

III. Major Assumptions – 2006-2009 Baseline Projections

Utilization (Ridership, Traffic and Revenue)

UTILIZATION

The following review of Agency utilization reflects baseline Agency utilization projections, and does not include effects of the proposed PEGs, Holiday Fare Initiatives, service enhancements, or 2007 and 2009 fare and toll increases. These impacts are discussed in the **Gap Closing and Other Policy Actions** section.

2005 Ridership, Traffic and Revenue

The 2005 November Forecast for MTA consolidated ridership is projected to total 2,392.5 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 300.7 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2005 November Forecast is expected to be 2,206.0 million, while Long Island Rail Road (LIRR) is projecting 79.6 million passengers and Metro-North Railroad (MNR) is projecting 72.9 million passengers for its East-of-Hudson operations. Staten Island Railway (SIR) ridership is estimated to be 3.4 million, and Long Island Bus (LIB) fixed route ridership is estimated to be 30.6 million.

Farebox revenue for the 2005 November Forecast is estimated to be \$3,594.8 million, and toll revenue is estimated to be \$1,207.4 million. NYCT combined subway and bus farebox revenue for the 2005 November Forecast is expected to be \$2,677.3 million, while LIRR is projecting \$439.3 million in farebox revenue and MNR is projecting \$437.8 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.2 million, and LIB fixed route farebox revenue is estimated to be \$37.2 million.

The 2005 November Forecasts are based on actual results through August 2005 for NYCT, SIR, MNR, LIB and B&T, and through July 2005 for LIRR.

MTA ridership for the 2005 November Forecast is expected to increase on all MTA operations from 2004 ridership levels, while the 2005 November Forecast for traffic at B&T facilities is expected to slightly decline from the 2004 traffic level. The 2005 November Forecast for fare and toll revenues projects increases for all MTA operations over 2004 fare and toll revenue levels.

The 2005 November Forecast for MTA consolidated ridership is projected to increase by 42.3 million trips – a 1.8% increase – over 2004 MTA consolidated ridership. NYCT ridership for the 2005 November Forecast is expected to surpass the 2004 ridership level by 39.4 million passengers, a 1.8% increase. The 2005 November Forecast for Commuter Rail ridership is also estimated to be greater than 2004 ridership levels, with LIRR projecting a 0.3 million, or 0.4%, ridership increase and MNR projecting a 2.1 million, or 3.0%, ridership improvement. SIR is projecting a 0.1 million, or 2.4%, increase in ridership, while LIB is projecting a ridership increase of 0.4 million, or 1.3%.

The 2005 November Forecast for B&T traffic is expected to decline by 2.3 million crossings, a 0.8% decrease, over the 2004 traffic level.

Ridership, traffic and revenue levels in 2005 incorporate the impact of fare and toll increases that went into effect on February 27, 2005 for NYCT, SIR and LIB, on March 1, 2005 for LIRR and MNR, and on March 13, 2005 for B&T.

At NYCT, the basic two-dollar single-trip fare and the MetroCard pay-per-ride bonus of 20 percent with a \$10 minimum purchase (or six trips for the price of five trips) did not change in 2005. Also remaining unchanged was the seven-dollar price for the one-day unlimited-ride Fun Pass. The 30-day unlimited-ride MetroCard increased in price from \$70 to \$76 and the price of the 7-day unlimited-ride MetroCard increased from \$21 to \$24. The price of a single express bus ride increased from \$4 to \$5, and the price of the 7-day express bus pass increased from \$33 to \$41. As a result of the fare increases, the NYCT average non-student fare – the average fare excluding revenue and trips made with student passes – rose from \$1.25 to \$1.31, an increase of 4.8%. Fare increases on SIR and LIB were consistent with the fare increases for NYCT.

At LIRR, fares increased by 5% across-the-board. Additionally, there were changes to three other fare components: the one-way off-peak discount was reduced from 30% to 27.5% of the one-way peak fare; the 9% discount provided to Mail-N-Ride customers, and applied to the LIRR portion of joint monthly LIRR-MetroCards, was reduced to a 5% discount, and; those purchasing tickets on LIRR trains are now subject to a higher on-board differential, which was increased from three dollars to five dollars per ticket. As with LIRR, the fare increase for the New York State portion of MNR included an across-the-board 5% fare increase, an increase in the on-board differential from \$3 to \$5, and a reduction from 9% to 5% in discount on the MNR portion of the joint MNR-MetroCard pass. The MNR fare change, though, also included a 1% commutation discount reduction in the outer-most fare zones where the commutation discount had been greater than 48 percent; other fare zones at the 48 percent discount level were unchanged by this component of the increase. Finally, reverse commute travel during the morning – outbound from 5:30 AM to 9:00 AM – became subject to peak period fares.

B&T cash and E-ZPass tolls for passenger cars at major facilities – Bronx-Whitestone, Triborough and Throgs Neck Bridges and the Brooklyn-Battery and Queens Midtown Tunnels – increased by 50 cents, to \$4.50 per crossing for cash and to \$4 for E-ZPass; at the Verrazano-Narrows Bridge, where tolls are only collected in the westbound direction, the toll increased by one dollar to \$9 for cash tolls and to \$8 for E-ZPass. At the minor facilities – the Henry Hudson, Cross Bay and Marine Parkway Bridges – cash and E-ZPass tolls increased 25 cents to \$2.25 per crossing for cash transactions, and to \$1.75 for E-ZPass transactions at the Henry Hudson Bridge. At the Cross Bay and Marine Parkway Bridges, E-ZPass transactions increased from \$1.33 to \$1.50 per crossing. The base cash toll for commercial vehicles increased by one dollar at the major facilities and by fifty cents at the minor facilities, and the base E-ZPass toll for commercial vehicles increased by 80 cents at the major facilities and by 40 cents at the

minor facilities. Additional charges for both passenger cars and commercial vehicles that are assessed for towed items and for multiple axles also increased.

MTA consolidated ridership for the 2005 November Forecast is expected to surpass the 2005 Mid-Year Forecast projection by 13.8 million trips, a 0.6% increase; this increase reflects the effect of updated actual results of operation. NYCT ridership for the November Forecast is expected to surpass the Mid-Year Forecast ridership level by 11.9 million passengers, a 0.5% increase. The November Forecast for Commuter Rail ridership is also estimated to be greater than the Mid-Year Forecast level, with LIRR projecting a 1.3 million, or 1.62%, ridership increase and MNR projecting a 0.3 million, or 0.4%, ridership improvement. SIR is projecting a 0.1 million, or -3.1%, decrease in ridership, while LIB is projecting a ridership increase of 0.5 million, or 1.6%. At B&T facilities, the November Forecast projects an increase of 0.8 million additional vehicular crossings, a 0.3% increase, over the Mid-Year Forecast projection.

MTA consolidated farebox revenue in the November Forecast is projected to decline by \$7.4 million from the Mid-Year Forecast, a 0.2% decrease. NYCT farebox revenue is projected to decrease \$11.7 million, a 0.4% decrease; LIRR farebox revenue is projected to increase \$2.4 million, or 0.6%; MNR farebox revenue is projected to increase \$2.2 million, or 0.5%; LIB farebox revenue is projected to decline \$0.1 million, or -0.3%, and; SIR farebox revenue is projected to decline \$0.2 million, a 7.0% decrease. The November Forecast for B&T toll revenue is projected to increase \$0.5 million, or less than 0.1%, over the Mid-Year Forecast projection.

NYCT's improvement in ridership from the Mid-Year Forecast is the result of less ridership loss than anticipated from the February 27 fare increase. Farebox revenue is lower than the Mid-Year Forecast projection due to a lower than anticipated average fare as market share shifted to 30-day unlimited ride passes from pay-per-ride options to a larger degree than projected.

LIRR ridership improvement from the Mid-Year Forecast is due to better than expected ridership in the monthly commutation and off-peak markets, while the reduction in the revenue estimate reflects lower-than-anticipated average-yield per ticket since the March 1 fare increase. Beginning in October, LIRR increased AM peak service and early afternoon service from Penn Station, but while these service increases are expected to improve standee situations, they are not expected to result in measurable changes to farebox revenue and ridership.

MNR's November Plan improvement in ridership and farebox revenue is attributed to greater than projected ridership trends from June through August 2005, and the improvement from the Mid-Year Forecast reflects \$2.0 million in additional farebox revenue as a result of that trend. Additionally, MNR is anticipating \$0.2 million in revenue from additional late night service from Grand Central Terminal introduced in October.

LIB ridership growth relative to the Mid-Year Forecast is the result of less ridership loss than anticipated from the February 27 fare increase, as well as improvement in the economy in LIB's service area. As with the experience at NYCT, more LIB customers took advantage of MetroCard discounts in the wake of the fare increase, resulting in slightly lower farebox revenue relative to the Mid-Year Forecast.

SIR ridership and farebox revenue in the November Plan reflect lower levels than anticipated in the Mid-Year Forecast, as additional ridership growth from economic improvements did not translate into increased utilization of SIR service.

B&T vehicle crossings and toll revenue are higher in the November Plan as the result of favorable summer weather. Partially offsetting the weather-related traffic improvement is a two-cent reduction in the average toll per crossing compared with post-toll increase expectations.

2006 Ridership, Traffic and Revenue

MTA consolidated ridership for 2006 is expected to surpass the 2006 Preliminary projection by 36.5 million trips, an increase of 1.5%. NYCT ridership for 2006 is expected to surpass the 2006 Preliminary ridership level by 34.9 million passengers, a 1.6% increase. The 2006 Final Proposed Budget forecast for Commuter Rail ridership is also estimated to be greater than the Preliminary Budget level, with LIRR projecting a 0.8 million, or 1.0%, ridership increase and MNR projecting a 0.4 million, or 0.5%, ridership improvement. SIR is projecting a 0.1 million, or -1.8%, decrease in ridership, while LIB is projecting a ridership increase of 0.5 million, or 1.5%. At B&T facilities, 2006 reflects no change in vehicular crossings over the 2006 Preliminary forecast.

MTA consolidated farebox revenue in 2006 is projected to increase by \$24.6 million from the 2006 Preliminary forecast, a 0.7% increase. NYCT farebox revenue is projected to increase \$18.8 million, a 0.7% increase; LIRR farebox revenue is projected to increase \$3.6 million, or 0.6%; MNR farebox revenue is projected to increase \$3.6 million, or 0.8%; LIB farebox revenue is projected to decline \$0.1 million, or -0.2%, and; SIR farebox revenue is projected to decline \$0.2 million, a 5.5% decrease. In 2006, B&T toll revenue is projected to decline \$6.0 million, or -0.5%, over the 2006 Preliminary forecast.

NYCT's improvement in ridership from the 2006 Preliminary forecast reflects the improvement in 2005 ridership levels, as well as favorable regional economic conditions. Farebox revenue, which improved from the 2006 Preliminary forecast, is tempered by lower average fares than were expected after the February 27 fare increase as customers took further advantage of MetroCard discounts.

The adjustment in LIRR's 2006 Final Proposed Budget forecast for ridership and farebox revenue relative to the 2006 Preliminary forecast reflects continued adjustments based on ridership trends during the first seven months of 2005, as well as a due to a slight decline in the average yield per passenger. MNR's improvement in ridership and

farebox revenue is attributed to a continuation of projected ridership trends, as well as additional ridership and revenue from the additional of late night service from Grand Central Terminal that was introduced in October.

SIR's change in 2006 ridership and farebox revenue from the 2006 Preliminary forecast reflects the lower-than-expected ridership trend during the first eight months of 2005.

LIB ridership is modestly higher in 2006, the result of continuing trends for 2005. Fixed route farebox revenue is lower than the 2006 Preliminary forecast due to lower average fares, a reflection of customers increasingly taking advantage of MetroCard discounts.

B&T vehicle crossings are expected to be lower in 2006 than previously projected in the 2006 Preliminary forecast, reflecting the impact from changes in regional economic assumptions. The lower vehicular crossing estimate, along with an average toll that is two cents lower than estimated for the Mid-Year Forecast, results in toll revenue that is lower than the toll revenue projections incorporated in the 2006 Preliminary forecast.

2007 – 2009 Ridership, Traffic and Revenue

MTA consolidated ridership for the November Plan is expected to surpass the July Plan projection by 33.6 million trips in 2007, by 36.8 million trips in 2008 and by 39.8 million trips in 2009, increases of 1.4%, 1.5% and 1.6%, respectively, over the July Plan forecast. MTA consolidated farebox revenue in the November Plan is projected to increase by \$18.8 million in 2007, by \$22.9 million in 2008 and by \$26.7 million in 2009, increases of 0.5%, 0.6% and 0.7% respectively, from the July Plan forecast.

NYCT ridership for the November Plan is expected to surpass the July Plan ridership level by 32.1 million passengers in 2007, a 1.4% increase; ridership levels are projected to exceed the July Plan levels for 2008 by 35.3 million passengers and for 2009 by 38.2 million passengers, increases of 1.6% and 1.7%, respectively. NYCT farebox revenue for 2007 is projected to increase \$12.9 million, or 0.5%, over the farebox revenue projection in the July Plan; farebox revenue is expected to exceed the July Plan estimates by \$17.0 million in 2008 and by \$20.8 million in 2009, increases of 0.6% and 0.7%, respectively. These increases from the July Plan are the result the improvement in 2005 ridership levels, as well as favorable regional economic conditions.

LIRR ridership is projected to increase by 0.7 million in 2007 and by 0.8 million in both 2008 and 2009 from the July Plan ridership levels, increases of 0.7% in 2007 and 0.8% in both 2008 and 2009. LIRR farebox revenue is estimated to be above the July Plan levels by \$2.5 million in both 2007 and 2008, and by \$2.6 million in 2009, an increase of 0.6% each year over the July Plan forecast.

MNR ridership is projected to increase by 0.4 million each year from 2007 to 2009 relative to the July Plan ridership level, an increase of 0.5% each year. MNR farebox revenue is estimated to be above the July Plan levels by \$3.6 million per year, a 0.8% increase each year, over the farebox revenue levels in the July Plan forecast.

SIR ridership is projected to be 0.1 million less per year for 2007 to 2009 than the ridership estimate in the July Plan, decreases of 1.9% in 2007, 2.0% in 2008 and 2.2% in 2009. For 2007 to 2009, farebox revenue in the November Plan is expected to be \$0.2 million less than the farebox revenue level projected in the July Plan, declines of 5.2% in 2007, 5.3% in 2008 and 6.2% in 2009.

LIB ridership is modestly higher and farebox revenue is modestly lower than levels in the July Plan. Ridership is up 0.5 million, a 1.5% increase, and farebox revenue is down \$0.1 million, a 0.2% decrease.

