

MTA
Headquarters

**MTA Headquarters
2005 Preliminary Budget
July Financial Plan 2005-2008**

Mission Statement

The mission of Metropolitan Transportation Authority Headquarters is to maximize use of MTA Transportation services and facilities by its customers and to provide support to the operating agencies in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services.

Financial Overview

Mindful of its obligations to support customer ridership while maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on an aggressive program to reduce costs and to achieve expense reductions through 2008. This has been accomplished through the diligent work of all MTA Headquarters departments in reviewing current programs and cutting those that were superfluous or too expensive, as well as undertaking those projects that promote efficiencies. In reviewing departmental activities it was determined that program reductions can have an immediate impact by reducing headcount by 9 positions in 2004, 8 positions in 2005, and one position in 2006 through 2008 (18 positions total).

Savings from programs to eliminate the gap have already begun and will reduce expenses by \$2.264 million beginning in 2004 and \$15.013 million in 2005. Thereafter, these programs result in expense reductions of \$17.655 million, \$18.167 million, and \$18.750 million in 2006, 2007, and 2008 respectively.

2005 Preliminary Budget – Baseline

MTA Headquarters projects a Baseline Net Deficit of \$246.402 million in the 2005 Preliminary Budget. The Net Deficit is \$0.875 million lower than the 2004 Mid-Year Forecast of \$247.277 million. Reduced internal support requirements are partially offset by increased compensation expenditures related to full-year staffing as well as other-than personnel expenses.

Programs to eliminate the gap will result in administrative cost reductions in 2005 of \$15.013 million and will result in the elimination of 17 positions. Major programs include the following:

Through the PeopleSoft Enterprise Resources Planning System MTA Headquarters is developing an MTA-wide integrated budgeting and financial reporting system that will replace the current outdated suite of financial systems. The PeopleSoft initiative will enable accurate, reliable and timely information to be used for MTA financial decision making as well as to enhance the public's understanding of MTA's finances.

Facilities Management is responsible for the management and upkeep of such older facilities as 341, 345, and 347 Madison Avenue and for the Data Center at 460 West 34th Street. Under new leadership the Administration Department has sought to effect headcount reductions and other savings in maintenance and repairs.

Also under new leadership the Enterprise Technology Group (EITG) has identified telecommunications savings based upon staff relocations that will still continue its high level of support to desktop workstations, LAN/WAN and midrange servers, Internet/Intranet, e-mail as well as voice, data, audio/video communications support and disaster/business recovery services.

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA infrastructure security at critical locations including railroads, bridges and tunnels, and on trains and buses.

2006 – 2008 Projections

MTA Headquarters projects Net Deficits of \$234.707 million, \$240.946 million, and \$247.789 million in the years 2006, 2007 and 2008, respectively. Growth in Health and Welfare fringe benefits costs is the primary reason for the increase in expenses. Programs to eliminate the gap begun in 2005 continue and the resultant growth in savings provide a partial offset to the growth in other than personal services brought about by inflation.

Headcount of 1,353 positions is achieved in 2006 as the full effect of the Programs to Eliminate the Gap impact MTA Headquarters. This represents a reduction of 15 positions from the 1,368 positions for the 2004 Adopted Budget.

MTA Headquarters
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Revenue</u>						
Farebox Revenue						
Toll Revenue						
Investment Income						
Other Operating Revenue						
Rental Income	\$7.780	\$8.191	\$8.454	\$8.637	\$8.859	\$9.108
Data Center Billings	\$3.865	\$4.838	\$4.994	\$5.110	\$5.241	\$5.389
Other	\$1.021	\$3.937	\$4.064	\$4.150	\$4.257	\$4.376
Other Operating Revenue						
Capital and Other Reimbursements						
Total Revenue	\$12.666	\$16.966	\$17.512	\$17.897	\$18.357	\$18.873
<u>Expenses</u>						
Labor:						
Payroll	85.109	95.066	98.322	99.102	101.608	104.437
Overtime	13.218	12.334	12.590	14.358	14.819	15.293
Health and Welfare	12.043	12.457	14.164	15.323	16.575	17.942
Pensions	12.314	12.899	13.343	13.773	14.208	14.668
Actuarial Pension Adjustment Reserve	-	25.000	25.000	25.000	25.000	25.000
Other Fringe Benefits	8.404	8.338	8.594	8.908	9.243	9.538
Reimbursable Overhead	(33.235)	(36.054)	(37.196)	(38.014)	(38.991)	(40.087)
Total Labor Expenses	\$97.853	\$130.040	\$134.817	\$138.450	\$142.462	\$146.791
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	2.349	3.138	3.274	3.347	3.433	3.530
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	14.008	22.139	27.288	27.912	28.650	29.466
Professional Service Contracts	54.258	40.499	42.248	43.169	44.267	45.540
Materials & Supplies	1.972	5.530	5.597	5.705	5.840	5.997
MTA Internal Subsidy	31.650	46.561	34.263	35.177	36.232	37.409
Other Business Expenses	2.624	3.061	3.152	3.224	3.311	3.404
Total Non-Labor Expenses	\$106.861	\$120.928	\$115.822	\$118.534	\$121.733	\$125.346
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments						
Total Expenses before Depreciation	\$204.714	\$250.968	\$250.639	\$256.984	\$264.195	\$272.137
Depreciation	12.838	13.275	13.275	13.275	13.275	13.275
Total Expenses	\$217.552	\$264.243	\$263.914	\$270.259	\$277.470	\$285.412
Baseline Net Surplus/(Deficit)	(\$204.886)	(\$247.277)	(\$246.402)	(\$252.362)	(\$259.113)	(\$266.539)
Program to Eliminate the Gap	\$ -	\$ 2.264	\$ 15.013	\$ 17.655	\$ 18.167	\$ 18.750
Net Surplus/(Deficit)	(\$204.886)	(\$245.013)	(\$231.389)	(\$234.707)	(\$240.946)	(\$247.789)

