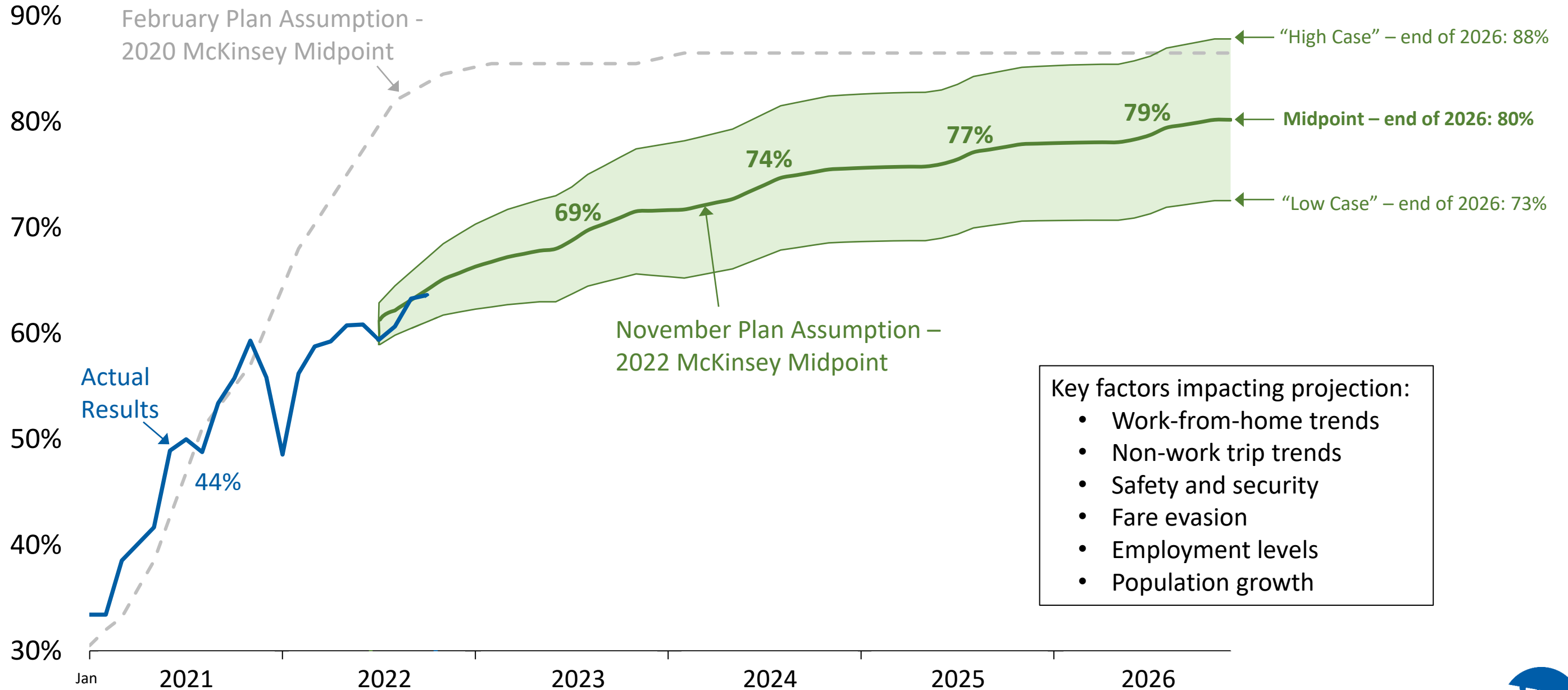

Metropolitan Transportation Authority

November 2022 Financial Plan Presentation