At B&T facilities, the November Plan projects a decline over the July Plan projection of 0.4 million vehicular crossings in 2007, a decline of 0.3 million crossings in 2008 and a decline of 0.4 million crossings in 2009, a 0.1% decrease for each year. Toll revenue has also been adjusted downwards from the July Plan, decreasing by \$7.6 million in 2007, decreasing \$7.4 million in 2008 and decreasing \$7.7 million in 2009, a 0.6% decrease for each year.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions

MTA Agency Ridership and Traffic Projections, in millions

November Financial Plan 2006-2009					
	November Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Traffic					
Bridges & Tunnels	300.7	301.4	302.3	304.7	305.6
Ridership					
Long Island Bus ¹	30.6	30.8	30.9	31.1	31.1
Long Island Rail Road	79.6	80.4	81.9	83.0	84.5
Metro-North Railroad ²	72.9	73.9	75.0	76.1	76.8
New York City Transit ^{1, 3}	2,206.0	2,249.7	2,270.4	2,292.5	2,296.7
Staten Island Railway	3.4	3.5	3.8	3.8	3.8
<i>Total Ridership</i>	<i>2,392.5</i>	<i>2,438.3</i>	<i>2,462.0</i>	<i>2,486.6</i>	<i>2,492.9</i>

July Financial Plan 2006-2009					
	Mid-Year Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Traffic					
Bridges & Tunnels	299.9	301.4	302.6	305.0	306.0
Ridership					
Long Island Bus ¹	30.2	30.3	30.5	30.6	30.6
Long Island Rail Road	78.3	79.6	81.1	82.2	83.7
Metro-North Railroad ²	72.6	73.5	74.6	75.7	76.4
New York City Transit ^{1, 3}	2,194.1	2,214.7	2,238.4	2,257.2	2,258.5
Staten Island Railway	3.5	3.6	3.9	3.9	3.9
<i>Total Ridership</i>	<i>2,378.7</i>	<i>2,401.8</i>	<i>2,428.4</i>	<i>2,449.7</i>	<i>2,453.2</i>

Plan-to-Plan Changes					
	Favorable / (Unfavorable)				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Traffic					
Bridges & Tunnels	0.8	0.0	(0.4)	(0.3)	(0.4)
Ridership					
Long Island Bus ¹	0.5	0.5	0.5	0.5	0.5
Long Island Rail Road	1.3	0.8	0.7	0.8	0.8
Metro-North Railroad ²	0.3	0.4	0.4	0.4	0.4
New York City Transit ^{1, 3}	11.9	34.9	32.1	35.3	38.2
Staten Island Railway	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<i>Total Ridership</i>	<i>13.8</i>	<i>36.5</i>	<i>33.6</i>	<i>36.8</i>	<i>39.8</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions

MTA Agency Fare and Toll Revenue Projections, in millions

November Financial Plan 2006-2009					
	November Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Toll Revenue					
Bridges & Tunnels	\$1,207.4	\$1,238.3	\$1,239.6	\$1,247.4	\$1,249.1
Fare Revenue					
Long Island Bus ¹	\$37.2	\$37.4	\$37.6	\$37.8	\$38.0
Long Island Rail Road	439.3	448.4	456.8	463.1	471.3
Metro-North Railroad ²	437.8	448.8	455.4	461.6	467.2
New York City Transit ^{1, 3}	2,677.3	2,758.9	2,784.7	2,813.4	2,818.8
Staten Island Railway	3.2	3.3	3.7	3.7	3.7
<i>Total Farebox Revenue</i>	<i>3,594.8</i>	<i>3,696.9</i>	<i>3,738.2</i>	<i>3,779.6</i>	<i>3,799.1</i>

July Financial Plan 2006-2009					
	Mid-Year Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Toll Revenue					
Bridges & Tunnels	\$1,206.9	\$1,244.3	\$1,247.2	\$1,254.8	\$1,256.8
Fare Revenue					
Long Island Bus ¹	\$37.3	\$37.5	\$37.7	\$37.9	\$38.1
Long Island Rail Road	436.8	445.9	454.2	460.5	468.7
Metro-North Railroad ²	435.6	445.2	451.9	458.1	463.6
New York City Transit ^{1, 3}	2,689.0	2,740.1	2,771.7	2,796.4	2,798.0
Staten Island Railway	3.5	3.5	3.9	3.9	4.0
<i>Total Farebox Revenue</i>	<i>3,602.2</i>	<i>3,672.3</i>	<i>3,719.4</i>	<i>3,756.8</i>	<i>3,772.4</i>

Plan-to-Plan Changes					
	Favorable / (Unfavorable)				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Toll Revenue					
Bridges & Tunnels	\$0.5	(\$6.0)	(\$7.6)	(\$7.4)	(\$7.7)
Fare Revenue					
Long Island Bus ¹	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
Long Island Rail Road	2.4	2.5	2.5	2.6	2.6
Metro-North Railroad ²	2.2	3.6	3.6	3.6	3.6
New York City Transit ^{1, 3}	(11.7)	18.8	12.9	17.0	20.8
Staten Island Railway	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<i>Total Farebox Revenue</i>	<i>(7.4)</i>	<i>24.6</i>	<i>18.8</i>	<i>22.9</i>	<i>26.7</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

Subsidies

SUBSIDIES - Major Assumptions

Overview

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the November Plan and the July Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the July Plan follow. Note that the details of Bridges and Tunnels operations that produce the Operating Surplus Transfer subsidy are discussed in the B&T section of this report.

As shown on the tables that follow, Dedicated Taxes & State and Local Subsidies for the November 2005 Forecast total \$3.393 billion, on a cash basis, which is \$167 million higher than the Mid-Year Forecast. This is due largely to substantially higher forecasts for real estate taxes (\$154.2 million¹). PBT cash receipts are also higher than July (\$12.6 million) due largely to the timing of new Department of Motor Vehicle (DMV) fees.

During the period 2006 to 2009, the November Financial Plan projects that overall Dedicated Taxes & State and Local Subsidies, on a cash basis, will increase over the levels projected in the July Plan by \$36 million in 2006, \$73 million in 2007, \$47 million in 2008 and \$43 million in 2009. The improvement in these years over the July Plan largely reflects higher forecasts for state business taxes and lower MRT-2 funding for security projects in the November Plan.²

The July Plan incorporated new State revenues to fund MTA operating and capital commitments. These included a one-eighth percent increase to the regional sales tax, a nickel increase in the Mortgage Recording Tax (MRT) and an increase in Department of Motor Vehicle (DMV) fees. The November Plan revises the estimates for these additional taxes in the following ways:

- MRT-1 reflects the benefits of the continuing real estate boom
- Sales taxes are reduced to reflect the market effects of the current energy crisis on spending
- The DMV fees are adjusted to more accurately reflect the timing of these tax receipts

¹ These reflect the net value of MRT subsidy for MTA after statutory and internal allocations; gross cash tax receipts for MRT and Urban taxes are \$182 million higher than the July Plan.

² Security expenses in the MTAHQ budget were reclassified resulting in higher HQ expenses and lower MRT-2 usage.

The following table summarizes the November Plan changes to the estimate of new tax receipts from the July Plan.

Changes to New Taxes for MRT -1, MMTOA-Sales Taxes and DTF- DMV Fees					
	2005	2006	2007	2008	2009
<u>TOTAL NEW TAXES</u>					
November Plan	194.30	285.63	300.16	302.00	302.86
Mid-Year Forecast	<u>173.53</u>	<u>316.05</u>	<u>305.63</u>	<u>307.64</u>	<u>308.71</u>
<i>Variance</i>	\$20.77	(\$30.42)	(\$5.47)	(\$5.64)	(\$5.85)

MTA Consolidated Subsidies
November Financial Plan 2006 - 2009
Accrual Basis
(\$ in millions)

	2004 Actual	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$767.4	\$983.6	\$1,273.9	\$1,318.3	\$1,281.8	\$1,315.3
Petroleum Business Tax (PBT) Receipts	558.2	552.5	616.0	631.0	634.0	636.4
Mortgage Recording Tax (MRT)	644.8	725.5	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(59.2)	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Use of MRT Prior Year Balances	0.0	44.8	10.0	10.0	10.0	10.0
Carryover Balances	0.0	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	337.6	503.9	327.5	355.1	370.4	379.2
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$2,255.2	\$2,771.6	\$2,620.9	\$2,733.1	\$2,712.9	\$2,749.7
<i>State and Local Subsidies</i>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	51.6	52.1	51.7	62.3	71.4	84.9
Station Maintenance	128.5	133.1	136.6	140.4	144.7	149.3
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$566.3	\$613.5	\$577.6	\$592.1	\$605.4	\$623.5
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,821.4	\$3,385.1	\$3,188.5	\$3,325.2	\$3,318.3	\$3,373.2
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$395.5	\$483.8	\$413.9	\$389.0	\$371.1	\$340.9
MTA Subsidy to Subsidiaries	43.4	31.5	32.3	32.8	33.7	34.9
	\$438.9	\$515.3	\$446.2	\$421.9	\$404.9	\$375.8
GROSS SUBSIDIES	\$3,260.3	\$3,900.3	\$3,634.7	\$3,747.0	\$3,723.1	\$3,749.0

MTA Consolidated Subsidies
November Financial Plan 2006 -2009
Summary of Changes Between November Plan and July Plan
Accrual Basis
(\$ in millions)

	2005	2006	2007	2008	2009
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	1.5	34.9	36.9	11.9	10.7
Petroleum Business Tax (PBT) Receipts	10.9	(17.9)	4.6	4.6	4.2
Mortgage Recording Tax (MRT)	88.7	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	2.1	6.2	4.9	0.0
Use of MRT Prior Year Balances	(40.0)	10.0	10.0	10.0	10.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	11.9	13.0	15.0	15.1	16.6
Interest	0.0	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0
Urban Tax	85.8	0.0	0.0	0.0	0.0
Investment Income	0.0	0.0	0.0	0.0	0.0
	\$158.9	\$42.0	\$72.8	\$46.5	\$41.5
<i>State and Local Subsidies</i>					
State Operating Assistance	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	(1.2)	(6.3)	(0.5)	(1.0)	(0.0)
Station Maintenance	1.3	1.2	1.1	1.1	0.8
AMTAP	0.0	0.0	0.0	0.0	0.0
	\$0.1	(\$5.1)	\$0.6	\$0.1	\$0.8
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	\$159.0	\$36.9	\$73.4	\$46.6	\$42.3
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	32.2	3.3	(3.3)	(4.4)	(7.4)
MTA Subsidy to Subsidiaries	(0.1)	0.2	(0.1)	(0.2)	(0.4)
	\$32.1	\$3.5	(\$3.4)	(\$4.6)	(\$7.8)
GROSS SUBSIDIES	\$191.1	\$40.5	\$70.0	\$42.0	\$34.4

MTA Consolidated Subsidies
November Financial Plan 2006 - 2009
Cash Basis
(\$ in millions)

	2004	2005	2006			
	Actual	November	Final			
Subsidies		Forecast	Proposed	2007	2008	2009
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$764.8	\$983.0	\$1,275.6	\$1,318.3	\$1,281.8	\$1,315.3
Petroleum Business Tax (PBT) Receipts	563.0	547.5	614.6	630.7	633.7	636.6
Mortgage Recording Tax (MRT)	637.3	725.5	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(62.9)	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Use of MRT Prior Year Balances	58.1	44.8	10.0	10.0	10.0	10.0
Carryover Balances	(43.1)	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(26.4)	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0	0.0
Urban Tax	322.5	520.1	325.1	353.8	369.7	378.5
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$2,019.6	\$2,782.2	\$2,619.0	\$2,731.5	\$2,711.9	\$2,749.3
<i>State and Local Subsidies</i>						
State Operating Assistance	\$195.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.6	188.4	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	7.4	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	56.6	52.1	51.7	62.3	71.4	84.9
Station Maintenance	125.7	130.4	134.0	137.4	141.4	145.8
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$573.1	\$611.2	\$575.0	\$589.1	\$602.1	\$620.0
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,592.7	\$3,393.4	\$3,183.9	\$3,320.6	\$3,314.1	\$3,369.3
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$376.7	\$515.8	\$420.9	\$391.5	\$372.9	\$343.9
MTA Subsidy to Subsidiaries	43.4	31.5	32.3	32.8	33.7	34.9
Investment Income in HQ (non-MRT)	(5.2)	0.0	0.0	0.0	0.0	0.0
	\$414.9	\$547.3	\$453.2	\$424.3	\$406.7	\$378.8
GROSS SUBSIDIES	\$3,007.6	\$3,940.8	\$3,637.1	\$3,744.9	\$3,720.7	\$3,748.1

MTA Consolidated Subsidies
November Financial Plan 2006 - 2009
Summary of Changes Between November Plan and July Plan
Cash Basis
(\$ in millions)

<u>Subsidies</u>	2005	2006	2007	2008	2009
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	35.8	36.1	11.9	10.7
Petroleum Business Tax (PBT) Receipts	12.6	(20.0)	4.6	4.6	4.6
Mortgage Recording Tax (MRT)	88.7	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	2.1	6.2	4.9	0.0
Use of MRT Prior Year Balances	(40.0)	10.0	10.0	10.0	10.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	11.9	13.0	15.0	15.1	16.6
Interest	0.0	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0
Urban Tax	93.6	0.0	0.0	0.0	0.0
Investment Income	0.0	0.0	0.0	0.0	0.0
	\$166.9	\$40.9	\$71.9	\$46.5	\$41.9
<i>State and Local Subsidies</i>					
State Operating Assistance	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	(1.2)	(6.3)	(0.5)	(1.0)	(0.0)
Station Maintenance	1.1	1.4	1.2	1.1	1.0
AMTAP	0.0	0.0	0.0	0.0	0.0
	(\$0.1)	(\$4.9)	\$0.7	\$0.2	\$1.0
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	\$166.8	\$36.0	\$72.6	\$46.7	\$42.9
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	29.0	6.2	(2.7)	(4.3)	(7.1)
MTA Subsidy to Subsidiaries	(0.1)	0.2	(0.1)	(0.2)	(0.4)
Unspecified PEGs	0.0	0.0	0.0	0.0	0.0
Investment Income in HQ (non-MRT)	0.0	0.0	0.0	0.0	0.0
	\$28.9	\$6.4	(\$2.7)	(\$4.5)	(\$7.5)
GROSS SUBSIDIES	\$195.6	\$42.4	\$69.8	\$42.2	\$35.4

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. Up until 2005, MMTOA has been comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax of one-quarter of one percent (1/4%) imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

Total Statewide MMTOA taxes for 2005 are estimated at \$1,463 million, of which \$1,399 million is allotted for Downstate transit properties. Of the Downstate allotment, \$182.5 million is earmarked to fund the State's 18-b obligations. The percentage allocation of MMTOA's downstate share that comes to NYCT/SIR represents 62.5%, and the share to the commuter railroads represent 27.9%. The percentage allocation has not changed from the July Plan. A portion was also allotted to Long Island Bus, city private buses and other downstate transportation properties. In 2005, there are no changes from the July Plan to the shares of the MTA total that goes to NYCT/SIR, the Commuter Railroads and Long Island Bus. Of the total MTA share, \$617.0 million is payable to NYCT and SIR, \$329.7 million to MTA for the commuter railroads, and \$36.3 million to Long Island Bus. MMTOA funds for the city private buses continue to be paid directly to New York City, which totally reimburse MTA for those bus lines run by the MTA Bus Company.

New Revenue

The July Financial Plan incorporated changes to MMTOA that reflect an additional 1/8th of a percent regional sales tax enacted by New York State in its 2005-06 Budget, which took effect on June 1, 2005. The majority of the additional tax revenues are for the benefit of MTA. In the July Plan, MTA's share of the new sales tax receipts was estimated at \$149.1 million, \$184.4 million, \$187.5 million, \$189.5 million and \$191.5 million in each of the years 2005 through 2009, respectively. However, based on year-to-date cash receipts through September 2005 and New York State Budget's Mid-Year Financial Plan Update, the sales tax levels in MMTOA were adjusted downward. The new projected receipts from new sales taxes are estimated at \$148.4 million in 2005, \$178.5 million in 2006, \$182.1 million in 2007, \$183.9 in 2008 and \$185.6 million in 2009. The new forecasts reduce the July Plan estimates by \$0.7 million, \$5.9 million, \$5.5 million, \$5.6 million and \$5.9 million in 2005 through 2009, respectively.