MTA Headquarters
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
Revenue						
Farebox Revenue						
Toll Revenue						
Investment Income						
Other Operating Revenue						
Rental Income	\$7.780	\$8.191	\$8.454	\$8.637	\$8.859	\$9.108
Data Center Billings	\$3.865	\$4.838	\$4.994	\$5.110	\$5.241	\$5.389
Other	\$1.021	\$3.937	\$4.064	\$4.150	\$4.257	\$4.376
Capital and Other Reimbursements	33.235	36.054	37.196	38.014	38.991	40.087
Total Revenue	\$45.901	\$53.020	\$54.708	\$55.911	\$57.348	\$58.960
Expenses						
Labor:						
Payroll	85.109	95.066	98.322	99.102	101.608	104.437
Overtime	13.218	12.334	12.590	14.358	14.819	15.293
Health and Welfare	12.043	12.457	14.164	15.323	16.575	17.942
Pensions	12.314	12.899	13.343	13.773	14.208	14.668
Actuarial Pension Adjustment Reserve	-	25.000	25.000	25.000	25.000	25.000
Other Fringe Benefits	8.404	8.338	8.594	8.908	9.243	9.538
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$131.088	\$166.094	\$172.013	\$176.464	\$181.453	\$186.878
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	2.349	3.138	3.274	3.347	3.433	3.530
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	14.008	22.139	27.288	27.912	28.650	29.466
Professional Service Contracts	54.258	40.499	42.248	43.169	44.267	45.540
Materials & Supplies	1.972	5.530	5.597	5.705	5.840	5.997
MTA Internal Subsidy	31.650	46.561	34.263	35.177	36.232	37.409
Other Business Expenses	2.624	3.061	3.152	3.224	3.311	3.404
Total Non-Labor Expenses	\$106.861	\$120.928	\$115.822	\$118.534	\$121.733	\$125.346
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments						
Total Expenses before Depreciation	\$237.949	\$287.022	\$287.835	\$294.998	\$303.186	\$312.224
Depreciation	12.838	13.275	13.275	13.275	13.275	13.275
Total Expenses	\$250.787	\$300.297	\$301.110	\$308.273	\$316.461	\$325.499
Baseline Net Surplus/(Deficit)	(\$204.886)	(\$247.277)	(\$246.402)	(\$252.362)	(\$259.113)	(\$266.539)
Program to Eliminate the Gap	\$ -	\$ 2.264	\$ 15.013	\$ 17.655	\$ 18.167	\$ 18.750
Net Surplus/(Deficit)	(\$204.886)	(\$245.013)	(\$231.389)	(\$234.707)	(\$240.946)	(\$247.789)