11/30/2022



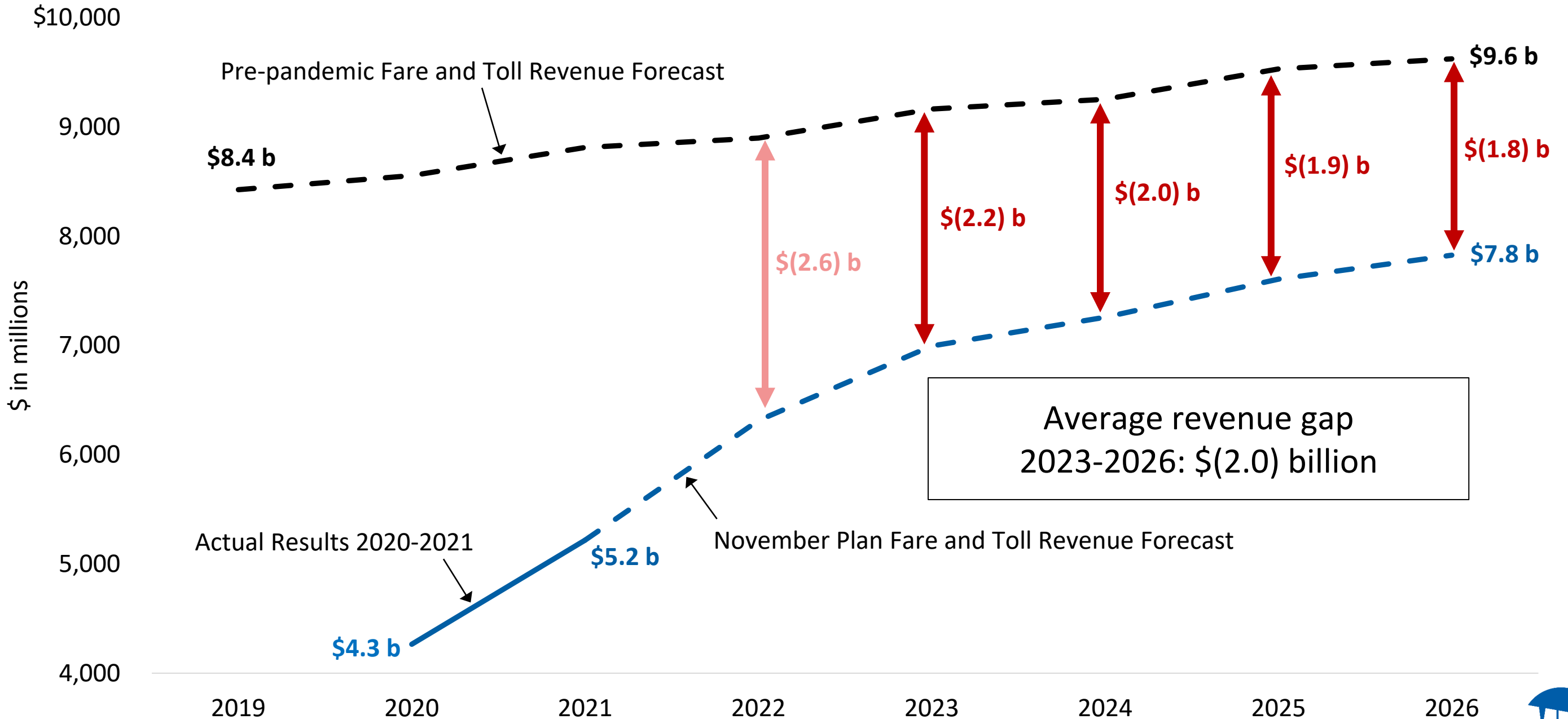
Ridership recovery is tracking the midpoint projection