2005 November Forecast

The 2005 November Forecast reflects the enacted State Budget for MTA's MMTOA appropriation of \$983.0 million, which did not change from the July Plan level. However, receipts for the taxes collected by the State for State FY 2005-06 have been revised since the July Plan. Based on year-to-date collections through September and consistent with the State Budget's (DOB) Mid-Year Financial Plan Update, State FY 2005/2006 gross receipts in the MMTOA account are now forecast to be \$53.4 million higher than the receipts contained in the July Plan. The increase reflects higher Corporate Surcharge and Corporate Franchise taxes, partially offset by lower sales taxes. According to the State's Mid-Year Update, the increase in the corporate taxes is largely attributable to "stronger than expected growth in audit and compliance receipts."

Since most of this is captured in the year-to-date September results, the anticipated increase in receipts for the current year is likely. However, since the appropriations for MTA will not be modified for the current State Fiscal Year, the additional funds are not anticipated to benefit MTA until 2006 at the earliest. The increase in the corporate taxes is partially offset by lower sales taxes, which according to the State's Mid-Year Update, largely reflects the effect of "higher energy prices behaving as a 'tax' on household spending...DOB now expects slightly slower growth during the second half of the [fiscal] year."

The July Plan reflected an additional \$100 million in State MMTOA taxes to be generated during State FY 2005-06 (\$50.0 million in each year benefiting MTA in calendar 2006 and 2007), which was not included in the enacted State budget for the current year but was intended to be appropriated in SFY 2006-07 and SFY 2007-08 according to the assumptions for MTA financing developed by DOB. The November Plan continues to assume that the additional \$100 million generated in State FY 2005-06 will be appropriated for MTA in 2006 and 2007. As a result of the further net increase in the current fiscal year's MMTOA taxes, discussed above, the November Plan assumes an additional carryover of \$58.2 million will be appropriated in two equal installments benefiting MTA in 2006 and 2007.

2006 Final Proposed Budget

For 2006, total MTA MMTOA is estimated to be \$1,276 million, an increase of \$35.8 million over the July Plan estimate. Of this total, \$811.0 million is earmarked for NYCT and SIR, and \$422.7 million for the commuter railroads. These amounts assume an additional \$74.1 million (\$50 million was consistent with July, and additional \$24.1 million reflects the updated November forecast for the current State Fiscal Year) available from taxes collected in SFY 2005-06, not yet appropriated. In addition, \$41.9 million is allocated for Long Island Bus.

Compared with July, the increase in the 2006 MMTOA level is primarily the result of reforecast of the base MMTOA taxes to better reflect the 2005-06 NYS State Budget projections, driven primarily by increased forecast levels for Corporate Franchise Taxes and partially offset by reduced levels of sales taxes. The November Plan forecast for the sales taxes are consistent with the projections developed by DOB in the State's Mid-year Update. However, MTA has used a lower growth rate than the State for the corporate taxes. As noted above, the current year's increase for these taxes is largely attributable to audit and compliance receipts received in the first half of the state fiscal year. DOB's forecast assumes this is mostly recurring. MTA's assumption for the recurring portion of the receipts is somewhat lower than DOB, but still results in additional collections that will benefit 2006 as well as the out-years of the financial plan. In 2006, MTA's share of the additional MMTOA taxes collected in SFY 2006-07 is forecast to be \$10.7 million more than the July Plan.

The November Plan assumes that in 2006, the State's funding of its 18-b will revert back to the 2003 level of \$161.1 million. In addition, the November Plan retains the July Plan's percentage allocations of MMTOA's downstate share that comes to MTA, which was based on pre-2004 levels. NYCT/SIR's proposed appropriation represents 61.1% and appropriation to the Commuter Railroads represents 27.7%.

The 2006 forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2005 level:

Sales Tax	13.3%
Petroleum Business Tax	5.1%
Corporate Franchise Tax	0.0%
Corporate Tax Surcharge	0.6%

Note that the 2006 sales tax percentage includes the full 12-month yield from the new tax, thus accounting for the large increase over the 2005 level. This, however, is lower than the July plan rate to take into account the downward re-estimate of the sales taxes.

2007 - 2009

In 2007, 2008, and 2009, the forecasts for MMTOA cash receipts are above the July Plan levels by \$36.1 million, \$11.9 million and \$10.7 million respectively. The 2007 projection includes the remaining \$74.1 million of base MMTOA taxes generated in the current State FY, discussed above.

The 2007 through 2009 forecasts assume the following tax growth rates.

		2007	2008	2009
Sales Tax		4.0%	4.2%	4.2%
Petroleum Business Tax		0.4%	0.4%	0.5%
Corporate Franchise Tax		0.0%	0.0%	0.0%
Corporate Tax Surcharge		3.2%	1.6%	0.7%

MMTOA STATE DEDICATED TAXES

November Financial Plan 2006 - 2009

Tax Yield Distribution 2004 - 2009

(\$ in millions)

	2005					
	2004	November				
	Actual	Forecast	2006	2007	2008	2009
<u>Forecast of MMTOA Gross Receipts (SFY):</u>						
Sales Tax	\$423.262	\$608.800	\$689.900	\$717.800	\$747.900	\$779.100
PBT	134.929	143.091	150.364	150.909	151.455	152.182
Corporate Franchise	58.991	73.400	73.400	73.400	73.400	73.400
Corporate Surcharge	540.016	638.100	633.998	654.289	664.995	669.898
Investment Income	4.931	0.000	0.000	0.000	0.000	0.000
Total Gross Receipts Available for Allocation	\$1,162.129	\$1,463.391	\$1,547.661	\$1,596.398	\$1,637.750	\$1,674.580

Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,162.129	\$1,463.391	\$1,547.661	\$1,596.398	\$1,637.750	\$1,674.580
Less: Upstate Share of PBT	(60.718)	(64.391)	(67.664)	(67.909)	(68.155)	(68.482)
Upstate Percent Share of Investment Income	5.25%	4.40%	4.37%	4.25%	4.16%	4.09%
Less: Upstate Share of Investment Income	(0.259)	0.090	0.000	0.000	0.000	0.000
Total Net DownState Share Available for Allocation	\$1,101.152	\$1,399.090	\$1,479.998	\$1,528.489	\$1,569.595	\$1,606.098
Less: 18-B Adjustment	(174.645)	(182.540)	(161.093)	(161.093)	(161.093)	(161.093)
Adjusted Total Net DownState Share for Allocation	\$926.507	\$1,216.550	\$1,318.905	\$1,367.396	\$1,408.502	\$1,445.005

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	56.52%	62.51%	61.12%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$622.328	\$874.624	\$904.624	\$934.264	\$959.389	\$981.701
Less: 18-B Adjustment	(149.950)	(152.021)	(146.395)	(146.395)	(146.395)	(146.395)
Adjusted Total Net DownState Share	\$472.378	\$722.603	\$758.229	\$787.869	\$812.994	\$835.306
From Carryover	(9.136)	(105.615)	52.808	52.808	0.000	0.000
Total NYCT/SIR Share of Net DownState Share	\$463.242	\$616.988	\$811.037	\$840.676	\$812.994	\$835.306
Total SIR Share	1.436	1.913	2.514	2.606	2.520	2.589
Total NYCT Share of Net DownState Share	\$461.806	\$615.075	\$808.522	\$838.070	\$810.474	\$832.717

Allocation of Total Net DownState Share to MTA:

MTA Share	26.53%	27.91%	27.71%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$292.087	\$390.458	\$410.111	\$423.549	\$434.939	\$445.054
Less: 18-B Adjustment	(14.678)	(18.139)	(8.736)	(8.736)	(8.736)	(8.736)
Adjusted Total Net DownState Share	\$277.409	\$372.319	\$401.375	\$414.813	\$426.203	\$436.318
From Carryover	(4.288)	(42.654)	21.327	21.327	0.000	0.000
Total MTA Share of Net DownState Share	\$273.121	\$329.665	\$422.702	\$436.140	\$426.203	\$436.318

Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.99%	2.77%	2.77%	2.77%	2.77%	2.77%
From Total Net DownState Share	\$32.934	\$38.767	\$40.996	\$42.339	\$43.478	\$44.489
Less: Used for 18-B/other	(1.485)	(1.835)	(0.844)	(0.844)	(0.844)	(0.844)
Adjusted Total Net DownState Share	\$31.449	\$36.932	\$40.152	\$41.495	\$42.634	\$43.645
From Carryover	(3.060)	(0.603)	1.750	0.000	0.000	0.000
Total LIB Share of Net DownState Share	\$28.389	\$36.329	\$41.902	\$41.495	\$42.634	\$43.645

PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations, MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

New Revenue

The July Financial Plan incorporated changes to PBT that reflect the projected receipts from new taxes appropriated in the 2005-06 NYS Enacted Budget, which affect certain Department of Motor Vehicle fees. The July Plan assumed that collections of this additional revenue would commence on January 1, 2006. The November Plan reflects the actual commencement date of October 2005, as well as a restatement of DMV receipts in 2006. The following schedule is a break out of the new taxes by category. Of the additional Statewide collections, MTA would receive approximately 34%. Total new tax receipts earmarked for the MTA are \$8.2 million in 2005, \$61.5 million in 2006, and \$71.1 million in each of the years 2007, 2008 and 2009. Compared with the July Plan, these are \$8.2 million higher in 2005, and \$24.5 million below in 2006. The forecast remains unchanged from the July Plan in 2007, 2008 and 2009.

New Taxes (In dollars)	Dollars in Millions				
	2005	2006	2007	2008	2009
PBT–Native American Share	\$0.0	\$ 3.1	\$ 4.1	\$ 4.1	\$ 4.1
Motor Fuel Tax – Native American Share	0.0	1.1	1.5	1.5	1.5
2005-06 DMV Fee Increases	8.2	57.3	65.5	65.5	65.5
Total	\$8.2	\$61.5	\$71.1	\$71.1	\$71.1

2005 November Forecast

The 2005 November Forecast estimates MTA PBT Receipts, on a cash basis, of \$547.5 million, an increase of \$12.6 million over the Mid-Year Forecast. The Plan reflects two changes to the PBT cash receipts from the Mid-Year Forecast. As discussed in the section immediately above, the new tax revenues from increases in DMV fees were reassessed to accurately reflect the commencement date of October 2005. This change to the July Plan resulted in additional PBT collections in 2005 of \$8.2 million. Additionally, due to an assessment of the actual receipts through October 2005 year-to-date, an adjustment to the PBT base yielded slightly higher PBT receipts in 2005 of \$4.4 million. Of the total MTA PBT allocation in the November Plan, 85% or \$467.9 million is earmarked for New York City Transit and 15%, or \$79.6 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2005 are \$552.5 million, which is \$10.9 million above the Mid-Year Forecast. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

2006 Final Proposed Budget

For 2006, PBT cash is estimated to be \$614.6 million or \$20.0 million lower than the July Plan estimate. This reflects the impact of changes to the July Plan, which included a re-estimate of the timing for the new DMV taxes, slightly offset by the favorable impact of the upward adjustment to the PBT base in 2005. (This is discussed in the “New Revenue” and “2005 November Forecast” Sections above). The 2006 forecast inflates the 2005 level by 2.6% before incorporating the new taxes.

On an accrual basis, PBT is estimated at \$616.0 million, a decrease of \$17.9 million from the July Plan level.

2007 - 2009

For 2007 through 2009, PBT cash estimates are \$630.7 million, \$633.7 million and \$636.6 respectively. The cash estimates in each of these years are slightly higher than forecasted in the July Plan, due to the favorable impact of the adjustment to the PBT base in 2005 reflected in the growth in the outer years. The 2007 through 2009 forecasts inflate the previous year's level by 1.2%, 0.5% and 0.5% respectively.

On an accrual basis, PBT estimates for 2007 through 2009 are \$631.0 million, \$634.0 million and \$636.4 million respectively.

SUMMARY OF DEDICATED TAX FUND PROJECTIONS

November Financial Plan 2006 - 2009

Tax Yield Distribution 2004 - 2009

(\$ in millions)

	2004	2005				
	Actual	November Forecast	2006	2007	2008	2009
Net Base PBT Collections Available for Distribution	\$979.253	\$961.626	\$966.434	\$969.334	\$974.180	\$953.872
<u>Forecast of Supplemental PBT Collections for Distribution:</u>						
Supplemental PBT Collections	\$676.600	\$685.396	\$684.025	\$692.234	\$695.695	\$695.695
Month Cash Lag / DOT Special Programs	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Net Supplemental PBT Collections Available for Distribution	\$676.600	\$685.396	\$684.025	\$692.234	\$695.695	\$695.695
Total Net PBT Collections Available for Distribution	\$1,655.853	\$1,610.397	\$1,807.727	\$1,855.108	\$1,863.905	\$1,872.284
<u>Distribution Shares:</u>						
MTA Total	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Other Transit	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Highway Trust Fund	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
General Fund	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Share Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Amount of Total Net Collections Available for the MTA:</u>						
MTA Total	\$562.990	\$547.535	\$614.627	\$630.737	\$633.728	\$636.576
<u>Accrued</u>						
MTA Total of Net Collections	\$562.990	\$552.549	\$615.970	\$630.986	\$633.965	\$636.388

MORTGAGE RECORDING TAXES (MRT)

The Mortgage Recording Taxes consist of two separate taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property situated in New York State, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of three-tenths of one percent (3/10%) of the debt secured by certain real estate mortgages. (As discussed below, this rate was recently increased from one-quarter of one percent). It must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Moneys in the NYCT Account are required to be used to pay operating and capital costs of the Transit Authority, its subsidiaries, and SIR. Moneys in the Commuter Railroad Account are required to be used first to pay up to \$20 million to the State Suburban Transportation Fund each year to finance certain types of highway capital projects in certain areas of the Transportation District. In the event the transfer would result in a Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the State Suburban Transportation Fund, the balance in the Commuter Railroad Account is required to be used to pay operating and capital costs of the commuter railroad operations of MTA, other than SIR.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages within New York State secured by real estate improved or to be improved by structures containing one to six dwelling units in the Authority's service area. MRT-2 Receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purposes of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, the Transit Authority and their respective subsidiaries.

Each year, MTA is required to transfer in equal quarterly installments, from the Corporate Transportation Account to the Metropolitan Transportation Authority's Dutchess, Orange and Rockland Fund (DORF) an annual amount of \$5.0 million, of which \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from that Account to such fund for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

New Revenue

The July Financial Plan incorporates changes to MRT-1 that reflect an increase from 25 cents per hundred dollars of recorded mortgage to 30 cents, effective with the June 1, 2005 mortgage origination. The resulting effect is a 20% increase in the MRT-1 tax rate. Since MTA's receipts are lagged one month, the 2005 November Plan cash forecast assumes six months of the tax revenue at the new rate.

Forecast Methodology

Mortgage Recording Tax receipts are projected by utilizing 16 individual models. For each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. In these models, which are time-service regression models with a log-log specification, tax collections are a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction

2005 November Forecast

The 2005 November Plan Forecast is based on October year-to-date actual receipts, and forecasts for November and December are added to year-to-date actuals in order to obtain a 2005 estimate. For the November Plan, the 10-Year U.S. Treasury Note rate is estimated to be 4.4%. Population growth estimates for 2005 are 0.2% for New York City, 0.4% for the Nassau/Suffolk combined area, 0.2% for Westchester, 1.7% for Putnam, 1.2% for Dutchess, 0.6% for Rockland and 1.4% for Orange.

