhead	(528)	(490)	(432)	(416)	(419)	(413)
Total Labor Expenses	\$9,799	\$10,211	\$10,471	\$10,789	\$11,115	\$11,396
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	804	758	781	777	798
Professional Services Contracts	544	587	681	637	586	581
Materials and Supplies	637	627	686	671	682	688
Other Business Expenses	221	241	240	227	236	238
Total Non-Labor Expenses	\$3,611	\$3,801	\$3,927	\$3,917	\$3,953	\$4,052
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	\$14,335	\$14,654	\$14,922	\$15,276	\$15,662
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	\$18,355	\$18,859	\$19,243	\$19,764	\$20,376
Conversion to Cash Basis: Non-Cash Liability Adj.	(\$3,585)	(\$4,020)	(\$4,205)	(\$4,320)	(\$4,488)	(\$4,714)
Debt Service (excludes Service Contract Bonds)	2,541	2,664	2,833	3,119	3,557	4,241
Total Expenses with Debt Service	\$16,079	\$16,999	\$17,487	\$18,042	\$18,833	\$19,903
Dedicated Taxes and State/Local Subsidies	\$7,177	\$7,272	\$7,758	\$7,868	\$8,212	\$8,664
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$128)	(\$603)	(\$432)	(\$854)	(\$1,274)	(\$1,877)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	379	354	16	142	122	177
Cash Balance Before Prior-Year Carryover	\$251	(\$249)	(\$416)	(\$712)	(\$1,153)	(\$1,699)
Adjustments	\$0	\$11	\$364	\$904	\$1,036	\$1,412
Prior Year Carryover Balance	121	372	134	81	273	157
Net Cash Balance	\$372	\$134	\$81	\$273	\$157	(\$130)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2020-2023
Plan Adjustments
(\$ in millions)

	Actual 2018	Final Estimate 2019	Adopted Budget 2020	2021	2022	2023
Cash Balance Before Prior-Year Carry-over	\$251	(\$249)	(\$416)	(\$712)	(\$1,153)	(\$1,699)
Fare/Toll Increases:						
<i>Fare/Toll Increase in March 2021 (4% Yield)</i>		-	-	279	328	328
<i>Fare/Toll Increase in March 2023 (4% Yield)</i>		-	-	-	-	291
<i>Subsidy Impacts of 2021 and 2023 Fare/Toll Increases</i>		-	-	(7)	(9)	(17)
Subtotal		\$0	\$0	\$272	\$319	\$603
Policy Actions:						
July 2019 Financial Plan:						
<i>Drawdown 2019 General Reserve</i>		-	165	-	-	-
<i>MTA Transformation Plan</i>		11	230	488	535	538
November 2019 Financial Plan:						
<i>MTA Transformation Plan - Re-estimates</i>		-	18	(26)	(63)	(63)
<i>Paratransit Subsidy - 50/50 Share with the City</i>		-	47	99	103	111
<i>Change in State Aid for the 2015-19 Capital Plan</i>		-	-	79	164	256
February 2020 Financial Plan:						
<i>Timing of Personnel Actions</i>		-	(58)	-	-	-
<i>TWU Pattern Wage Settlement Over 2% for all Other CBAs</i>		-	(3)	(8)	(22)	(32)
<i>Re-estimated NYCT Maintenance</i>		-	(35)	-	-	-
Subtotal		\$11	\$364	\$632	\$717	\$810
TOTAL ADJUSTMENTS		\$11	\$364	\$904	\$1,036	\$1,412
<i>Prior-Year Carry-Over</i>	121	372	134	81	273	157
Net Cash Surplus/(Deficit)	\$372	\$134	\$81	\$273	\$157	(\$130)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2020 - 2023
Accrued Statement of Operations by Agency
(\$ in millions)