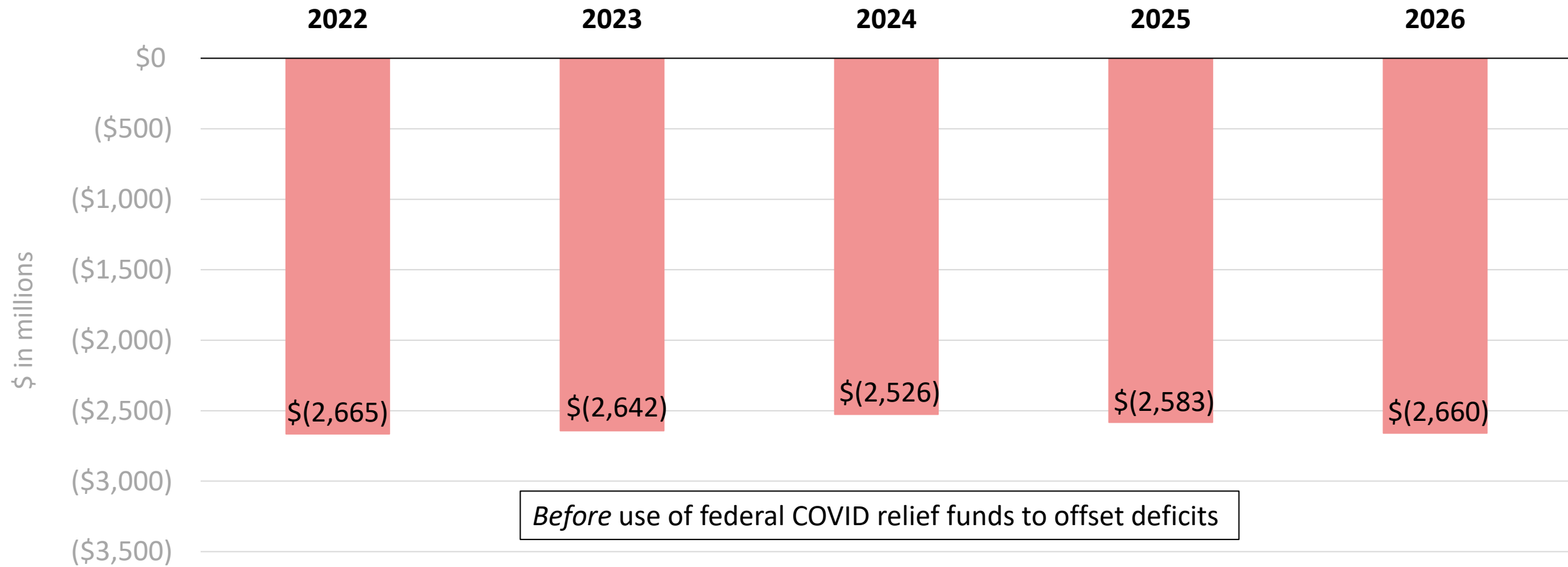
Note: Includes transit and commuter railroads.



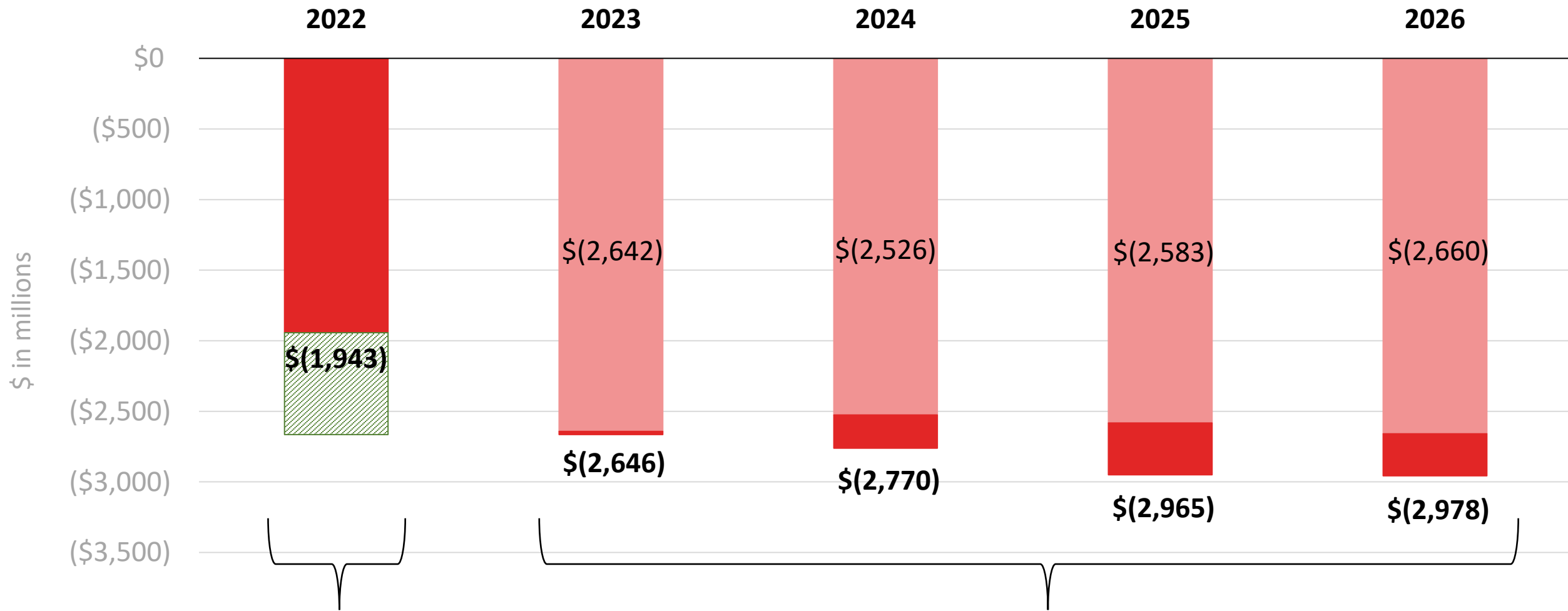
Fare revenue gaps are projected to remain large