**MTA Headquarters
July Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)**

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue						
Toll Revenue						
Investment Income						
Other Operating Revenue						
Rental Income	\$7.780	\$8.191	\$8.454	\$8.637	\$8.859	\$9.108
Data Center Billings	3.865	4.838	4.994	5.110	5.241	5.389
Other	1.021	3.937	4.064	4.150	4.257	4.376
Capital and Other Reimbursements	33.235	36.054	37.196	38.014	38.991	40.087
Total Receipts	\$45.901	\$53.020	\$54.708	\$55.911	\$57.348	\$58.960
<u>Expenditures</u>						
Labor:						
Payroll	85.109	94.246	97.897	98.677	101.183	104.012
Overtime	13.218	12.334	12.590	14.358	14.819	15.293
Health and Welfare	12.043	12.457	14.164	15.323	16.575	17.942
Pensions	12.314	12.899	13.343	13.773	14.208	14.668
Actuarial Pension Adjustment Reserve	-	25.000	25.000	25.000	25.000	25.000
Other Fringe Benefits	8.404	8.338	8.594	8.908	9.243	9.538
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$131.088	\$165.274	\$171.588	\$176.039	\$181.028	\$186.453
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	2.349	3.138	3.274	3.347	3.433	3.530
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	14.008	22.139	27.288	27.912	28.650	29.466
Professional Service Contracts	54.258	40.799	42.548	43.469	44.567	45.840
Materials & Supplies	1.972	5.530	5.597	5.705	5.840	5.997
MTA Internal Subsidy	31.650	46.561	34.263	35.177	36.232	37.409
Other Business Expenses	2.624	3.061	3.152	3.224	3.311	3.404
Total Non-Labor Expenditures	\$106.861	\$121.228	\$116.122	\$118.834	\$122.033	\$125.646
Other Expenditure Adjustments:						
Capital Expenditures	6.971	24.929	20.779	20.779	20.779	20.779
Other	21.712	(7.458)				
Total Other Expenditure Adjustments	\$28.683	\$17.471	\$20.779	\$20.779	\$20.779	\$20.779
Total Expenditures	\$266.632	\$303.973	\$308.489	\$315.652	\$323.840	\$332.878
Baseline Net Cash Deficit	(\$220.731)	(\$250.953)	(\$253.781)	(\$259.741)	(\$266.492)	(\$273.918)
Program to Eliminate the Gap	\$ -	\$ 2.264	\$ 15.013	\$ 17.655	\$ 18.167	\$ 18.750
Net Cash Deficit	(\$220.731)	(\$248.689)	(\$238.768)	(\$242.086)	(\$248.325)	(\$255.168)

MTA Headquarters
July Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
Receipts						
Fare Revenue	-	-	-	-	-	-
Vehicle Toll Revenue	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
Expenditures						
Labor:	-	-	-	-	-	-
Payroll	-	0.820	0.425	0.425	0.425	0.425
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Actuarial Pension Adjustment Reserve	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	-	0.820	0.425	0.425	0.425	0.425
Non-Labor:	-	-	-	-	-	-
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
Total Non-Labor Expenditures	-	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Other Expenditures Adjustments:						
Capital Expenditures	(6.971)	(24.929)	(20.779)	(20.779)	(20.779)	(20.779)
Other	(21.712)	7.458	-	-	-	-
Total Other Expenditures Adjustments	\$ (28.683)	\$ (17.471)	\$ (20.779)	\$ (20.779)	\$ (20.779)	\$ (20.779)
Total Expenditures before Depreciation	\$ (28.683)	\$ (16.951)	\$ (20.654)	\$ (20.654)	\$ (20.654)	\$ (20.654)
Depreciation Adjustment	12.838	13.275	13.275	13.275	13.275	13.275
Baseline Total Cash Conversion Adjustments	\$ (15.845)	\$ (3.676)	\$ (7.379)	\$ (7.379)	\$ (7.379)	\$ (7.379)
Program to Eliminate the Gap	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$ (15.845)	\$ (3.676)	\$ (7.379)	\$ (7.379)	\$ (7.379)	\$ (7.379)

**MTA Headquarters
2004-2008 Financial Plan
Year-To-Year Major Changes by Category-Baseline Narrative**

Baseline Assumptions:

The following explanations refer to the year-to-year variances in MTA Baseline assumptions for the July Financial Plan 2005-2008:

Receipts:

Rental Income, Data Center Billings, and Other

- Mid-year Forecast 2004 and 2005 Preliminary Budget are inflated by 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6%, and 2.8%, respectively.

Expenditures:

Payroll

- Increases in Mid-year Forecast for 2004 primarily reflect fewer vacancies for MTA Headquarters and MTA Police than assumed in the adopted budget.
- Increases in the 2005 Preliminary Budget are inflated by 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6% and 2.8%, respectively.

Overtime

- Decreases in the Mid-year Forecast for 2004 are primarily due to reductions from a higher base in 2003 that included greater MTA Police heightened alert activity.
- The 2005 Preliminary Budget primarily reflects increases resulting from full-year MTA Police staffing.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6%, and 2.8%, respectively as well as a higher base due to full-year MTA Police staffing.

Health and Welfare

- Increases in the Mid-Year Forecast for 2004 and the 2005 Preliminary Budget are projected at 14.2% and 12.9% respectively, due to projected increases in Empire Plan costs for employers.
- Thereafter 2006, 2007, and 2008 reflect increases of 9.3% per year based on projected increases in Empire Plan costs for employers.

Pensions

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget are inflated at 4.5% and 3.2%, respectively.
- Thereafter 2006, 2007, and 2008 are inflated at 3.2% per year.

Actuarial Pension Adjustment Reserve

- A reserve of \$25.0 million per year is provided for potential contributions for unfunded pension liabilities.