	Actual 2018	Final Estimate 2019	Adopted Budget 2020	2021	2022	2023
Non-Reimbursable						
Total Revenues						
New York City Transit	\$4,893	\$5,054	\$5,166	\$5,166	\$5,182	\$5,190
Long Island Rail Road	790	813	817	823	831	840
Metro-North Railroad	793	825	838	847	847	853
MTA Headquarters	38	64	65	66	67	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	\$9,124	\$9,296	\$9,320	\$9,346	\$9,363
Total Expenses before Non-Cash Liability Adjs.*						
New York City Transit	\$8,516	\$8,936	\$8,950	\$9,161	\$9,445	\$9,738
Long Island Rail Road	1,491	1,545	1,764	1,844	1,880	1,949
Metro-North Railroad	1,335	1,340	1,329	1,342	1,372	1,401
MTA Headquarters	739	788	915	913	883	893
First Mutual Transportation Assurance Company	(12)	(6)	(6)	(15)	(23)	(36)
MTA Bus Company	780	817	828	831	864	853
Staten Island Railway	60	64	62	59	60	60
Bridges and Tunnels	501	527	555	572	588	591
Other	129	323	256	216	208	214
Total	\$13,539	\$14,335	\$14,654	\$14,922	\$15,276	\$15,862
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	7	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)	(\$6,754)	(\$7,137)	(\$7,540)	(\$7,964)
Long Island Rail Road	(1,193)	(1,217)	(1,391)	(1,427)	(1,448)	(1,524)
Metro-North Railroad	(891)	(856)	(785)	(764)	(797)	(841)
MTA Headquarters	(754)	(793)	(947)	(948)	(930)	(966)
First Mutual Transportation Assurance Company	25	24	24	34	42	56
MTA Bus Company	(622)	(840)	(783)	(777)	(813)	(812)
Staten Island Railway	(65)	(75)	(72)	(68)	(69)	(75)
Bridges and Tunnels	1,317	1,397	1,402	1,380	1,346	1,327
Other	(129)	(323)	(256)	(216)	(208)	(214)
Total	(\$8,350)	(\$9,231)	(\$9,562)	(\$9,923)	(\$10,418)	(\$11,013)

Note: * Excludes Debt Service

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

	Actual 2018	Final Estimate 2019	Adopted Budget 2020	2021	2022	2023
<u>Cash Receipts and Expenditures</u>						
Receipts						
Farebox Revenue	\$6,207	\$6,341	\$6,487	\$6,477	\$6,489	\$6,498
Other Revenue	642	791	743	797	750	758
Capital and Other Reimbursements	2,554	2,379	2,272	2,117	2,056	2,033
Total Receipts	\$9,403	\$9,511	\$9,502	\$9,391	\$9,295	\$9,288
Expenditures						
<u>Labor:</u>						
Payroll	\$5,742	\$5,849	\$6,119	\$6,099	\$6,239	\$6,322
Overtime	1,351	1,227	1,045	1,054	1,078	1,097
Health and Welfare	1,317	1,383	1,489	1,558	1,653	1,745
OPEB Current Payments	601	644	712	776	847	926
Pension	1,404	1,549	1,535	1,539	1,483	1,431
Other Fringe Benefits	922	943	971	982	1,014	1,039
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$11,336	\$11,595	\$11,871	\$12,009	\$12,314	\$12,560
<u>Non-Labor:</u>						
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	835	755	702	675	693
Professional Services Contracts	613	691	752	680	627	621
Materials and Supplies	835	778	856	802	785	792
Other Business Expenses	196	214	221	196	206	216
Total Non-Labor Expenditures	\$3,707	\$3,958	\$4,017	\$3,850	\$3,834	\$3,936
<u>Other Expenditure Adjustments:</u>						
Other	\$105	\$174	\$183	\$175	\$181	\$205
General Reserve	0	165	170	175	180	185
Total Other Expenditure Adjustments	\$105	\$339	\$353	\$350	\$361	\$390
Total Expenditures	\$15,148	\$15,893	\$16,240	\$16,209	\$16,509	\$16,887
Net Cash Balance before Subsidies and Debt Service	(\$5,745)	(\$6,381)	(\$6,738)	(\$6,818)	(\$7,214)	(\$7,599)
Dedicated Taxes & State and Local Subsidies	\$7,874	\$8,111	\$8,410	\$8,442	\$8,803	\$9,208
Debt Service (excludes Service Contract Bonds)	(1,878)	(1,978)	(2,087)	(2,335)	(2,742)	(3,308)
Cash Balance Before Prior-Year Carryover	\$251	(\$249)	(\$416)	(\$712)	(\$1,153)	(\$1,699)
Adjustments	\$0	\$11	\$364	\$904	\$1,036	\$1,412
Prior-Year Carryover Balance	121	372	134	81	273	157
Net Cash Balance	\$372	\$134	\$81	\$273	\$157	(\$130)