Projected annual deficits from July Plan



2022 deficit below estimate, outyear deficit projections higher



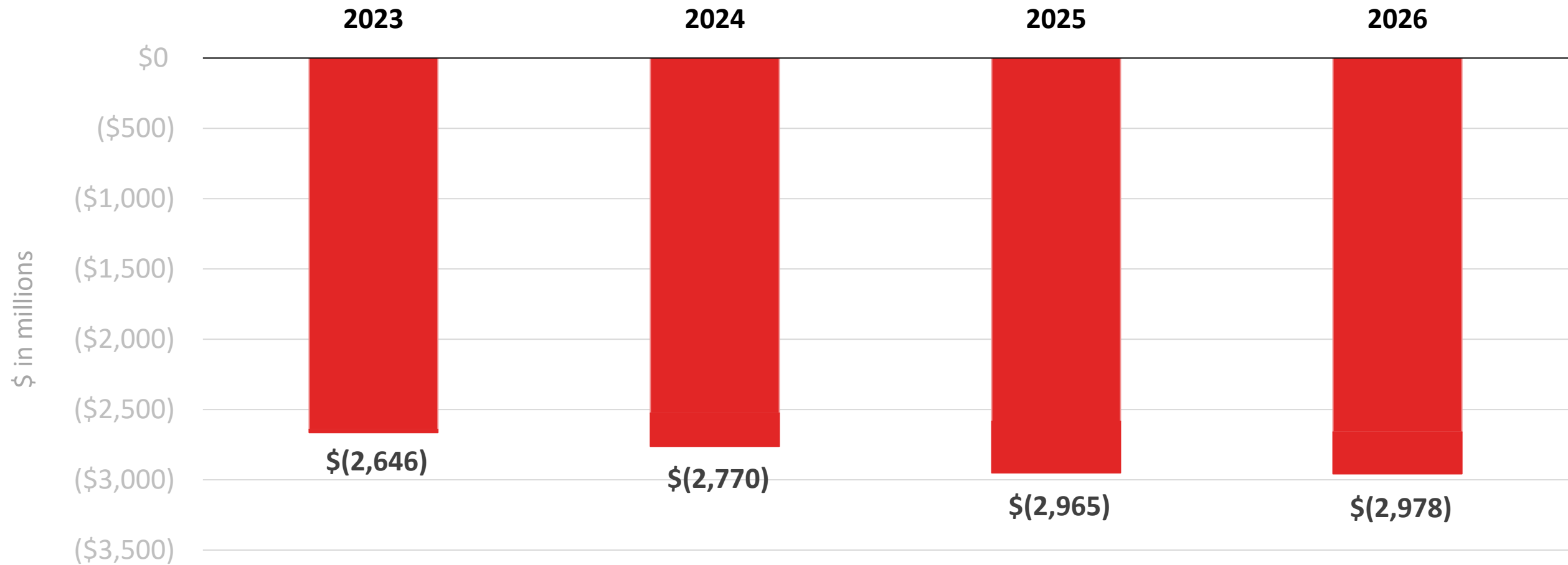
Lower expenses +\$200 million
 Fare and toll revenue +\$160 million
 Dedicated taxes +\$120 million
 Cash flow timing +\$265 million

Higher than July Plan –
 primarily due to increased pension cost projections

Additional risks to the projected deficits

Assumption	Risk	Potential Annual Cost
1 McKinsey Midpoint Forecast	“Low Case”	(\$350 million) per year
2 Dedicated taxes as projected in State financial plan	Slower economy / recession	(\$500 million to 1.0 billion) per year
3 Inflation reverts to 2% range over the next couple of years	Higher inflation	(\$150 million) per year from 1% additional increase in operating expenses
4 Labor settlements (2% wage growth)	Outcome of labor negotiations	(\$100 million) per year for additional 1% wage increase above 2% assumption
5 Biennial fare/toll increases	Deferral	(\$500 million) per year in 2025 and thereafter