Other Fringe Benefits

- Increases in all years of the plan are inflated at 3.2%.

Insurance

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget generally reflect increased general liability premiums.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Maintenance and Other Operating Contracts

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget generally reflect increases related to Safety and Security activity.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Professional Service Contracts

- Expenses in the Mid-year Forecast for 2004 are expected to be lower than 2003 primarily due to higher Safety and Security consulting services.
- Professional services in the 2005 Preliminary Budget are inflated at 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Materials & Supplies

- Increases in the Mid-year Forecast for 2004 primarily reflect increases related to Safety and Security activity.
- Increases in the 2005 Preliminary Budget are inflated at 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRTOA and Long Island Bus based on projected revenue and support shortfalls from state and local governments. In addition, internal support is provided for NYCT in the 2004 Preliminary Budget, only.

Other Business Expenses

- Increases in the Mid-year Forecast for 2004 reflect general increases from lower 2003 activity as a result of headcount increasing to budgeted levels by the end of 2004.
- Increases in 2005 Preliminary Budget primarily reflect an inflation rate of 3.2%.

- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively

Other Expenditure Adjustments:

Capital Expenditures

- 2004 expenditures reflect an increase of \$4.150 million representing a transfer from the Safety and Security operating budget for expenditures related to MTA Police facilities.
- Thereafter, expenditures for 2005-2008 remain constant at \$20.779 million.

MTA Headquarters
July Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Revenue									
Farebox Revenue									
Toll Revenue									
Investment Income									
Other Operating Revenue									
Rental Income	\$8.191	\$8.454	\$ 0.263	\$ 8.637	\$ 0.183	\$8.859	\$ 0.222	\$9.108	0.249
Data Center Billings	4.838	4.994	0.156	5.110	0.116	5.241	0.131	5.389	0.148
Other	3.937	4.064	0.127	4.150	0.086	4.257	0.107	4.376	0.119
Capital and Other Reimbursements	36.054	37.196	1.142	38.014	0.818	38.991	0.977	40.087	1.096
Total Revenue	\$53.020	\$54.708	\$ 1.688	\$55.911	\$ 1.203	\$57.348	\$ 1.437	\$58.960	1.612
Expenses									
Labor:									
Payroll	95.066	98.322	(3.256)	99.102	(0.780)	101.608	(2.506)	104.437	(2.829)
Overtime	12.334	12.590	(0.256)	14.358	(1.768)	14.819	(0.461)	15.293	(0.474)
Health and Welfare	12.457	14.166	(1.709)	15.325	(1.159)	16.578	(1.253)	17.945	(1.367)
Pensions	12.899	13.341	(0.442)	13.771	(0.430)	14.205	(0.434)	14.665	(0.460)
Actuarial Pension Adjustment Reserve	25.000	25.000	-	25.000	-	25.000	-	25.000	-
Other Fringe Benefits	8.338	8.594	(0.256)	8.908	(0.314)	9.243	(0.335)	9.538	(0.295)
Reimbursable Overhead	-	-	-	-	-	-	-	-	-
Total Labor Expenses	\$166.094	\$172.013	\$ (5.919)	\$ 176.464	\$ (4.451)	\$ 181.453	\$ (4.989)	\$186.878	(5.425)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.138	3.274	(0.136)	3.347	(0.073)	3.433	(0.086)	3.530	(0.097)
Claims	-	-	-	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Contracts	22.139	27.288	(5.149)	27.912	(0.624)	28.650	(0.738)	29.466	(0.816)
Professional Service Contracts	40.499	42.248	(1.749)	43.169	(0.921)	44.267	(1.098)	45.540	(1.273)
Materials & Supplies	5.530	5.597	(0.067)	5.705	(0.108)	5.840	(0.135)	5.997	(0.157)
MTA Internal Subsidy	46.561	34.263	12.298	35.177	(0.914)	36.232	(1.055)	37.409	(1.177)
Other Business Expenses	3.061	3.152	(0.091)	3.224	(0.072)	3.311	(0.087)	3.404	(0.093)
Total Non-Labor Expenses	\$120.928	\$115.822	\$ 5.106	\$118.534	\$ (2.712)	\$121.733	\$ (3.199)	\$125.346	(3.613)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments									
Total Expenses before Depreciation	\$287.022	\$287.835	\$ (0.813)	\$ 294.998	\$ (7.163)	\$ 303.186	\$ (8.188)	\$312.224	(9.038)
Depreciation	13.275	13.275	-	13.275	-	13.275	-	13.275	-
Total Expenses	\$300.297	\$301.110	\$ (0.813)	\$ 308.273	\$ (7.163)	\$316.461	\$ (8.188)	\$325.499	(9.038)
Baseline Net Surplus/(Deficit)	(\$247.277)	(\$246.402)	\$ 0.875	(\$252.362)	\$ (5.960)	(\$259.113)	\$ (6.751)	(\$266.539)	(7.426)
Program to Eliminate the Gap	\$ 2.264	\$ 15.013	\$ 12.749	\$ 17.655	\$ 2.642	\$ 18.167	\$ 0.512	\$ 18.750	\$ 0.583
Net Surplus/(Deficit)	(\$245.013)	(\$231.389)	\$ 13.624	(\$234.707)	\$ (3.318)	(\$240.946)	\$ (6.239)	(\$247.789)	(6.843)