For 2005, MRT-1 receipts on a cash basis are estimated at \$426.9 million, an increase of \$56.2 million, or 15.2%, over the Mid-Year Forecast. The MRT-1 rate increase accounts for \$37.7 million of the total MRT-1 receipts, \$13.2 million – or 54% – greater than the \$24.5 million MTR-1 rate increase estimate in the Mid-Year Forecast. MRT-2 receipts on a cash basis are estimated at \$298.6 million, an increase of \$32.5 million, or 12.2%, over the Mid-Year Forecast. Overall, combined MRT is projected to be \$725.5 million, an increase of \$88.7 million, or 13.9%, over the MRT estimate in the Mid-Year Forecast.

The improvement from the Mid-Year Forecast reflects continued strength in real estate – both sales and refinancing activity – mainly the result of lower than anticipated mortgage interest rates. The Mid-Year Forecast expected real estate transaction activity to slow as interest rates increased during 2005, but rates have remained low and activity has stayed near or at record levels. Higher interest rates had been anticipated in the Mid-Year Forecast based on actions taken, and actions expected, by the Federal Reserve Board of Governors. In an effort to contain and control inflation as the U.S. economy emerged from the recent recession, the Fed began raising the Federal Funds Rate on June 30, 2004 from 1.00% to 1.25%. This increase has been followed by ten additional rate increases, and as of November 1 the Federal Funds Rate is 3.75%. Economists, including the MTA's economic consultant Global Insight, expect the Fed to continue increasing the Federal Funds Rate in the coming months. While receipts from these taxes have reached record levels, the booming real estate market is expected to drop significantly in 2006.

2006 - 2009

Even though the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rates and have not increased sufficiently to dampen real estate transaction activity. Recently, both short-term and long-term rates have begun moving higher and, with continued Fed rate increases projected by economists, real estate activity is expected to slow down rather quickly. In particular, refinancing activity is expected to significantly fall off as mortgage rates increase. These factors are expected to result in significantly lower tax revenues in 2006 through 2009 compared with recent levels.

During the forecast period, the 10-Year U.S. Treasury Bill rate is expected to increase to 5.0% in 2006, 5.2% in 2007, 5.4% in 2008 and 5.7% in 2009. Population growth estimates are 0.3% per year for New York City, range from 0.3% to 0.4% per year for the Nassau/Suffolk area, range from 0.1% to 0.2% per year for Westchester, range from 1.4% to 1.7% per year for Putnam, range from 0.7% to 0.8% per year for Dutchess, range from 0.4% to 0.5% per year for Rockland and range from 0.9% to 1.0% per year for Orange.

The forecasts for 2006 through 2009 reflect these assumptions, and are unchanged from the July Plan. Over the Financial Plan period, MRT-1 receipts are projected to be \$263.4 million in 2006, \$271.2 million in 2007, \$271.3 million in 2008 and \$266.3 million in 2009. Of these amounts, the MRT-1 rate increase accounts for \$45.7 million in 2006, \$47.0 million in 2007, \$47.0 million in 2008 and \$46.2 million in 2009; these estimates are also unchanged from the July Plan. MRT-2 receipts are projected to be \$159.5 million in 2006, \$162.6 million in 2007, \$159.2 million in 2008 and \$152.0 in 2009. Total MRT receipts are forecast to be \$422.9 million in 2006, \$433.7 million in 2007, \$430.6 million in 2008 and \$418.3 million in 2009.

Additional Assumptions

In the July Plan, the MTA General Reserve was valued at \$40.0 million annually beginning in 2005 and is funded from MRT-2. Funding for the reserve is earmarked before the transfer to NYCT and Commuter Railroads subsidy accounts. In the November Plan, the 2005 amount is unspent and will be allocated evenly in 2006 through 2009, with \$10 million added to each year. This would bring the General Reserve to \$50 million annually. Because there are significant downside risks that could materially impact MTA during the current financial plan period, including volatile energy and insurance costs, both of which have a commensurate impact on inflation and interest rates, the November Plan further increases the general reserve to \$75 million annually beginning in 2006. Use of the unspent 2005 reserve reduces the impact on the financial plan to a net \$25 million annually.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. Previous financial plans incorporated two sources for reimbursing agencies' security projects. Due to the growth in these areas and the ensuing need to properly account for capital and operating projects, it has become

necessary to modify the funding mechanisms for these projects. Those projects which are not eligible for capital funding, e.g., overtime, staffing, etc., will be reimbursed to the agencies from the MTAHQ Budget and will be funded by MRT-1. If expenditures for agency security projects are capitally eligible and therefore will affect depreciation and asset values in the MTA Financial Statements, then these will be funded by MRT-2. This change has resulted in an increase in MTAHQ's budget, while MRT-2 funding decreases by almost an equal amount.

SUMMARY OF MORTGAGE RECORDING TAX PROJECTIONS
November Financial Plan 2006 - 2009
Tax Yield Distribution 2004 - 2009
(\$ in millions)

	2004	2005				
	Actual	November Forecast	2006	2007	2008	2009
MORTGAGE RECORDING TAX #261-1						
<u>Receipts Available for Transfer to NYCT and CRs:</u>						
Total Gross Receipts	\$349.163	\$426.886	\$263.417	\$271.157	\$271.328	\$266.334
Carryover	(15.114)	15.114	0.000	0.000	0.000	0.000
Less: MTAHQ Operating Deficit	(219.165)	(274.081)	(284.550)	(291.534)	(295.539)	(304.194)
Net Receipts Available for Transfer	\$114.884	\$167.919	(\$21.133)	(\$20.377)	(\$24.211)	(\$37.860)

Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$0.000	\$15.777	\$0.000	\$0.000	\$0.000	\$0.000
NYCT/SIR Share	55%	55%	55%	55%	55%	55%
From Current Year Net Receipts	63.186	92.355	(11.623)	(11.207)	(13.316)	(20.823)
Interest	0.101	0.250	0.000	0.000	0.000	0.000
Carryover	(10.395)	0.000	0.000	0.000	0.000	0.000
Transfers from MRT-2	0.000	0.000	11.623	11.207	13.316	20.823
Total NYCT/SIR Net Cash Share	\$52.892	\$108.382	\$0.000	\$0.000	\$0.000	\$0.000
Total SIR Net Cash Share	0.164	0.336	0.000	0.000	0.000	0.000
Total NYCT Net Cash Share	\$52.728	\$108.046	\$0.000	\$0.000	\$0.000	\$0.000

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$14.532	\$27.359	\$0.000	\$0.000	\$0.000	\$0.000
Commuter Railroad Share	45%	45%	45%	45%	45%	45%
From Net Receipts	51.698	75.563	(9.510)	(9.170)	(10.895)	(17.037)
Interest	0.003	0.310	0.000	0.000	0.000	0.000
Carryover	(22.957)	0.000	0.000	0.000	0.000	0.000
Less: Suburban Highway Fund	(38.935)	(20.000)	0.000	0.000	0.000	0.000
Transfers from MRT-2	0.000	0.000	9.510	9.170	10.895	17.037
Total Commuter Railroad Net Cash Share	\$4.341	\$83.232	\$0.000	\$0.000	\$0.000	\$0.000

MORTGAGE RECORDING TAX #261-2

Receipts Available for Transfer to NYCT and CRs:

Total Receipts to Corporate Account	\$288.186	\$298.636	\$159.473	\$162.551	\$159.225	\$152.011
Opening Fund Balance (starting in 1998)	104.178	41.625	40.000	30.000	20.000	10.000
Transfer (to)/from Agency Operating Accounts	(26.367)	(22.882)	(14.500)	(14.500)	(14.500)	(14.500)
Reserve for Following Year/Cash Flow Provision	(46.098)	(40.000)	(30.000)	(20.000)	(10.000)	0.000
General Reserve	0.000	0.000	(75.000)	(75.000)	(75.000)	(75.000)
Real Estate Tax Stabilization Account	(200.000)	0.000	0.000	0.000	0.000	0.000
Investment Income	2.898	0.000	0.000	0.000	0.000	0.000
Total Receipts Available for Transfer	\$122.797	\$277.379	\$79.973	\$83.051	\$79.725	\$72.511

Use of Total Receipts:

DORF Opening Balance	\$3.750	\$4.473	\$0.000	\$0.000	\$0.000	\$0.000
Less: Transfer to MTA DORF Account	(20.250)	(22.262)	(27.415)	(15.980)	(16.389)	(16.269)
Less: Transfer to MTAHQ Funds	0.000	0.000	(21.133)	(20.377)	(24.211)	(37.860)
Net Receipts Available	\$106.297	\$259.590	\$31.425	\$46.694	\$39.125	\$18.382

Allocation of Net Receipts to NYCT/SIR Corporate Account:

Projected NYCT/SIR Share	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
From Net Receipts	\$90.352	\$220.651	\$26.711	\$39.690	\$33.257	\$15.624
Total NYCT/SIR Cash Share	\$90.352	\$220.651	\$26.711	\$39.690	\$33.257	\$15.624
Total SIR Cash Share	0.000	0.000	0.000	0.000	0.000	0.000
Total NYCT Cash Share	\$90.352	\$220.651	\$26.711	\$39.690	\$33.257	\$15.624

Allocation of Net Receipts to CRs Corporate Account:

Projected Commuter Railroad Share	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
From Net Receipts	\$15.945	\$38.938	\$4.714	\$7.004	\$5.869	\$2.757
Total Commuter Railroad Net Cash Share	\$15.945	\$38.938	\$4.714	\$7.004	\$5.869	\$2.757

URBAN TAXES

Urban Taxes consist of two taxes: a Mortgage Recording Tax imposed on New York City commercial properties' mortgages that exceed \$500,000; and, a Real Property Transfer Tax imposed on New York City commercial properties valued over \$500,000. Tax receipts are available only for transit purposes in New York City. New York City Transit (NYCT) is entitled to 90% of the revenues collected for its general operations. In addition, NYCT receives 6% of the revenues collected for partial reimbursement of Paratransit costs. The remaining 4% is earmarked as subsidy for the City private buses. The City will utilize these funds to reimburse MTA Bus expenses.

Forecast Methodology

Urban Tax receipts are projected by utilizing two models, one for the Mortgage Recording Tax (MRT) and one for the Real Property Transfer Tax (RPTT). In these models, which are time-series regression models with a log-log specification, tax collections are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

2005 November Forecast

Actual tax receipts to the MTA through October 2005 are included in the November Plan revenue projections, and forecasts for November and December are added to year-to-date actuals in order to obtain a 2005 estimate. For the November Plan, the 90-Day U.S. Treasury Bill rate is estimated to be 3.1%, and New York City private-sector employment is expected to grow by 1.3% over the 2004 employment level.

In the 2005 November Plan, Urban Tax receipts on a cash basis are estimated at \$520.1 million, an increase of \$93.6 million, or 22.0%, over the Mid-Year Forecast. This change reflects continued strong real estate activity, primarily fueled by lower than anticipated interest rates. The Mid-Year Forecast expected real estate transaction activity to slow as interest rates increased during 2005. Conversely, interest rates remained low – yet the specter of higher interest rates was ever present – and activity remained at or near record high levels. The expectation of higher interest rates was based on actions taken, and expected to be taken, by the Federal Reserve Board of Governors. In an effort to contain and control inflation as the U.S. economy emerged from the recent recession, the Fed began raising the Federal Funds Rate on June 30, 2004 from 1.00% to 1.25%. This increase has been followed by eleven further rate increases, and with the latest increase on November 1 the Federal Funds Rate is currently 4.0%. Economists, including the MTA's economic consultant Global Insight, expect the Fed to continue increasing the Federal Funds Rate in the months to come.

2006 to 2009

While the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rate and have not

increased sufficiently to dampen real estate transaction activity. Recently, both short-term and long-term rates have begun moving higher and with continued Fed rate increases projected by economists, real estate activity is expected to slow down rather quickly. During the forecast period, the 90-Day U.S. Treasury Bill rate is expected to increase to: 4.3% in 2006; 4.5% in 2007; 4.7% in 2008; and, 4.9% in 2009. New York City private-sector employment is projected to grow by 1.3% in 2006, 1.0% in 2007, 0.9% in 2008 and 0.6% in 2009.

The November Plan forecasts for 2006 through 2009 reflect this assumption, and are unchanged from the Mid-Year Forecast. Over the Financial Plan period, Urban Tax receipts are forecast to be \$325.1 million in 2006, \$353.8 million in 2007, \$369.7 million in 2008 and \$378.5 million in 2009.

STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State and an operating capital transfer scheduled to be made in 2006.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies include of Nassau County's payment obligations to cover LIB's operating deficit. Nassau's Local 18-b match for LIB is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

2005 November Forecast

In the 2005 November Forecast, State and Local cash subsidy receipts are estimated at \$611.2 million, a very slight decrease from the July Forecast. This was due primarily to CDOT reforecast of Connecticut's share that was \$1.2 million lower than the July projections, and was offset by Station Maintenance receipts that were \$1.1 million favorable.

State and Local 18-b Operating Assistance to MTA has not changed in the last 15 years.

2006 Final Proposed Budget

In 2006, State and Local subsidy, on a cash basis, is \$4.9 million lower than the July Plan Forecast. This is due primarily to CDOT's subsidy, which is \$6.3

million lower than the July Plan levels. This is offset by minor favorable improvements in Station Maintenance resulting from higher CPI.

2007 - 2009

In 2007, 2008 and 2009, State and Local subsidy estimates are \$0.7 million, \$0.2 million and \$1.0 million above the July estimates, respectively. The changes primarily represent reforecast of CDOT and Station Maintenance.

In January 2004, the MTA Board authorized the exercise of a M-7 car option to permit Metro-North to accelerate the purchase of 120 additional cars. Included in the action was a provision for the Metro-North Operating Budget to transfer savings of \$10 million to the capital program. Metro-North's financial plan included the requisite \$10 million savings in 2004. Since this resulted in \$10 million of commuter rail subsidy savings, a commensurate operating capital transfer is included as a reduction to 2006 commuter rail subsidies. The car purchase payment schedule will require the transfer in that year.

MTA SUBSIDY TO SUBSIDIARIES

In the 2005 November Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$31.5 million, a slight reduction of \$0.1 million from the July Forecast. Staten Island Railroad's (SIR) share is \$17.5 million; Long Island Bus' (LIB) share is \$14.0 million.

SIR's share reflects amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated.

In 2006, the November Plan for MTA subsidy payment to LIB and SIR on a cash basis is \$32.3 million, an increase of \$0.2 million from the July Plan level.

For each of the years 2007 through 2009, MTA subsidy to its subsidiaries is \$32.8 million, \$33.7 million and \$34.9 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.