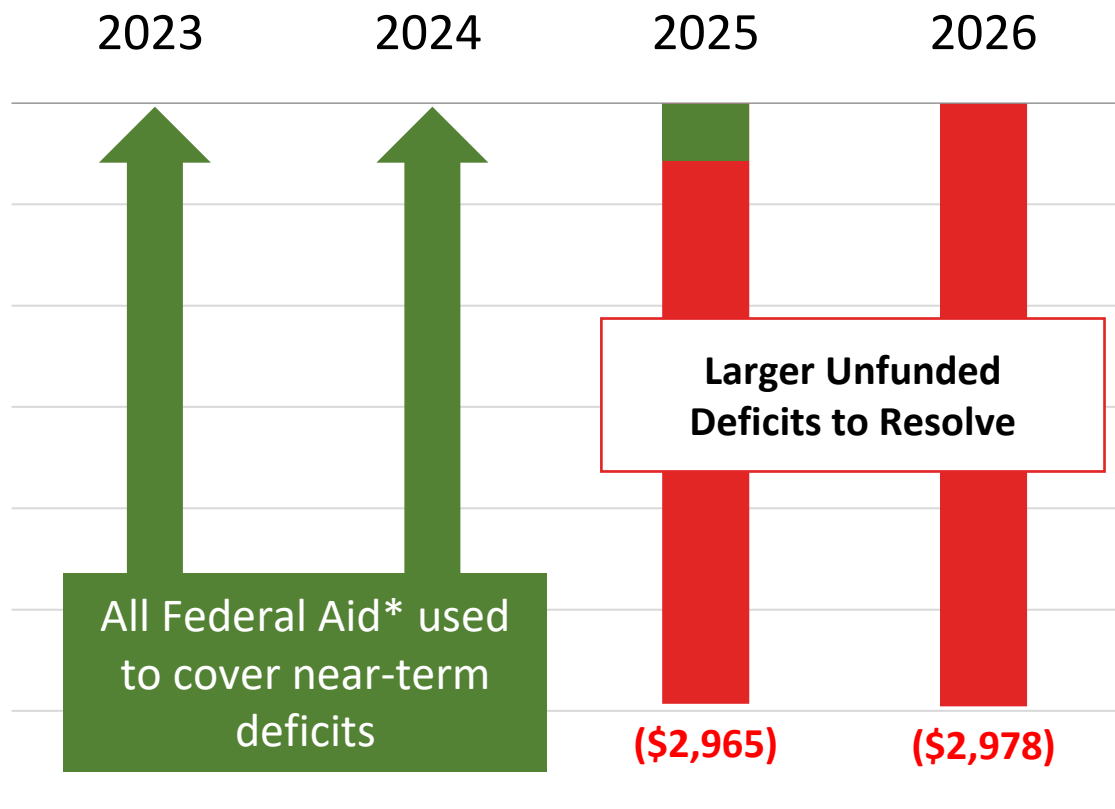
Projected deficits cannot be fully covered with Federal COVID aid



\$5.6 billion of remaining Federal COVID aid will cover only a portion of the \$11.4 billion of projected deficits