MTA Headquarters
July Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Toll Revenue									
Investment Income									
Other Operating Revenue									
Rental Income	\$8.191	\$8.454	\$ 0.263	\$8.637	\$ 0.183	\$8.859	\$ 0.222	\$9.108	0.249
Data Center Billings	4.838	4.994	0.156	5.110	0.116	5.241	0.131	5.389	0.148
Other	3.937	4.064	0.127	4.150	0.086	4.257	0.107	4.376	0.119
Capital and Other Reimbursements	36.054	37.196	1.142	38.014	0.818	38.991	0.977	40.087	1.096
Total Receipts	\$53.020	\$54.708	\$ 1.688	\$55.911	\$ 1.203	\$57.348	\$ 1.437	\$58.960	\$ 1.612
<u>Expenditures</u>									
Labor:									
Payroll	94.246	97.897	(3.651)	98.677	\$ (0.780)	101.183	(2.506)	104.012	(2.829)
Overtime	12.334	12.590	(0.256)	14.358	(1.768)	14.819	(0.461)	15.293	(0.474)
Health and Welfare	12.457	14.166	(1.709)	15.325	(1.159)	16.578	(1.253)	17.945	(1.367)
Pensions	12.899	13.341	(0.442)	13.771	(0.430)	14.205	(0.434)	14.665	(0.460)
Actuarial Pension Adjustment Reserve	25.000	25.000	-	25.000	-	25.000	-	25.000	-
Other Fringe Benefits	8.338	8.594	(0.256)	8.908	(0.314)	9.243	(0.335)	9.538	(0.295)
Reimbursable Overhead	-	-	-	-	-	-	-	-	-
Total Labor Expenditures	\$165.274	\$171.588	\$ (6.314)	\$176.039	\$ (4.451)	\$181.028	\$ (4.989)	\$186.453	\$ (5.425)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.138	3.274	(0.136)	3.347	(0.073)	3.433	(0.086)	3.530	(0.097)
Claims			-		-				-
Paratransit Service Contracts			-		-				-
Maintenance and Other Operating Contracts	22.139	27.288	(5.149)	27.912	(0.624)	28.650	(0.738)	29.466	(0.816)
Professional Service Contracts	40.799	42.548	(1.749)	43.469	(0.921)	44.567	(1.098)	45.840	(1.273)
Materials & Supplies	5.530	5.597	(0.067)	5.705	(0.108)	5.840	(0.135)	5.997	(0.157)
MTA Internal Subsidy	46.561	34.263	12.298	35.177	(0.914)	36.232	(1.055)	37.409	(1.177)
Other Business Expenses	3.061	3.152	(0.091)	3.224	(0.072)	3.311	(0.087)	3.404	(0.093)
Total Non-Labor Expenditures	\$121.228	\$116.122	\$ 5.106	\$118.834	\$ (2.712)	\$122.033	(3.199)	\$125.646	\$ (3.613)
Other Expenditure Adjustments:									
Capital Expenditures	24.929	20.779	4.150	20.779	-	20.779	-	20.779	-
Other	(7.458)		(7.458)						
Total Other Expenditure Adjustments	\$17.471	\$20.779	(3.308)	\$20.779	\$ -	\$20.779	\$ -	\$20.779	\$ -
Total Expenditures	\$303.973	\$308.489	\$ (4.516)	\$315.652	\$ (7.163)	\$323.840	(8.188)	\$332.878	\$ (9.038)
Baseline Net Cash Deficit	(\$250.953)	(\$253.781)	\$ (2.828)	(\$259.741)	\$ (5.960)	(\$266.492)	(6.751)	(\$273.918)	\$ (7.426)
Program to Eliminate the Gap	\$ 2.264	\$ 15.013	\$ 12.749	\$ 17.655	\$ 2.642	\$ 18.167	\$ 0.512	\$ 18.750	\$ 0.583
Net Cash Deficit	(\$248.689)	(\$238.768)	\$ 9.921	(\$242.086)	\$ (3.318)	(\$248.325)	(6.239)	(\$255.168)	\$ (6.843)

MTA Headquarters
2004-2008 Financial Plan
Summary of Major Plan-to-Plan Changes-Baseline Narrative

The following explanations summarize the total differences between the July Financial Plan and the February Financial Plan:

2004: July Financial Plan vs. February Financial Plan

The Net Cash Deficit in the 2004 July Financial Plan of \$248.689 million is higher than the February Plan of \$228.676 million, an increase of \$20.013 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is partly offset by the favorable impact of Programs to Eliminate the Gap of \$2.264 million beginning in 2004.