MTA New York City Transit Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	461.8	615.1	808.5	838.1	810.5	832.7
Petroleum Business Tax (PBT) Receipts	478.5	467.9	525.3	539.0	541.6	544.0
Mortgage Recording Tax (MRT)	143.1	328.7	26.7	39.7	33.3	15.6
Urban Tax	322.5	520.1	325.1	353.8	369.7	378.5
	\$1,405.9	\$1,931.8	\$1,685.6	\$1,770.6	\$1,755.0	\$1,770.9
<i>State and Local Subsidies</i>						
State Operating Assistance	158.1	158.2	158.2	158.2	158.2	158.2
Local Operating Assistance	158.2	158.2	158.2	158.2	158.2	158.2
	\$316.2	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
Total Dedicated Taxes & State and Local Subsidies	\$1,722.2	\$2,248.2	\$2,002.0	\$2,086.9	\$2,071.4	\$2,087.3
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	148.6	207.3	160.4	144.2	134.8	120.3
MTA Subsidy to Subsidiaries	13.0	0.0	0.0	0.0	0.0	0.0
	\$161.6	\$207.3	\$160.4	\$144.2	\$134.8	\$120.3
GROSS SUBSIDIES	\$1,883.8	\$2,455.5	\$2,162.4	\$2,231.1	\$2,206.2	\$2,207.5

MTA Commuter Railroad Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	273.1	329.7	422.7	436.1	426.2	436.3
Petroleum Business Tax (PBT) Receipts	84.4	79.6	89.4	91.7	92.1	92.6
Mortgage Recording Tax (MRT)	20.3	122.2	4.7	7.0	5.9	2.8
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$384.1	\$537.7	\$529.4	\$550.3	\$541.2	\$553.0
<i>State and Local Subsidies</i>						
State Operating Assistance	30.6	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	28.9	29.7	29.3	29.3	29.3	29.3
CDOT Subsidy	56.6	52.1	51.7	62.3	71.4	84.9
Station Maintenance	125.7	130.4	134.0	137.4	141.4	145.8
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$241.8	\$280.4	\$244.2	\$258.3	\$271.3	\$289.2
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$626.0	\$818.1	\$763.6	\$808.6	\$812.5	\$842.1
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	228.0	308.5	260.5	247.3	238.1	223.6
GROSS SUBSIDIES	\$854.0	\$1,126.7	\$1,024.0	\$1,055.9	\$1,050.7	\$1,065.8

MTA Long Island Bus Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
MMTOA Allocation	28.4	36.3	41.9	41.5	42.6	43.6
	28.4	36.3	41.9	41.5	42.6	43.6
<i>State and Local Subsidies</i>						
State Operating Assistance	6.7	3.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5	10.5
	14.0	13.5	13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	42.4	49.8	55.4	55.0	56.1	57.1
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	11.2	14.0	14.0	14.0	14.0	14.0
GROSS SUBSIDIES	\$53.6	\$63.8	\$69.4	\$69.0	\$70.1	\$71.1

MTA Staten Island Railway Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.4	1.9	2.5	2.6	2.5	2.6
Mortgage Recording Tax (MRT)	0.2	0.3	0.0	0.0	0.0	0.0
	\$1.6	\$2.2	\$2.5	\$2.6	\$2.5	\$2.6
<i>State and Local Subsidies</i>						
State Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$2.6	\$3.2	\$3.5	\$3.6	\$3.5	\$3.6
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	19.2	17.5	18.3	18.8	19.7	20.9
GROSS SUBSIDIES	\$21.8	\$20.7	\$21.8	\$22.4	\$23.2	\$24.5

MTA Headquarters Subsidy Allocation
2004 - 2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
<u>Mortgage Recording Tax</u>						
Net Receipts After Agency Transfers	488.8	275.9	401.5	397.0	401.4	410.0
<u>Adjustments</u>						
Funding of General Reserve	0.0	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Diversion of MRT to Suburban Counties	(62.9)	(37.8)	(27.4)	(16.0)	(16.4)	(16.3)
Carryover/Opening Balances/Interest	0.0	58.8	0.0	0.0	0.0	0.0
Agency Security Costs from MRT	(26.4)	(22.9)	(14.5)	(14.5)	(14.5)	(14.5)
<i>Total Adjustments</i>	<i>(89.3)</i>	<i>(1.9)</i>	<i>(116.9)</i>	<i>(105.5)</i>	<i>(105.9)</i>	<i>(105.8)</i>
Net Funding of MTA Headquarters	\$399.5	\$274.1	\$284.5	\$291.5	\$295.5	\$304.2

Debt Service

Debt Service in the Financial Plan

The following table reflects debt service projections for 2005 through 2009 associated with approved Capital Programs, including the recently approved five-year capital program for the 2005–2009 period. The table compares all MTA and TBTA debt service as published in the MTA July 2005 Financial Plan with newly revised estimates for this November 2005 Financial Plan (this comparison excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

Debt Service Forecast (\$ in millions)			
Year	July Plan Debt Service	November Plan Debt Service	Difference Favorable/(Unfavorable)
2005	1,080.2	1,038.2	42.0
2006	1,342.0	1,340.1	1.9
2007	1,467.5	1,485.4	(17.9)
2008	1,602.8	1,631.1	(28.3)
2009	<u>1,753.7</u>	<u>1,816.5</u>	<u>(62.8)</u>
Total:	\$7246.2	\$7,311.4	(\$65.2)

The unfavorable variance of \$65.2 million reflected in this November 2005 Plan is due primarily to an updated estimate of expenditures for capital projects, reflecting a faster pace of spending.

2005 Debt Service is updated to reflect actual deposits to debt service accounts from January through September.

Tax-exempt variable rate assumptions have been lowered to 3% for the remainder of 2005 and 3.5% for all of 2006.

The following is a summary of the key assumptions used to determine the debt service projections included in the financial plan.

Debt Issuance Assumptions:

Forecasted Borrowing Schedule	2005	2006	2007	2008	2009
New Money Bonds (\$ in millions)	527	2,279	1,906	2,676	3,197
Assumed Fixed-Rates					
Transportation Revenue Bonds	4.74%	4.81%	4.89%	4.96%	5.02%
Dedicated Tax Fund Bonds	4.61%	4.69%	4.76%	4.84%	4.89%
Triborough Bridge & Tunnel Authority	4.61%	4.69%	4.76%	4.84%	4.89%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	4.55%	4.61%	4.67%	4.72%	4.77%
Dedicated Tax Fund Bonds	4.46%	4.52%	4.57%	4.63%	4.67%
Triborough Bridge & Tunnel Authority	4.46%	4.52%	4.57%	4.63%	4.67%

** Weighted Average of fixed and variable forecasted rates (see below for explanation)

- All debt is assumed to be issued as 30-year level debt, principal amortized over the life of the bonds.
- 2005 fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2006 – 2009 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves.
- Split of fixed-rate debt versus variable rate debt each year is 75% / 25%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.
- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.
- No reserve funds.

Metropolitan Transportation Authority
Summary of Total Debt Service (\$ in millions)
2005 to 2009

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>New York City Transit:</u>					
Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	242.569	295.841	298.755	298.611	298.772
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	2.622	43.034	98.274	168.165	263.133
2 Broadway Certificates of Participation - NYCT Lease Portion	23.133	17.516	17.518	19.221	19.226
2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	2.453	1.759	1.759	1.931	1.931
Transportation Resolution Commercial Paper	11.045	30.694	30.694	30.694	30.694
Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	162.724	170.763	173.995	174.089	174.232
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	<u>0.000</u>	<u>9.001</u>	<u>27.214</u>	<u>50.253</u>	<u>81.557</u>
<i>Sub-Total MTA Paid Debt Service</i>	444.546	568.609	648.211	742.964	869.546
 Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	 124.404	 141.794	 143.621	 143.548	 143.581
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	<u>73.943</u>	<u>84.328</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>
<i>Sub-Total B&T Paid Debt Service</i>	198.346	226.121	229.279	229.299	229.276
Total NYCT Debt Service	642.892	794.730	877.489	972.263	1,098.822
<u>Commuter Railroads:</u>					
Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	154.719	219.545	221.708	221.600	221.720
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	2.800	39.290	73.462	99.453	135.653
Transportation Resolution Commercial Paper	6.494	14.685	14.685	14.685	14.685
Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.046	32.965	33.588	33.607	33.634
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	<u>0.000</u>	<u>7.415</u>	<u>18.682</u>	<u>27.250</u>	<u>31.966</u>
<i>Sub-Total MTA Paid Debt Service</i>	196.060	313.899	362.125	396.595	437.659
 Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	 55.683	 63.467	 64.285	 64.252	 64.267
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	<u>32.487</u>	<u>37.050</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>
<i>Sub-Total B&T Paid Debt Service</i>	88.170	100.517	101.919	101.927	101.917
Total Commuter Railroad Debt Service	284.230	414.416	464.044	498.523	539.576
<u>Bridges and Tunnels:</u>					
Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	73.487	87.006	88.127	88.083	88.103
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	29.209	33.311	33.836	33.873	33.851
Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	4.448	15.645	31.578	49.342
2 Broadway Certificates of Participation - TBTA Lease Portion	3.417	2.626	2.626	2.882	2.883
2 Broadway Certificates of Participation - Additional TBTA Share of MTA Lease Portion	5.014	3.595	3.595	3.945	3.946
Total Bridges and Tunnels Debt Service	111.127	130.986	143.830	160.361	178.125
<u>MTA Wide Total</u>					
Budgeted Gross Debt Service for Existing Bonds	981.270	1,166.068	1,181.207	1,181.089	1,181.506
2 Broadway Certificates of Participation	34.017	25.496	25.500	27.979	27.986
Transportation Resolution Commercial Paper	17.539	45.380	45.380	45.380	45.380
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	5.423	82.324	171.737	267.618	398.787
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	16.416	45.895	77.503	113.522
Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	4.448	15.645	31.578	49.342
Total MTA Wide Debt Service	1,038.249	1,340.132	1,485.364	1,631.147	1,816.523

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Debt Service Affordability Statement

MTA 2005 - 2009 Financial Plan

Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule	Notes	2005	2006	2007	2008	2009
Combined MTA/TBTA Forecasted Debt Service Schedule	1, 2, 3 4	1,004.2	1,314.6	1,459.9	1,603.2	1,788.5
Forecasted New Money Bonds Issued	5	526.8	2,279.3	1,905.7	2,675.7	3,197.4

Forecasted Debt Service by Credit	Notes	2005	2006	2007	2008	2009
Transportation Revenue Bonds						
Pledged Revenues	6	\$ 7,353.6	\$ 7,018.3	\$ 7,132.9	\$ 7,126.6	\$ 7,135.8
Debt Service	10, 11	420.2	643.1	737.6	833.2	964.7
Debt Service as a % of Pledged Revenues		6%	9%	10%	12%	14%
Dedicated Tax Fund Bonds						
Pledged Revenues	7	\$ 547.5	\$ 614.6	\$ 630.7	\$ 633.7	\$ 636.6
Debt Service	11	194.8	220.1	253.5	285.2	321.4
Debt Service as a % of Pledged Revenues		36%	36%	40%	45%	50%
Triborough Bridge and Tunnel Authority General Revenue Bonds						
Pledged Revenues	8	\$ 908.2	\$ 899.7	\$ 892.8	\$ 892.0	\$ 880.1
Debt Service	11	253.6	296.7	311.7	327.5	345.3
Debt Service as a % of Total Pledged Revenues		28%	33%	35%	37%	39%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds						
Pledged Revenues	9	\$ 654.7	\$ 603.0	\$ 581.1	\$ 564.6	\$ 534.9
Debt Service	11	135.6	154.7	157.1	157.3	157.2
Debt Service as a % of Total Pledged Revenues		21%	26%	27%	28%	29%

Cumulative Debt Service (Excluding State Service Contract Bonds)	Notes	2005	2006	2007	2008	2009
Total Debt Service		\$ 1,004.2	\$ 1,314.6	\$ 1,459.9	\$ 1,603.2	\$ 1,788.5
Operating Revenues and Subsidies		8,635.5	8,582.3	8,775.0	8,833.0	8,924.5
Total Debt Service as a % of Operating Revenues and Subsidies		12%	15%	17%	18%	20%
Fare and Toll Revenues		4,830.4	4,965.5	5,010.1	5,061.1	5,084.2
Total Debt Service as a % of Fare and Toll Revenue		21%	26%	29%	32%	35%
Non-reimbursable expenses		8,709.3	9,304.2	9,729.6	10,199.2	10,672.5
Total Debt Service as % of Non-reimbursable expenses		12%	14%	15%	16%	17%

Notes on the following page are an integral part of this statement.

Notes

- 1 Unhedged tax-exempt variable rate debt reflect assumed interest rates of 3.00% for remainder of 2005 (2005 estimates based on actuals for first nine months), 3.5% for 2006 and 4.00% for the remaining life of bonds.
- 2 Unhedged taxable variable rate debt assumed interest rate of 4.50% (2005 estimates based on actuals for first nine months).
- 3 Synthetic fixed-rate debt assumed at swap rate.
- 4 Total debt service excludes COPS lease payments, and includes debt service prepayments made in 2005.
- 5 New money bonds amortized as 30-year level debt. Assumes an increase in the MTA/TBTA bond cap by the State Legislature in conjunction with the 2005-09 Capital Program. New debt issued assumed 75% fixed-rate and 25% variable rate.
- 6 Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central Terminal and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses.
- 7 Dedicated Tax Fund pledged revenues consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; and the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Mass Transportation Operating Assistance Account for the benefit of the MTA. Thereafter, such payments are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTOA.
- 8 Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 9 Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 10 Transportation Revenue debt service includes effect of deferred gain from debt restructuring and prepayments of debt service in 2005
- 11 Debt service schedules for each credit are attached as addendum hereto.

Special Notes

- 1 Debt service estimates reflect a Financial Plan assumption of \$9.3 billion of bonds as a funding source for the 2005-2009 Capital Programs. \$3 billion of bonding for Transit and Commuter projects is expected under the existing Transportation Revenue credit, \$1.2 billion for Bridge & Tunnel Projects will be done under the TBTA credits, and the remaining \$5.1 billion will be associated with new augmented fees and taxes authorized in the New York State budget.
- 2 Pledged revenues as discussed in above notes 7, 9, and 10 do not include proposed 2006 PEGs or 2007 fare/toll increase.