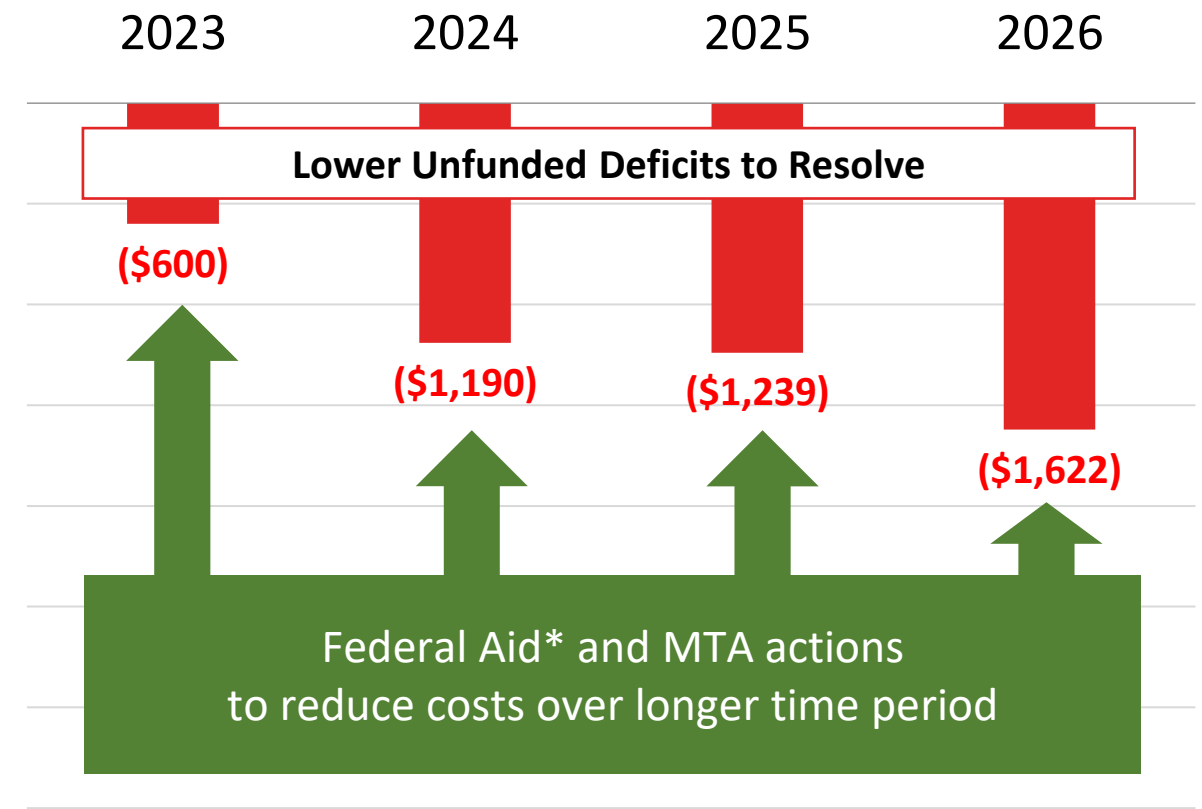
Alternatives for addressing the deficits

\$3.0 Billion Annual Deficits



OR

\$600 Million - \$1.6 Billion Annual Deficits



Acting early to solve the deficits reduces expenses and shrinks size of out year deficits

* Represents financial benefit of Federal COVID aid, not actual expenditure.

Proposed actions to reduce deficits

	November	Proposed			
	Forecast	Budget	Plan	Plan	Plan
<i>\$ millions</i>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Projected Deficits Before Actions	(\$1,943)	(\$2,646)	(\$2,770)	(\$2,965)	(\$2,978)
MTA Actions to Close Deficit					
MTA Operating Efficiencies		100	400	408	416
Savings from Deficit Note Repayment*		111	178	190	190
Additional Fare and Toll Revenue Above Base Assumption		50	100	100	100
Federal COVID Funds for Operating and Debt Costs**	1,943	1,785	902	1,028	650
MTA Actions to Close Deficit	1,943	2,046	1,580	1,726	1,356
Remaining Deficit	\$0	(\$600)	(\$1,190)	(\$1,239)	(\$1,622)
New Government Funding or Additional MTA Actions		600	TBD	TBD	TBD
Net Surplus/(Deficit)	\$0	\$0	(\$1,190)	(\$1,239)	(\$1,622)

* Includes proposed redemption account earnings.

** Represents financial benefit of Federal COVID aid, not actual expenditure.

Summary

- December 21st Board meeting to approve 2023 budget:
 - Initiate fare and toll change process
 - Approval to fund debt savings, including retirement of deficit note
- Efforts to secure new government funding solutions
- The Board will be updated as part of the February Financial Plan on the outlook for City, State, and federal actions to address the \$600m in additional funding for 2023
 - If needed, this could include specific additional cost saving actions or spend-down of additional federal funds
- Outyear annual operating deficits of \$1.2 billion+ in 2024-2026 need recurring solutions
- This proposed budget and financial plan balance the goals of near-term burdens and longer-term fiscal responsibility