2005: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$238.768 million is lower than the February Plan of \$249.207 million, a decrease of \$10.439 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$22.316 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$15.013 million.

2006: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$242.086 million is lower than the February Plan of \$259.134 million, a decrease of \$17.048 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$25.817 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$17.655 million.

2007: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$248.325 million is lower than the February Plan of \$268.679 million, a decrease of \$20.354 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$28.729 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$18.167 million.

MTA Headquarters
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$228.676)	(\$249.207)	(\$259.134)	(\$268.679)
<i>Changes:</i>				
Revenue				
Other Operating Revenue	.000	(0.004)	(0.185)	(0.307)
Sub-Total Revenue Changes	\$.000	(\$.004)	(\$.185)	(\$.307)
Expenses				
Payroll	0.448	(0.253)	1.792	2.521
Overtime	-	0.262	(0.762)	(0.786)
Health and Welfare	(0.993)	(2.334)	(3.113)	(3.972)
Pensions	(0.035)	(0.056)	(0.056)	(0.049)
Actuarial Pension Adjustment Reserve	(25.000)	(25.000)	(25.000)	(25.000)
Other Fringe Benefits	(0.025)	(0.012)	(0.048)	(0.098)
Reimbursable Overhead	-	(0.026)	(0.410)	(0.671)
Insurance	0.017	(0.017)	0.015	0.037
Maintenance and Other Operating Contracts	4.128	(0.170)	0.081	0.200
Professional Service Contracts	0.606	0.582	1.054	1.345
Materials & Supplies	0.027	0.140	0.217	0.271
MTA Internal Subsidy	1.370	22.316	25.817	28.729
Other Business Expense	1.330	(0.002)	(0.009)	(0.033)
Sub-Total Expense Changes	(\$18.127)	(\$4.570)	(\$.422)	2.494
Cash Adjustments:				
Revenue				
Capital Expenditures	(\$4.150)	0.000	0.000	0.000
Other	\$.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$4.150)	\$.000	\$.000	\$.000
Total Baseline Changes	(\$22.277)	(\$4.574)	(\$0.607)	\$2.187
Program to Eliminate the Gap	2.264	15.013	17.655	18.167
Total Changes	\$2.264	\$15.013	\$17.655	\$18.167
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$248.689)	(\$238.768)	(\$242.086)	(\$248.325)

MTA Headquarters
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000
<i>Changes:</i>				
Revenue				
Other Reimbursements	\$.000	(0.026)	(0.410)	(0.671)
Sub-Total Revenue Changes	\$.000	(\$.026)	(\$.410)	(\$.671)
Expenses				
Reimbursable Overhead	-	0.026	0.410	0.671
Sub-Total Expense Changes	\$.000	\$.026	\$.410	\$.671
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000
Total Changes	\$0.000	\$0.000	(\$0.000)	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000

¹ Reflects the impact of amendments on year-end positions.

MTA Headquarters
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$228.676)	(\$249.207)	(\$259.134)	(\$268.679)
<i>Changes:</i>				
Revenue				
Other Reimbursements	\$ 0.000	(0.026)	(0.410)	(0.671)
Other Operating Revenue		(0.004)	(0.185)	(0.307)
Sub-Total Revenue Changes	\$ 0.000	(\$ 0.030)	(\$ 0.595)	(\$ 0.978)
Expenses				
Payroll	0.448	(0.253)	1.792	2.521
Overtime	-	0.262	(0.762)	(0.786)
Health and Welfare	(0.993)	(2.334)	(3.113)	(3.972)
Pensions	(0.035)	(0.056)	(0.056)	(0.049)
Actuarial Pension Adjustment Reserve	(25.000)	(25.000)	(25.000)	(25.000)
Other Fringe Benefits	(0.025)	(0.012)	(0.048)	(0.098)
Insurance	0.017	(0.017)	0.015	0.037
Maintenance and Other Operating Contracts	4.128	(0.170)	0.081	0.200
Professional Service Contracts	0.606	0.582	1.054	1.345
Materials & Supplies	0.027	0.140	0.217	0.271
MTA Internal Subsidy	1.370	22.316	25.817	28.729
Other Business Expense	1.330	(0.002)	(0.009)	(0.033)
Sub-Total Expense Changes	(\$18.127)	(\$4.544)	(\$0.012)	3.165
Cash Adjustments:				
Revenue				
Capital Expenditures	(\$4.150)	0.000	0.000	0.000
Other	\$ 0.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$4.150)	\$ 0.000	\$ 0.000	\$ 0.000
Total Baseline Changes	(\$22.277)	(\$4.574)	(\$0.607)	\$2.187
Program to Eliminate the Gap	2.264	15.013	17.655	18.167
Total Changes	\$2.264	\$15.013	\$17.655	\$18.167
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$248.689)	(\$238.768)	(\$242.086)	(\$248.325)

¹ Reflects the impact of amendments on year-end positions.