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)
Total Budgeted Annual Debt Service
All Issuance to October 2005 (\$ in millions)

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Additional		Combined	Additional		Combined	Additional		Combined	Additional		Combined	Additional		Combined
	Existing DS	DS		Existing DS	DS		Existing DS	DS		Existing DS	DS		Existing DS	DS	
2005	414.8	5.4	420.2	194.8	-	194.8	253.6	-	253.6	135.6	-	135.6	998.8	5.4	1,004.2
2006	560.8	82.3	643.1	203.7	16.4	220.1	292.3	4.4	296.7	154.7	-	154.7	1,211.4	103.2	1,314.6
2007	565.8	171.7	737.6	207.6	45.9	253.5	296.0	15.6	311.7	157.1	-	157.1	1,226.6	233.3	1,459.9
2008	565.6	267.6	833.2	207.7	77.5	285.2	295.9	31.6	327.5	157.3	-	157.3	1,226.5	376.7	1,603.2
2009	565.9	398.8	964.7	207.9	113.5	321.4	296.0	49.3	345.3	157.2	-	157.2	1,226.9	561.7	1,788.5
2010	565.5	524.2	1,089.6	207.7	147.6	355.3	296.0	64.7	360.7	157.1	-	157.1	1,226.3	736.5	1,962.8
2011	565.7	593.0	1,158.7	207.9	170.3	378.3	294.9	77.3	372.2	157.3	-	157.3	1,225.8	840.6	2,066.4
2012	564.9	611.4	1,176.4	207.7	176.4	384.1	294.8	87.1	381.8	157.7	-	157.7	1,225.1	874.9	2,100.0
2013	566.1	611.4	1,177.6	209.6	176.4	386.0	295.6	92.1	387.7	157.1	-	157.1	1,228.5	879.9	2,108.4
2014	565.6	611.4	1,177.1	207.8	176.4	384.2	294.6	93.1	387.7	157.1	-	157.1	1,225.1	880.9	2,106.0
2015	565.8	611.4	1,177.3	208.1	176.4	384.4	294.7	93.1	387.8	157.4	-	157.4	1,226.0	880.9	2,106.9
2016	565.5	611.4	1,177.0	208.1	176.4	384.5	294.4	93.1	387.4	157.2	-	157.2	1,225.2	880.9	2,106.1
2017	565.4	611.4	1,176.8	208.5	176.4	384.9	294.9	93.1	387.9	160.9	-	160.9	1,229.7	880.9	2,110.6
2018	565.9	611.4	1,177.4	211.3	176.4	387.7	294.6	93.1	387.7	159.7	-	159.7	1,231.5	880.9	2,112.5
2019	566.9	611.4	1,178.4	207.8	176.4	384.2	294.5	93.1	387.5	157.4	-	157.4	1,226.6	880.9	2,107.5
2020	566.0	611.4	1,177.4	210.1	176.4	386.5	294.8	93.1	387.9	157.1	-	157.1	1,228.0	880.9	2,108.9
2021	565.8	611.4	1,177.3	209.5	176.4	385.9	292.0	93.1	385.1	157.6	-	157.6	1,224.9	880.9	2,105.9
2022	564.5	611.4	1,176.0	206.7	176.4	383.1	294.7	93.1	387.7	157.5	-	157.5	1,223.3	880.9	2,104.2
2023	574.0	611.4	1,185.5	209.8	176.4	386.2	290.5	93.1	383.5	157.3	-	157.3	1,231.6	880.9	2,112.6
2024	574.1	611.4	1,185.6	209.7	176.4	386.1	294.6	93.1	387.7	157.7	-	157.7	1,236.2	880.9	2,117.1
2025	573.3	611.4	1,184.7	209.9	176.4	386.3	294.5	93.1	387.6	157.0	-	157.0	1,234.7	880.9	2,115.6
2026	573.4	611.4	1,184.8	209.9	176.4	386.3	293.1	93.1	386.2	157.3	-	157.3	1,233.8	880.9	2,114.7
2027	574.1	611.4	1,185.5	209.8	176.4	386.2	293.0	93.1	386.1	157.4	-	157.4	1,234.3	880.9	2,115.2
2028	574.1	611.4	1,185.5	210.1	176.4	386.5	294.7	93.1	387.8	157.5	-	157.5	1,236.3	880.9	2,117.3
2029	574.2	611.4	1,185.6	210.0	176.4	386.4	292.7	93.1	385.8	157.4	-	157.4	1,234.2	880.9	2,115.1
2030	574.2	611.4	1,185.6	210.0	176.4	386.4	294.7	93.1	387.8	157.4	-	157.4	1,236.2	880.9	2,117.2
2031	571.5	611.4	1,182.9	208.7	176.4	385.1	317.0	93.1	410.1	155.0	-	155.0	1,252.3	880.9	2,133.2
2032	474.7	611.4	1,086.1	190.6	176.4	367.0	235.1	93.1	328.2	122.9	-	122.9	1,023.3	880.9	1,904.3
2033	170.2	611.4	781.7	60.1	176.4	236.5	8.9	93.1	102.0	14.6	-	14.6	253.8	880.9	1,134.7
2034	165.4	611.4	776.9	19.0	176.4	195.4	8.9	93.1	102.0	12.2	-	12.2	205.5	880.9	1,086.4
2035	129.3	595.2	724.5	-	176.4	176.4	7.4	93.1	100.5	-	-	-	136.8	864.7	1,001.4
2036	-	529.1	529.1	-	160.0	160.0	-	88.6	88.6	-	-	-	-	777.7	777.7
2037	-	439.7	439.7	-	130.5	130.5	-	77.4	77.4	-	-	-	-	647.7	647.7
2038	-	343.8	343.8	-	98.9	98.9	-	61.5	61.5	-	-	-	-	504.2	504.2
2039	-	212.7	212.7	-	62.9	62.9	-	43.7	43.7	-	-	-	-	319.3	319.3
2040	-	87.3	87.3	-	28.8	28.8	-	28.4	28.4	-	-	-	-	144.4	144.4
2041	-	18.4	18.4	-	6.1	6.1	-	15.8	15.8	-	-	-	-	40.3	40.3
2042	-	-	-	-	-	-	-	6.0	6.0	-	-	-	-	6.0	6.0
2043	-	-	-	-	-	-	-	1.0	1.0	-	-	-	-	1.0	1.0
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.
Includes interest budgeted for Transportation Revenue Commercial Paper and debt service on bonds that will defease the CP in December 2005.

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Agency Baseline Assumptions

Agency Baseline Assumptions

This section describes those assumptions associated with the Baseline Plan. The November 2005 Preliminary Budget and Financial Plan is an update of the July Financial Plan. The following summarizes net accrual and cash forecasts contained in the November Plan contributing to MTA consolidated annual closing cash balances.

For the July Plan, the Agencies were asked to identify savings against the February Plan of \$50 million in 2006 and \$100 million for 2007 and the outer years. The objective of this action was to produce savings that would not only reduce expenses in the short-term, but would also result in long-term improvements to MTA's financial picture. Some of these savings were captured in the baseline through favorable expense re-estimates. The remaining savings came from the 2006 PEG Program that was not part of the baseline; but rather was included below-the-line as part of MTA gap-closing actions. The baseline re-estimates and specific PEG initiatives achieved the targeted savings without a negative impact on service, operations, safety or security. The current 2006 PEG Program has changed very little from the July Plan. Only the LIRR changed any PEGs at all; eliminating one PEG and replacing it with several smaller PEGs. This resulted in a slight net increase in the value of its PEG Program. The details of the MTA 2006 PEG Program are included in a subsequent section of this report called "PEGs and Other Policy Actions".

For the November Plan, Agencies were instructed to maintain expense levels contained in the July Plan. The exceptions were uncontrollable cost increases and expense increases resulting from changes to the inflation forecasts. The savings that were generated in the July Plan are also a part of the November Plan.

The July Plan when compared with the February Plan was characterized by significant increases in the areas of inflation, energy, and maintenance. In addition, enhancements to service and cleaning as well as a reforecast of the 2005 PEG Program increased spending levels. Favorable toll/farebox revenue and baseline re-estimates partially offset some of the above-mentioned baseline increases.

Inflation

While there was a significant increase in the July Plan due to inflation, changes in inflationary assumptions between the July Plan and November Plan are minimal resulting in a slight increase in costs in 2006 and slightly decreased costs in the years 2007 and out. The November 2006 Plan uses the following September 2005 Global Insight projections for the New York City region Consumer Price Index for All Urban Consumers (CPI-U): 2.77% in 2006; 2.58% in 2007; 2.91% in 2008; 3.07% in 2009. The rates used in July were: 2.57% in 2006; 2.79% in 2007; 2.94% in 2008; 3.18% in 2009. The projections used in the July Plan assumed that energy prices would remain relatively high for 2005 and then gradually fall during 2006. The inflation projections for the November Plan assume even higher energy prices for the remainder of 2005, with a slower decline in 2006 than expected in the earlier projections. The change in the energy price assumption has significant implications on inflation forecasts since the cost for manufacturing and delivering goods, as well as the operation of the workplace, are all affected by energy costs.

Energy

The July Plan (and to a greater extent - the February Plan) included increases for Energy (especially fuel) that were anticipated at that time. Energy rates are now expected to increase beyond what was anticipated in the July Plan. Fuel for Buses and Trains is rising especially fast due in large part to Hurricanes Katrina and Rita. While these costs are expected to stabilize in 2007, they are likely to do so at a level that is significantly higher than the July Plan. Overall energy costs are rising by \$49 million in 2006 when compared with the July Plan. Detailed assumptions for energy forecasts can be found later in this section.

Maintenance

The 2006 November Plan will continue to fund those maintenance needs that were addressed in the July Plan: NYCT added the necessary resources required to improve maintenance and cleaning standards system-wide. It also revised its Bus Shop Maintenance program which resulted in additional costs in the out-years. Metro-North increased the number of overhauls for its Genesis Locomotive fleet. The LIRR funded programs for signal modernization, fleet maintenance improvements and increased training. The July Plan identified an overall maintenance increase of \$71 million.

In the July Plan, both the LIRR and Metro-North included additional costs to replace some of the concrete ties purchased in 1997/1998 (21,000 Metro-North and 16,000 LIRR) that were deteriorating well in advance of normal expectations and needed to be replaced before the upcoming winter to prevent future service disruptions; this work commenced earlier this year. The tie manufacturer has provided the 37,000 replacement ties at its cost, but has not agreed to pay installation and the other costs associated with the tie replacement. Further negotiations for the reimbursement of additional ties purchased in 1997/1998, as well as the related labor and other associated costs, are on-going. These costs in the November Plan have been revised slightly based on re-estimates: the LIRR Forecast includes total costs of \$7 million in 2005, \$14 million in 2006, \$7 million in 2007, \$0.7 million in 2008 and \$0.8 million in 2009. For years 2008 and 2009, costs are only for spot replacements. The Metro-North Forecast, which includes costs of \$6 million in 2005 and \$7 million in 2006, does not include the cost of all of its 1997/1998 ties. Metro-North is currently evaluating the remaining 1997/1998 ties to determine whether replacement of those ties will be necessary, and whether additional monies (not included in this Plan) will be needed. In addition, the LIRR is examining ties that were installed in 2001, to see if they will need replacing (also not included in the Plan).

Metro-North is adding additional funds in the November Plan of \$4 million in 2006, \$5 million in 2007, \$5 million in 2008 and \$1 million in 2009 to enhance the cyclical maintenance program on its M-3 electric car fleet. This will improve reliability by enabling Metro-North to perform more maintenance in a preventative rather than reactionary manner.

Cleaning and Service Enhancements

The November Plan will include the funding for cleaning and service enhancements that were identified in the July Plan: NYCT added \$6 million in new cleaning initiatives to improve track infrastructure and station cleanliness in subways and to reduce the number of track fires. On the commuter rail side, both Metro-North and the LIRR added additional service in the July Plan at a combined cost of \$3 million. Metro-North proposed additional late-night service; while the LIRR proposed improvements in service for the AM Peak and early-afternoon service from Penn Station. The November Plan estimate of this service has been slightly adjusted upwards by \$0.6 million. Both NYCT and SIR proposed additional service in order to match expanded Staten Island Ferry service. In addition to these enhancements that were included in the July Plan and are part of the baseline submission, MTA is proposing additional improvements; the details can be found in the section titled "PEGs and Other Policy Actions".

2005 PEG Program Re-Forecast

The July Plan captured reductions in the 2005 PEG Program that resulted in additional costs for 2005 and each following year. However, the impact on the Financial Plan was mitigated by the fact that the February Financial Plan contained a \$20 million PEG implementation provision as a contingency for delays or cancellations affecting the 2005 PEG Program. Also, NYCT is experiencing lower-than-anticipated costs associated with excess employees; these costs are expected to be approximately \$10 million less than assumed in the adopted budget.

Primary among the PEG slippages identified in July were delays in the implementation of the 100% Off-Peak Bus Guidelines and the "L" line One Person Train Operation (OPTO). In addition, increases to off-peak bus headways were now limited to five minutes on all routes in any hour, which resulted in additional forecasted costs in the out-years.

There are a few additional changes to the 2005 PEG Program in the November Plan. For NYCT, the "L" Line OPTO PEG is being eliminated. In addition, the 100% Off-Peak Seated Load Guideline PEG is now being proposed to be delayed one year, until January 2007. This action is not contained in NYCT baseline numbers and is described in the section titled "PEGs and Other Policy Actions". The LIRR has reinstated 14 maintainers/cleaners for its Right of Way and will not be mothballing two locomotives that had been reflected in the July Plan.

Major Changes from the July Plan

Since the November Plan is an update of the July Plan, changes are more rate driven than program driven. The following table details the major changes in the Agency Baseline Forecasts between the July and November Plans:

MTA CONSOLIDATED
SUMMARY OF BASELINE RE-ESTIMATES
NOVEMBER CHANGES FROM JULY PLAN

Favorable/(Unfavorable)
(\$ in millions)

	2005	2006	2007	2008	2009
Farebox/Toll Revenue	\$0	\$27	\$21	\$25	\$29
Overtime	(\$22)	(\$2)	\$0	(\$0)	(\$0)
Health & Welfare	\$18	\$21	\$24	\$25	\$26
Pensions	(\$2)	\$3	\$10	\$12	\$18
Energy	(\$21)	(\$49)	(\$34)	(\$27)	(\$27)
Insurance	\$1	(\$8)	(\$11)	(\$13)	(\$16)
Security Reallocation/Funding *	(\$21)	(\$19)	(\$21)	(\$21)	(\$23)
Baseline Re-Estimates/Cash Adjustments	\$13	(\$24)	(\$12)	(\$9)	(\$6)
Net Change	(\$34)	(\$51)	(\$24)	(\$8)	\$1
<i>* This is mostly offset by MRT-2 funding.</i>					

The baseline is increasing in each year from the July Plan primarily as a result of higher costs for overtime, energy and insurance partially offset by increases in farebox revenue and lower costs for health & welfare and pensions. Explanations for these changes can be found in the pages that follow. In addition, the baseline is increasing due to a reclassification of security expenses in the Headquarters Budget, which includes an increase for NYCT Platform Control Teams.

In addition to the changes in the major expenses categories noted in the chart, baseline re-estimates/cash adjustments are also impacting the Plan. Re-estimates in 2005 and 2006 are significantly impacted by Metro-North multi-year, retroactive wage cash adjustments (RWA) that are associated with unsettled labor agreements. These are \$29 million favorable in 2005 and \$27 million unfavorable in 2006. The benefit of Metro-North's 2003 pension pre-payment of \$20 million has been moved from 2005 to 2006, partially offsetting the impacts of the RWA's. In 2007, unfavorable baseline expense re-estimates at the LIRR, due primarily to the impact of maintenance and service initiatives, and at MTAHQ, which has additional administrative requirements are partially offset by favorable baseline expense re-estimates at NYCT and B&T, due primarily to the impact of reimbursable charges and an increase in reimbursements. Unfavorable expense re-estimates at NYCT for additional paratransit ridership and a new need at MTAHQ for additional administrative requirements impacted the baseline re-estimate in 2008 and 2009.

Security

The July Plan included a \$10 million fund at the corporate level to address security concerns through an enhanced police presence as well as education to improve public awareness. These funds still remain within the baseline. In the November Plan, MTA is now proposing to fund \$100 million in Capital Security initiatives including the purchase of cameras and other technology improvements. The details can be found in the section titled "PEGs and Other Policy Actions".

Due to the growth in spending by Agencies on security projects and the need to follow appropriate accounting procedures, MTA Headquarters will reimburse the Agencies for amounts spent on security projects that are not eligible for capital funding. Examples include the use of overtime, increased staffing, training and advertising campaigns. This, in turn, will affect MRT-1 usage calculations and will also result in substantial increases to MTA Headquarters' budget in every year. This increase in MTA HQ expenses will be offset by reductions in MRT-2 funding.

Accrued Baseline Assumptions

The following presents Agency baseline assumptions supporting the Accrued Statement of Operations. Additional detail is available in each Agency section.