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

	Actual 2018	Final Estimate 2019	Adopted Budget 2020	2021	2022	2023
Total Receipts						
New York City Transit	\$6,389	\$6,406	\$6,373	\$6,329	\$6,307	\$6,310
Long Island Rail Road	1,286	1,232	1,184	1,164	1,172	1,162
Metro-North Railroad	1,116	1,183	1,202	1,154	1,124	1,125
MTA Headquarters	306	364	407	409	353	350
Construction & Development	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	\$9,511	\$9,502	\$9,391	\$9,295	\$9,288
Total Expenditures						
New York City Transit	\$9,687	\$9,986	\$10,009	\$10,081	\$10,349	\$10,634
Long Island Rail Road	1,983	1,965	2,144	2,202	2,236	2,285
Metro-North Railroad	1,667	1,778	1,820	1,682	1,672	1,698
MTA Headquarters	926	1,047	1,146	1,103	1,051	1,053
Construction & Development	37	39	44	45	46	47
First Mutual Transportation Assurance Company	13	18	18	19	19	20
MTA Bus Company	762	813	782	785	816	805
Staten Island Railway	63	67	68	63	64	64
Other	11	181	210	230	256	281
Total	\$15,148	\$15,893	\$16,240	\$16,209	\$16,509	\$16,887
Net Operating Surplus/(Deficit)						
New York City Transit	(\$3,299)	(\$3,580)	(\$3,636)	(\$3,752)	(\$4,041)	(\$4,323)
Long Island Rail Road	(697)	(734)	(960)	(1,038)	(1,064)	(1,123)
Metro-North Railroad	(551)	(594)	(617)	(528)	(548)	(573)
MTA Headquarters	(620)	(682)	(738)	(694)	(698)	(703)
Construction & Development	0	0	0	0	0	0
First Mutual Transportation Assurance Company	0	0	0	0	0	0
MTA Bus Company	(517)	(559)	(525)	(528)	(558)	(547)
Staten Island Railway	(51)	(51)	(52)	(47)	(49)	(49)
Other	(11)	(181)	(210)	(230)	(256)	(281)
Total	(\$5,745)	(\$6,381)	(\$6,738)	(\$6,818)	(\$7,214)	(\$7,599)

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

	Favorable/(Unfavorable)				
	2019	2020	2021	2022	2023
NOVEMBER FINANCIAL PLAN 2020-2023					
NET CASH SURPLUS/(DEFICIT)	\$143	\$11	\$33	(\$212)	(\$426)
Agency Technical Adjustments	\$60	(\$90)	(\$46)	(\$93)	(\$136)
Agency Technical Adjustments	60	(77)	(18)	(41)	(50)
Other Baseline Re-estimates ¹	0	(14)	(28)	(52)	(85)
Subsidies (Cash)	(\$6)	\$314	\$261	\$373	\$686
Metropolitan Mass Transportation Operating Assist (MMTOA)	-	255	183	163	154
Petroleum Business Tax (PBT) Receipts	-	11	-	-	-
Lockbox Revenues Supporting Debt Service	-	31	64	182	466
Other Subsidies	(6)	17	13	29	66
Debt Service	\$0	\$4	\$21	(\$100)	(\$394)
Below-the-Line Adjustments	(\$64)	(\$148)	(\$65)	(\$51)	(\$17)
Fare and toll Increases:					
Adjustments to 2021 and 2023 Fare/Toll Increases	-	-	2	2	4
Policy Actions:					
Reversal of Below-the-Line Adjustment for Use of Committed to Cap	(64)	(30)	-	-	-
Reversal of Below-the-Line Adjustment for Debt Service	-	7	7	7	7
Change in State Aid for the 2015-19 Capital Plan	-	(29)	(66)	(38)	5
Timing of Personnel Actions	-	(58)	-	-	-
TWU Pattern Wage Settlement Over 2% for all other CBAs	-	(3)	(8)	(22)	(32)
Re-estimated NYCT Maintenance	-	(35)	-	-	-
Prior Year Carryover	\$0	(\$10)	\$70	\$240	\$157
FEBRUARY FINANCIAL PLAN 2020-2023					
NET CASH SURPLUS/(DEFICIT)	\$134	\$81	\$273	\$157	(\$130)

* Totals may not add due to rounding

¹ 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."

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

FAREBOX RECOVERY RATIOS					
	Final Estimate 2019	Adopted Budget 2020	Plan 2021	Plan 2022	Plan 2023
New York City Transit	36.3%	36.2%	35.0%	33.8%	32.7%
Staten Island Railway	8.8%	8.0%	7.8%	7.3%	6.7%
Long Island Rail Road	30.3%	27.9%	26.8%	26.0%	24.9%
Metro-North Railroad	40.8%	41.6%	41.5%	40.2%	38.8%
MTA Bus Company	21.0%	22.0%	22.0%	21.2%	21.1%
MTA-Wide Farebox Recovery Ratio	34.9%	34.5%	33.5%	32.4%	31.3%

FAREBOX OPERATING RATIOS					
	Final Estimate 2019	Adopted Budget 2020	Plan 2021	Plan 2022	Plan 2023
New York City Transit	52.2%	53.4%	52.0%	50.5%	48.9%
Staten Island Railway	13.3%	13.4%	14.1%	13.8%	13.7%
Long Island Rail Road	49.4%	43.7%	42.3%	41.9%	40.9%
Metro-North Railroad	56.2%	56.3%	58.5%	58.1%	57.2%
MTA Bus Company	29.0%	29.0%	28.8%	27.7%	28.1%
MTA-Wide Farebox Operating Ratio	50.6%	50.6%	49.7%	48.4%	47.2%

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.