MTA Headquarters
July Financial Plan 2005 - 2008
Summary of the Programs to Eliminate the Gap
(\$ in millions)

	Favorable/(Unfavorable)											
	2003 Actuals		2004		2005		2006		2007		2008	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS												
Administration:												
EITG Reengineering					1	\$0.292	1	\$0.300	1	\$0.312	1	\$0.321
Real Estate Headcount Reduction and Reengineering					2	0.238	2	0.246	2	0.253	2	0.262
Facilities Management Efficiencies			3	0.930	3	0.451	3	0.465	3	0.480	3	0.494
Audit Services Succession Plan			2	0.146	2	0.150	2	0.156	2	0.160	2	0.166
PeopleSoft Efficiencies			3	0.594	3	0.438	4	0.500	4	0.517	4	0.534
Transit Museum Reductions					1	0.256	1	0.264	1	0.273	1	0.281
Overall MTAHQ cut			1	.594	5	1.868	5	1.928	5	1.988	5	2.053
Sub-Total Administration	0	\$0.000	9	\$2.264	17	\$3.693	18	\$3.859	18	\$3.983	18	\$4.111
Customer Convenience & Amenities:												
Sub-Total Customer Convenience & Amenities	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Service:												
Sub-Total Service	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Maintenance:												
Sub-Total Maintenance	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancement:												
Sub-Total Revenue Enhancement	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Other:												
Other				\$0.000		10.320		12.764		13.119		13.540
MTA Police Overtime Reductions						1.000		1.032		1.065		1.099
Sub-Total Other	0	\$0.000	0	\$0.000	0	\$11.320	0	\$13.796	0	\$14.184	0	\$14.639
Total PEGS	0	\$0.000	9	\$2.264	17	\$15.013	18	\$17.655	18	\$18.167	18	\$18.750

¹ Reflects the impact of amendments on year-end positions.

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**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Enterprise Information Technology Group Re engineering

Background Details: Due to various efficiencies brought by about by new Enterprise Information Technology Group management reengineering initiatives a headcount reduction brought about by the elimination of 1 staff position can be made in the 2005 Preliminary Plan and in the out years.

PEG Description/Implementation Plan: Elimination of one position in Enterprise Information Technology Group through reengineering.
PEG Implementation Date: 2005 **When will PEG savings begin?:** 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	-	\$0.292	\$0.300	\$0.312	\$0.321
<i>Impact on Positions:</i>					
Total Reduction in Positions Required	-	1	1	1	1
Current Vacancies <i>(List title of vacant positions)</i>					
None	-	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other <i>(Identify Appropriate Indicator)</i>	-	-	-	-	-

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Real Estate Headcount Reduction and Capitalization

Background Details: The Real Estate Department currently has employees that are working on large scale capital projects such as East Side Access, Second Avenue Subway and the 7 - Line extension. Two (2) full time equivalent positions will be charged to the Capital Plan.

PEG Description/Implementation Plan: Beginning in 2005, the Plan would capitalize the equivalent of 2 positions due to the involvement of staff working on major capital programs.

PEG Implementation Date: 2005 **When will PEG savings begin?:** 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$0.238	\$0.246	\$0.253	\$0.262
<i>Impact on Positions:</i>					
Total Reduction in Positions Required	-	2	2	2	2
<i>Current Vacancies (List title of vacant positions)</i>					
	-	-	-	-	-
Total	-	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Administration - Facilities Management Efficiencies

Background Details:	Facilities Management is responsible for the management and upkeep of the facilities at 341, 345, and 347 Madison Avenue and at the Data Center at 460 West 34th Street. These buildings are older and typically require large expenditures to maintain and operate the buildings in areas such as plumbing, electrical work and security. Facilities Management is also responsible for Office Services for MTA Headquarters and is the central location for ordering supplies, computer equipment and the like. Under new leadership the Administration Department has sought to effect headcount reductions and other savings in maintenance and repairs as well as other professional services. However, this program does not allow for any major repair incident that might arise and these will have to be handled on a case-by-case basis as they occur. Of the proposed savings, \$0.295 million relate to existing lease and data center operations assigned to a vendor who will stay on-site.
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PEG Description/Implementation Plan:	Reductions of 3 positions and other than personal services costs through reengineering.	
PEG Implementation Date:	2004	When will PEG savings begin?: 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.930	\$0.451	\$0.465	\$0.480	\$0.494
<i>Impact on Positions:</i>					
Total Reduction in Positions Required	3	3	3	3	3
<i>Current Vacancies (List title of vacant positions)</i>					
Facilities Manager	1	1	1	1	1
Mail Clerks	2	2	2	2	2
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Audit Services Succession Plan