2005 November Forecast

Overall, MTA's 2005 November Baseline Forecast is very close to the Mid-year Forecast. It projects a Net Operating Deficit Before Subsidies and Debt Service of \$3,459 million, \$5 million (0.2%) better than the Mid-Year Forecast. Total Operating Revenue of \$5,250 million is \$10 million higher than Forecast and Total Operating Expenses of \$8,709 million are \$5 million higher. The 2005 November Baseline Forecast does not include any of the \$18 million in 2005 savings from those PEGs in 2006 PEG Program that start in 2005.

Revenue

Combined Farebox and Toll Revenue is expected to be virtually on target with the Mid-Year Forecast. The table in the Utilization section details changes in ridership by Agency. Other Revenue is increasing by \$7 million due primarily to higher paratransit urban tax yields and higher advertising revenue.

Expenses

Overtime expenses are expected to increase \$22 million from the the Mid-Year Forecast due to vacancy coverage and service disruptions, and heightened security. Health & Welfare costs are decreasing \$18 million from the Mid-Year Forecast due to lower rates. This decrease in the 2005 base results in savings throughout the Plan period.

Overall energy costs are increasing over the Mid-Year Forecast. Traction and Propulsion Power is increasing \$3 million as a result of lower rates and Fuel for Buses and Trains is increasing \$17 million due to higher fuel prices.

Costs for Claims are increasing \$11 million over the Mid-Year Forecast based primarily on revisions in the assessment of FMTAC claims liability.

Costs for Maintenance and Other Operating Contracts are decreasing by \$20 million due primarily to HQ reclassification adjustments to Other Business Expenses.

Professional Services Costs are \$36 million higher in 2005 due primarily to a reclassification of security-related expenses into HQ Professional Services.

2006 Final Proposed Budget

MTA's 2006 Final Proposed Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$3,910 million. This is \$71 million worse than the July Preliminary Budget. Total Operating Revenue is \$31 million better than the Preliminary Budget due primarily to Passenger Revenue that is \$33 million higher due to higher ridership at NYCT and both commuter railroads. When compared with the 2006 Preliminary Budget, expenses are \$66 million higher. Increases in costs for Energy, Claims, and Security reclassification are partially offset by reduced costs for Health & Welfare and increased reimbursable overhead.

Total Operating Revenue of \$5,394 million is \$143 million higher than the 2005 November Forecast as farebox and toll forecasts include a full year of the 2005 fare/toll increase.

Total 2006 Operating Expenses of \$9,304 million are \$595 million higher than the 2005 November Forecast due to contractual wage increases, inflation, increases in depreciation and increases in maintenance and cleaning requirements.

Expense reclassifications are responsible for major changes within several categories between 2005 and 2006 in MTA Headquarters Final Forecast. During the second quarter closing process it was determined that certain expenses needed to be reclassified. As a result, beginning with 2006 a significant level of expenses formerly captured within Maintenance and Other Operating Contracts (\$42.0 million in 2006) will now be captured in Other Business Expenses. Costs formerly captured in Professional Service Contracts (\$4.9 million) and Materials & Supplies (\$2.1 million) are also being moved there as well. Other Business Expenses are increasing by a total of \$49.3 million as a result of the reclassification.

2007 – 2009 Forecast

The November 2006 Plan uses the following rates for All Urban Consumers (CPI-U): 2.77% in 2006; 2.58% in 2007; 2.91% in 2008; 3.07% in 2009. These rates are a primary driver of expense growth. The following pages provide a more detailed description of the assumptions used in formulating the 2006 Preliminary Budget and the forecasts for the years 2007 through 2009.

<p>For 2006, the Net Operating Deficit and Total Operating Expense levels that are referenced on this page have been amended from the November 16, 2005 printed report to accurately reflect the MTA Consolidated financial tables in this report.</p>
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OTHER OPERATING REVENUE

MTA Consolidated Other Revenue is forecasted to be \$7 million or 2.7% higher than the 2005 July Plan. The July Plan to November Plan increases in 2005 are mostly the result of NYCT estimating higher Urban Tax yields based upon the strong local real estate market which increased Paratransit revenues and projected higher advertising revenues and a B&T write-off of reserve for legal fees associated with the sale of New York Coliseum. The plan to plan changes in 2006 through 2009 were slightly favorable.

Other Revenue growth from 2005 through 2009 was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's reduction from 2005 to 2006 resulted mostly from a decline (from a very high level) in Paratransit Urban Tax revenue, which was based upon a very strong 2005 real estate market. NYCT's year-to-year increases from 2006 through 2009 are primarily NYC reimbursements that are limited contractually and serve to partially fund the annual growth in Paratransit expenses. LIRR's year-to-year growth is primarily due to contractual and inflationary increases. MNR's 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1, 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees, which are scheduled to be implemented beginning in 2006. MNR plan-to-plan changes include the initiation of higher West of Hudson parking fees and contractually based increases in GCT tenant fees and advertising fees. B&T Other Revenue is expected to decrease in 2008 primarily due to expected changes in allocation formulas among E-ZPass agencies. Headquarters year-to-year growth is primarily due to contractual and inflationary increases.

PAYROLL

Payroll expenses from 2006 through 2009 were influenced by a number of different factors including pattern settlement increases, Global Insight inflation assumptions, deferred salaries & wages, and capital project activity. Pattern settlement increases were assumed for represented personnel (either settled or pending). Regional CPI growth was assumed for 2007 and outer years for non-represented personnel and represented personnel upon contract expiration.

Results of collective bargaining for MTA Agencies are a major driving force on payrolls. As of November 2005, 39 units (63%) representing 50,163 employees (91%) have settled contracts through 2005 and 2006. Most of the remaining 23 units representing 5,114 employees are in negotiations. In general, MTA Agencies reflect pattern bargaining agreement increases of 3.0% in 2005 and 2006.

Global Insight CPI inflation assumptions for the MTA Region used in the November Plan were adjusted upward in 2006 and adjusted downward in 2007 through 2009 from

assumptions used in the July Plan. The November Plan for 2006 uses the following August, 2005 Global Insight All Urban Consumers (CPI-U) rates: 2.77% in 2006, 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009. Global Insight CPI rates used in the July, 2005 Plan were as follows: 2.57% in 2006, 2.79% in 2007, 2.94% in 2008, and 3.18% in 2009.

Payroll Assumptions: 2005 November Forecast

MTA consolidated payroll expenses are forecasted to be \$1 million higher than the 2005 July Plan. NYCT and LIRR increased by almost \$2 million each. NYCT's increase is primarily related to departmental reassessment of labor spending levels. LIRR's increase was primarily due to a slight increase in headcount as the attrition rate was slower than expected. MNR and MTA HQ decreased by \$0.9 million and \$0.8 million, respectively. MNR and MTA HQ's slight decreases were due primarily to revised rates and re-estimated expenses.

Payroll Assumptions: 2006 Final Proposed Budget

MTA consolidated payroll expenses are forecasted to be \$1 million higher than the July Plan. MNR and MTA HQ increased by approximately \$1 million each, and were partially offset by decreases of \$1 million each at LIRR and NYCT.

NYCT's increase from 2005 to 2006 primarily reflects the Global Insight CPI rate adjustments.

Increases at the LIRR and MNR reflect pattern bargaining of 3.0% for represented employees and CPI increases of 2.57% for non-represented employees. Additional MNR increases are primarily related to additional security-based initiatives and increased maintenance.

MTAHQ's increase reflects the full-year impact of the MTA Police labor agreement and a Global Insight CPI rate adjustment for non-represented employees.

Increases at B&T and LIB reflect a CPI rate of 2.77%. B&T's increase also contains contractual step-up increases and increased funding for the repair and maintenance of the centralized access and monitoring control system.

Payroll Assumptions: 2007 – 2009

Changes against the July Plan were insignificant.

MTA Agency payroll expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight of 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009.

NYCT payroll increases primarily reflect CPI-U adjustments provided by Global Insight. Additional increases at LIRR are related to headcount changes each year associated with new needs, changes in programs and Capital Program activity. Additional increases at MNR are primarily due to increased support for GCT security initiatives,

improvements to systems and facilities, increased service levels and coverage on all lines, additional car cleaning staff, and additional administrative oversight and quality assurance functions in key operating areas. Payroll increases in B&T, LIB, HQ and SIR primarily reflect CPI-U adjustments provided by Global Insight, with B&T reflecting additional increases for contractual step-ups.

OVERTIME

The November 2006 Plan uses the following August, 2005 Global Insight All Urban Consumers (CPI-U) rates: 2.77% in 2006, 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009. Global Insight CPI rates used in the July, 2005 Plan were as follows: 2.57% in 2006, 2.79% in 2007, 2.94% in 2008, and 3.18% in 2009.

Overtime Assumptions: 2005 November Forecast

MTA consolidated overtime expenses are forecasted to be \$22 million or 6.3% higher than the 2005 Mid-Year Forecast. The bulk of this increase is due to large increases at NYCT (\$16 million), MNR (\$2 million), MTAHQ (\$2 million) and B&T (\$1 million).

NYCT's increase in November from July reflects payroll rate assumptions and higher 2005 requirements caused by vacancy coverage, service disruptions, and adverse winter weather. MNR's increase reflects payroll rate assumptions and additional increases due to emergency-related overtime coverage. MTAHQ's increase over the 2005 Mid-Year Forecast primarily reflects MTAPD overtime due to heightened security. LIRR's increase reflects a wage assumption of 3.0% and additional increases for vacancy and emergency-related coverage. Smaller increases at other Agencies reflect CPI related adjustments.

Overtime Assumptions: 2006 Preliminary Budget

MTA consolidated overtime expenses are forecasted to be \$2 million or 0.6% higher than the 2005 July Plan. The LIRR's \$3 million increase over the July Plan is due primarily to higher relief day overtime. MNR's \$1 million increase over the July Plan is due primarily to increased emergency coverage. Compared with the July Plan, NYCT has a favorable \$2 million variance.

Overtime costs are decreasing by \$24 million between 2005 and 2006. NYCT's \$25 million reduction from 2005 to 2006 is due primarily to additional overtime requirements for vacancy coverage, responses to service disruptions, and inclement weather not anticipated to recur in 2006. MTAHQ's \$1 million decrease from 2005 to 2006 is due primarily to contractually agreed increases in MTAPD straight-time shifts, reducing the amount of security-related overtime estimated in 2006. B&T is decreasing slightly from 2005 to 2006 due primarily to a reduction in the amount of security-related overtime estimated in 2006. LIRR's \$2 million increase from 2005 to 2006 is due primarily to the change in Capital Program activity and new needs, partially offset by a decrease in anticipated weather-related overtime.

Overtime Assumptions: 2007 – 2009

Changes against the July Plan were minimal. MTA Agency overtime expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight of 2.56% in 2007, 2.91% in 2008 and 3.07% in 2009. Additional increases at LIRR are due primarily to changes in Capital Program activity and new needs. Additional increases at MNR are due primarily to additional emergency-related coverage.

HEALTH & WELFARE

MTA Consolidated Health and Welfare costs are forecasted to be \$18 million lower in 2005 than the July Plan, and more than \$20 million lower in each of the out-years. The reduced base in 2005 results in lower costs throughout the plan years.

The inflators for Health and Welfare are unchanged from the July Plan and are consistent with the New York State Empire Plan's most recent report. An inflator of 9.3% is assumed for years 2006 through 2009. Lower Health & Welfare rates than planned in 2005 resulted in lower expenses for some Agencies from the July Plan. The inflator of 9.3% is applied to these lower rates, the impact of which is reflected in the November Forecast.

NYCT's November Plan expenses are lower than the July Plan by \$15 million in 2005 and \$16 million in 2006, primarily due to lower-than-planned rate increases. NYCT reductions from the July Plan continue in each of the years 2007 to 2009 by over \$20 million in each year.

MTA Consolidated Pensions

MTA Consolidated Pensions November Financial Plan (\$ in millions)					
	2005	2006	2007	2008	2009
Accrual					
Non-Reimbursable	\$646	\$734	\$753	\$758	\$756
Reimbursable	27	36	44	44	46
Total Accrual	673	770	797	802	802
Cash	\$502	\$701	\$774	\$785	\$787

The November Plan changes only modestly from the July Plan mainly due to no major changes in the underlying actuarial assumptions. Changes are primarily due to decreases caused by revised assumptions for pension plan participation at Metro-North.

MTA Consolidated Pensions
November Financial Plan vs. July Financial Plan
Favorable / (Unfavorable)
(\$ in millions)

	2005	2006	2007	2008	2009
Accrual					
Non-Reimbursable	(\$3)	\$3	\$10	\$12	\$18
Reimbursable	2	0	(4)	(4)	(5)
Total Accrual	(1)	3	6	8	13
Cash	\$7	\$8	\$14	\$16	\$22
Benefit of the MNR Prior Year Pre-Payment	(\$20)	\$20			

Accrual Assumptions

The accrued pension expense increase from 2005 to 2006 is nearly \$100 million, of which over \$80 million is in the NYCERS Plan reflecting the continued amortization of the losses in the equities that resulted from the bear market of 2000 to 2002. The NYCERS increase is consistent with the certification by the Chief Actuary of the New York City Pension Plans. The increase from 2006 to 2007 is approximately \$25 million, almost all of which is in the NYCERS Plan and continues to reflect the amortization of the losses in the equities. The changes to 2008 and 2009 are very modest in large part because by that time all the NYCERS losses will have been amortized with the balance comprised of small adjustments throughout the other pension plans.

The Actuary for the New York City Retirement Systems has proposed a number of revisions to the actuarial assumptions used to calculate pension costs. A number of these revisions require the approval of the New York State Legislature before they can be implemented. At the present time, pension costs in the financial plan for the City as well as the MTA are based on existing assumptions and do not reflect the revised assumptions.

Metro-North's non-reimbursable figures decrease \$15 million in 2005 and decrease \$9 million in 2006 from the July Plan. The changes reflect current funding requirements for the MTA Defined Benefit Plan (covering management staff and represented employees who joined the plan in 2004) and the MNR Defined Contribution Plan (for those represented employees who have not joined the MTA Defined Benefit Plan). The July Plan assumed that approximately 3,400 represented employees would transfer into the MTA Defined Benefit Plan from the MNR Defined Contribution Plan in 2005. The November Plan now assumes that these represented employees will remain in that plan in both 2005 and 2006 with total accrued expenses of \$34 million in 2005 and \$35 million in 2006. Thereafter, pension expenses increase to \$37 million in 2007, \$38 million in 2008 and \$39 million in 2009.

The forecast for MaBSTOA costs changes little from the July Plan. Changes are based upon a recent forecast for the Annual Required Contribution from the actuary, Milliman, USA that is somewhat reduced by NYCT primarily due to the effect of prior year prepayments on interest earnings.

Cash Assumptions

The significant change between cash and accrual in 2005 results from a number of factors. For the NYCERS Plan the accruals recognize liabilities sooner than the required cash payments. For the MaBSTOA and LIRR pension plans prior year payments reduce the cash needs in 2005. Recently enacted New York State legislation provided for a one-time cash benefit in 2004 by delaying a December payment until January for the NYSLRS plans. For 2006 to 2009 the differences between accrual and cash are far less significant.

Metro-North's cash figures decrease \$5 million in 2005 and \$37 million in 2006. The July plan assumed that certain represented employees would transfer to the MTA Defined Benefit Plan from the Defined Contribution Plan. The July Plan assumed a \$20 million prepayment made in 2003 would be taken in 2005. The November Plan now assumes this prepayment will be taken in 2006. MNR has revised the budgeting of employee pension contributions consistent with MTA-wide cash classifications. These contributions are included in payroll, rather than pensions.