Background Details:	The Audit Department has slated a program for 2004/2005 to identify and train internal candidates to fill or assume future departmental roles. This plan included the identification of future needs, the staff capable of filling those needs, the training required to prepare staff for positions as they become available and a process to monitor the progress.
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PEG Description/Implementation Plan:	Reduction of two positions through increased productivity.
PEG Implementation Date:	2004 When will PEG savings begin?: 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.146	\$0.150	\$0.156	\$0.160	\$0.166
Total Reduction in Positions Required					
	2	2	2	2	2
<i>Current Vacancies (List title of vacant positions)</i>					
Senior Auditor	1	-	-	-	-
Admin. Assistant	1	-	-	-	-
Total	2	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: PeopleSoft Efficiencies

Background Details: The MTA has stated its intent to develop MTA-wide integrated budgeting and financial reporting practices that will yield accurate, reliable and timely information to be used for MTA financial decision-making as well as to enhance the public's understanding of MTA's finances. The MTA has chosen through extensive analysis PeopleSoft's Enterprise Resources Planning System to provide these requirements. In anticipation of efficiencies that will be brought about by the PeopleSoft initiative, the Chief Financial Officer has accumulated vacancy savings from positions that have not yet been filled in the current year pending re-engineering and will find other opportunities for future productivity savings as the project is implemented. Coupled with savings identified in the Human Resources module, further savings from the PeopleSoft initiative will be identified as the project unfolds.

PEG Description/Implementation Plan: Vacancy savings are currently being realized; some current vacant positions will remain vacant and there will be OTPS expenses that will be eliminated since they are included in PeopleSoft modules.

PEG Implementation Date: 2004 **When will PEG savings begin?:** 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.594	\$0.438	\$0.500	\$0.517	\$0.534
Total Reduction in Positions Required					
Current Vacancies (List title of vacant positions)					
Administrative	3	3	4	4	4
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Transit Museum Reductions

Background Details:	The Transit Museum combines a retail function with on-going exhibits of Transit history and it's role in the development of New York City. In addition to this, the museum also provides extensive research and educational opportunities to the public as well as MTA Staff. The Transit Museum combines education of numerous school/youth groups with adult education programs to preserve Transit history.
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PEG Description/Implementation Plan:	The Plan would reduce the services provided by the Transit Museum and the staff required to support them. In addition the number and complexity of exhibits would be reduced along with other operating costs such as printing, equipment and automotive expenses.
PEG Implementation Date:	2005 When will PEG savings begin?: 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$0.256	\$0.264	\$0.273	\$0.281
Total Reduction in Positions Required					
<i>(List title of positions)</i>					
Current Vacancies					
Deputy Director, Special Projects	-	1	1	1	1
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Overall - MTA Headquarters-wide cut

Background Details:	There were a number of cuts identified throughout MTA Headquarters that were attributable to overall cost savings and not associated with any particular program. Executive Office/Chief of Staff anticipate 1 headcount reduction. Administration Department cut backs relate to personnel and OTPS reductions at Capital Program Management, Policy and the Office of Construction Oversight. Reductions in Corporate Affairs and Communications reflect Exhibit reductions in Arts for Transit, reduced lobbying expenses in Community Affairs and Communications, and the elimination of some production and design support expenses at Marketing and Corporate Communications. General Counsel reductions mainly reflect a staff reduction and reduced professional services at the Office of General Counsel and the Office of Civil Rights. In addition, the new management team at the MTA Police have reviewed all operations and identified opportunities for savings in OTPS.
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PEG Description/Implementation Plan:	Administrative reductions in staff and contractual services throughout MTA Headquarters.
PEG Implementation Date:	2004 When will PEG savings begin?: 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.594	\$1.868	\$1.928	\$1.988	\$2.053
Total Reduction in Positions Required					
Current Vacancies	1	5	5	5	5
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other

Program: Other

Background Details:	In order to support short and long term security measures, the MTA operating agencies have been undertaking many baseline security measures to protect its customers, employees and infrastructure. These measures include among others, training, fencing, barriers, security guard services, hazardous incident response equipment, cameras, alarms, and the like. However, as much of this security work has commenced, new agency needs become more focused, and new sources of funding have been identified, the MTA funding source can be reduced by approximately \$10.320 million beginning in 2005.
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PEG Description/Implementation Plan:	Minor Safety and Security measures such as fencing and cameras which have been implemented since 9/11 have reduced the need for future operating budget enhancements.
PEG Implementation Date:	2005 When will PEG savings begin?: 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$10.320	\$12.764	\$13.119	\$13.540
Total Reduction in Positions Required		0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Other					
Other					

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