ENERGY

Traction and Propulsion

MTA agencies receive electric power from the New York Power Authority (NYPA) within New York City and Westchester, from the Long Island Power Authority (LIPA) in Nassau and Suffolk Counties, from Connecticut Light & Power (CL&P) and other utilities in Connecticut, and from New York State Electric & Gas Corporation (NYSEG) in upstate New York. NYPA accounts for approximately 75% of the total MTA supply. NYCT gets 100% of its power from NYPA.

Natural gas prices have climbed dramatically during 2005 and especially since Hurricanes Katrina and Rita. However, although NYPA costs have increased, NYPA and its customers have taken steps to mitigate the impact of these higher gas prices; approximately 1/3 of the supply is fixed price nuclear power; approximately 1/3 of the supply is lower than market price upstate power based on transmission contracts; and the final 1/3 are in City gas-run plants, but because they have excess capacity, MTA benefits from these sales into the energy market.

NYPA rates were fixed for 2005 (at a cost significantly above 2004 due to the restructuring of NYPA's nuclear assets). LIPA rates have gone up \$7 million versus the 2005 July Plan for LIRR as a result of higher tariff and fuel cost adjustments. It should be noted that MTA is negotiating with LIPA regarding power rates and LIPA's use of LIRR's right-of-way for power distribution. For MNR, there were lower than anticipated fuel cost adjustments for CL&P.

NYPA electricity costs for 2006 are expected to rise 5% over the 2005 July Plan. For years 2007 through 2009, electricity costs have remained consistent with previous inflator adjustments, but at the higher 2005 base. In addition to CPI increases, MNR has incorporated the net effect of new car procurements and retirements for years 2005 through 2009 in anticipation of the M-7 and M-8 car procurements. LIRR has calculated its 2005 energy expenses based on actual expenses through March 2005. In addition, LIRR has used historical data, the M-7 delivery schedule, and price inflators to calculate expenses for 2006 through 2009. Agency projections for power reflect current contracts with utilities. However, given the volatility of the current energy market, there is a strong risk that these costs will be at higher than planned levels, since utility contracts contain discrete provisions to pass along fuel cost increases.

Fuel for Buses and Trains

Fuel prices have risen throughout the year, and especially since Hurricane Katrina. The average price for a gallon of diesel went from \$1.35 at the beginning of the year to \$1.68 by July, and to \$2.16 following Katrina. As a result, the Agencies have had to substantially increase their budgets. Compared to the July Plan, NYCT increased its budget for 2005 by \$15 million; for LIRR, the increase is \$2 million; for LIB, the increase is \$1 million for MNR, there is no increase because previous forecasts for fuel deliveries in Connecticut were already in the higher range. Fuel costs rise significantly for 2006, compared to the July Plan (NYCT - \$28 million; LIRR - \$5 million; MNR - \$5 million; and LIB - \$2 million). Thereafter, in years 2007 through 2010, consistent with the previous inflation forecasts, costs decrease in the outer years; fuel prices will come down, but not to the levels forecast in the July Plan.

INSURANCE

Insurance expenses increase each year of the plan. Hurricane-related property devastation along the Gulf of Mexico has impacted the property and liability insurance markets and upcoming premium renewals for related insurance coverage will consequently be higher than the July Forecast. Based upon preliminary contract negotiations, the impact of the hurricanes will result in approximately \$8 million in cost increases in 2006 that are expected to increase by 10% annually thereafter. The increases are captured in MTA Headquarters' Insurance figures; however, the February 2006 Plan will allocate these costs by individual Agency.

Year-to-year increases are driven by a growth rate of approximately 10% per annum based on an assessment of market conditions made by MTA's Risk Management Department. The exceptions are property and liability-related insurance expenses that are forecast in the November Plan to increase at a higher rate of at least 20% for 2006 based upon recent losses affecting the insurance industry. These increases cause higher expenses for 2006 to 2009 than were previously identified in the July Plan.

The First Mutual Transportation Assurance Company's (FMTAC) is incorporated into MTA consolidated financials. Increases in Insurance premiums paid by MTA Agencies to FMTAC are necessary in order to maintain the appropriate capital and reserve levels

pursuant to the State of New York Insurance guidelines. These premiums are recorded on FMTAC's financial statements as credits to insurance expenses

MAINTENANCE AND OTHER OPERATING CONTRACTS

Maintenance and Other Operating Contract expenses in the 2005 November Forecast of \$502 million are \$20 million less than the July Plan. This decrease is primarily due to re-estimates of departmental spending at NYCT of \$11 million and a reallocation of security funding changes by MTA HQ of \$7 million. Maintenance and Other Operating Contract expenses in the November Plan also decrease for 2006 to 2009 with reductions of approximately \$40 million each year. These changes are primarily caused by the previously mentioned reclassification of expenses at MTA HQ. In 2006, \$42 million in expenses previously considered Maintenance and Other Operating Contracts are reclassified as Other Business Expenses and an additional decrease of \$7 million is the result of a reallocation of security funding changes. Total favorable changes at MTA HQ of approximately \$50 million per year impact 2006 to 2009. Partially offsetting MTA HQ's favorable 2006 to 2009 changes are increases to Maintenance and Other Operating Contracts at NYCT, which are caused by higher heating fuel and non-traction energy costs.

On a year-to-year basis, Maintenance and Other Operating Contracts expenses increase \$20 million in 2006 and \$6 million in 2007. These costs decline by \$5 million in 2008 and then increase by \$19 million in 2009. Changes from 2005 are primarily due to an increase of \$18 million at NYCT and a \$7 million reallocation of security expenses at MTA HQ. The bulk of NYCT's increase is made up of \$6 million in power and heating fuel inflation, \$3 million in shop and facility maintenance, \$3 million in compressor and HVAC maintenance and \$2 million for a new refuse removal contract. Changes for 2006 through 2009 generally reflect inflators provided by Global Insight and are also impacted by non-propulsion energy price increases.

PROFESSIONAL SERVICE CONTRACTS

MTA Consolidated Professional Service Contracts are forecast to be \$36 million higher in 2005 than the July Plan. Increases of approximately \$30 million over the July Plan are also forecasted for each of the years 2006 through 2009. MTAHQ's November Plan expense increased over the July Plan by \$36 million in 2005 and by a comparable amount in each of the subsequent years. \$21 million of MTAHQ's 2005 increase is due to the switch in security funding from MRT-2 to MRT-1, and \$13 million is due to reclassification adjustments from Maintenance and Repair and Office Furniture and Equipment. NYCT had expense increases of \$3 million in 2005, \$5 million in 2006 and 2007, \$7 million in 2008 and \$7 million in 2009. NYCT increases in expenses are primarily due to higher Worker's Compensation Board costs. B&T decreased their expenses in 2005 by \$2 million from the July Plan due to a re-estimate of professional services expenses, lower general engineering services expenses, and reductions in procurement credit card expenses.

Increases in Professional Service Contracts for all agencies for 2006 through 2009 are inflated primarily by Global Insight's Regional CPI-U forecasts.

MTAHQ had a decrease of \$19 million in expenses from 2005 to 2006, primarily due to reclassification adjustments affecting other business expenses and security funding. In 2006 NYCT had a decrease of \$5 million in their expenses primarily due to Data Processing outsourcing transitional costs not recurring in 2006. The LIRR had a decrease of \$2 million in expenses from 2005 to 2006, primarily due to nonrecurring expenses incidental to project work. B&T expenses increase in years 2006 and 2007 by \$2 and \$1 million, respectively, due to a re-estimate of bond insurance fees, legal services, training and planning studies, and CPI-U increases. MNR's expenses increased in 2006 over 2005 by \$2 million primarily due to the restoration of a 2005 reduction for MTA Police service charges for the New Haven line.

MATERIAL & SUPPLIES

MTA Consolidated Materials and Supplies are forecasted to be \$7 million lower in 2005 than the July Plan. In 2005 B&T is \$5 million lower than the July Plan primarily due to lower E-ZPass tag expenses. MTAHQ's expenses decrease from the July Plan by \$4 million in 2005 and approximately \$6 million in each of the subsequent years, primarily due to reclassification adjustments to other business expenses. NYCT expenses increase by \$12 million in 2006 over the July Plan due to the rescheduling of expenses from 2005 for system-related projects/purchasing delays. The increase in 2007 of \$3 million is due to a rescheduling of the funding for the Station Customer Assistance Program from 2005.

All-Agency increases in Material and Supplies for 2006 through 2009 are inflated primarily by Global Insight's Regional CPI-U forecasts.

The LIRR's expense for 2006 represents an increase of \$9 million over 2005, primarily due to Maintenance of Equipment material needs associated with changes in the Life Cycle Maintenance program and an increased fleet size. This also accounts for most of the changes between 2007 and 2009, which also reflect increases associated with the operation of the Arch Street Shop. MTAHQ's expense decreases in 2006 by \$2 million from 2005, due to an expense reclassification. Increases in 2007, 2008 and 2009 are due to inflators. B&T's expense increases by \$5 million in 2006 over 2005 primarily due to E-ZPass tag purchases, but decrease in 2007 by \$10 million due to completion of the E-ZPass tag replacement program. Expenses in 2008 over 2007 increase by \$3 million due to the estimated inventory flows required to meet tag needs associated with new and existing accounts.

OTHER BUSINESS EXPENSES

MTA Consolidated Other Business Expenses are forecasted to be \$11 million higher in 2005 than the July Plan. The bulk of this increase is due to a FMTAC increase of \$4 million, Metro-North increases of \$4 million (due to equipment write-offs) and a NYCT

increase of \$2 million. In each of the years 2006 through 2009, November Plan expenses are projected to increase by approximately \$55 million over the July Plan. The bulk of this increase is due to MTAHQ's expenses which increase over the July Plan in 2006 through 2009 for the same reasons as stated above.

Increases in Other Business Expenses in 2005-2009 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

MTAHQ had an increase of \$49 million in expenses from 2005 to 2006 (impacting outer years as well), primarily due to reclassification adjustments from Maintenance and Other Operating Contracts, Professional Services and Materials and Supplies.

Status of the 2005 PEGs

The 2005 Adopted Budget, as presented in the February Plan, contained Agency generated savings called Programs to Eliminate the Gap (PEGs) of \$140 million and 1,273 positions. The 2005 July Mid-Year Forecast resulted in re-estimated savings of \$136 million and 1,025 positions, a reduction of \$5 million and 248 positions. The MTA has developed a quarterly monitoring and reporting program that is designed to measure and report progress on PEGs with a value of \$1 million or greater. The Agencies monitor the smaller PEGs as well. The attached table summarizes the results of the 2nd Quarter, 2005 PEG Monitoring Program.

Second Quarter Results

In the first quarter, the Agencies reported results to MTAHQ for 69 PEGs with full-year savings of \$102 million and 991 positions, as per the 2005 Adopted Budget. In the 2005 July Mid-Year Forecast, full-year savings for these PEGs were re-estimated at \$101 million and 758 positions. Of the \$101 million, 38.2% of the full-year dollar savings were achieved at the end of the 2nd Quarter, and 79.9% of the total planned savings for the quarter, \$38 million, were achieved.

Results by Agency

NYCT – In the first quarter, 29 PEGs were subject to quarterly reporting, with full-year savings of \$52 million and 799 positions, as per the 2005 Adopted Budget. In the 2005 July Mid-Year Forecast, full-year savings for these PEGs were re-estimated at \$52 million and 566 positions. These account for 87.9% of the total PEG program dollar savings of \$59 million and 85.2% of the position reductions of 664. Results for the second quarter show that \$15 million or 60.1% of the planned PEG savings of \$24.5 million were realized. Additionally, 28.4% of the planned full-year PEG savings subject to quarterly reporting were realized in the second quarter.

LIRR – In the first quarter, 16 PEGs were subject to quarterly reporting with full-year savings of \$22 million and 86 positions, as per the 2005 Adopted Budget. In the 2005 July Mid-Year Forecast, full-year savings for these PEGs were re-estimated at \$20 million and 86 positions. These account for 47.9% of the total PEG program dollar savings of \$41 million and 42.2% of the position reductions of 204. Results for the second quarter show that \$8 million or 96.7% of the planned PEG savings of \$8 million were realized. Additionally, 41.1% of the planned full-year PEG savings subject to quarterly reporting were realized in the second quarter.

MNR – In the first quarter, eight PEGs were subject to quarterly reporting with full-year savings of \$7 million and 92 positions, as per the 2005 Adopted Budget. These savings remained unchanged in the 2005 July Mid-Year Forecast, and account for 67.3% of the total PEG program dollar savings of \$11 million, and 76.0% of the position reductions of 121. Results for the second quarter show that \$3 million or 100% of the planned PEG savings were realized. Additionally, 42.0% of the planned full-year PEG savings subject to quarterly reporting were realized in the second quarter.

MTA HQ – In the first quarter, three PEGs were subject to quarterly reporting with full-year savings of \$13 million and five positions, as per the 2005 Adopted Budget. These savings remained unchanged in the 2005 July Mid-Year Forecast, and account for 87.8% of the total PEG program dollar savings of \$15 million, and 29.4% of the position reductions of 17. Results for the second quarter show that planned savings of \$12 million were exceeded by \$.4 million or 3.2%. Additionally, 91.8% of the planned full-year PEG savings were subject to quarterly reporting in the second quarter.

B&T – In the first quarter, two PEGs were subject to quarterly reporting with full-year savings of \$7 million and zero positions, as per the 2005 Adopted Budget. In the 2005 July Mid-Year Forecast, full-year savings for monitored PEGs were re-estimated at \$8 million and zero positions. These account for 96.6% of the total PEG program dollar savings of \$8 million and 0.0% of the position reductions of one. Since these PEGs are not scheduled to begin until July, 2005, there were no results to report in the second quarter.

LIB – In the first quarter, one PEG was subject to quarterly reporting with full-year savings of \$1 million and 9 positions, as per the 2005 Adopted Budget. These savings remained unchanged in the 2005 July Mid-Year Forecast, and account for 71.5% of the total PEG program dollar savings of \$1.4 million, and 100.0% of the position reductions of 9. Results for the second quarter show that \$0.5 million or 100% of the planned PEG savings were realized. Additionally, 49.8% of the planned full-year PEG savings subject to quarterly reporting which were realized in the second quarter.

2005 November Forecast

The 2005 November Forecast saw changes to a number of PEGs. The effects of these (described below) will be reflected in the 3rd Quarter results of the PEG Monitoring Program.

NYCT – PEG changes will reduce 2005 PEG savings by \$.6 million.

LIRR – PEG changes will reduce 2005 PEG savings by \$.7 million.

Metropolitan Transportation Authority
2nd Quarter 2005
Peg Monitoring Summary
(\$ in millions)

MTA Agencies	July Plan 2005 PEG Total		2005 PEGs * Monitored		2005 PEGs Monitored as % of Total PEGs		2nd Quarter Results (ytd)				% of 2005 Monitored PEGs Implemented at end of Quarter
							"Planned" Savings	"Realized" Savings	Variance Fav/(Unfav)	"Realized" Savings as % of "Planned" Savings	
	Pos	(\$)	Pos	(\$)	Pos	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
New York City Transit	664	59.096	566	51.919	85.2%	87.9%	24.519	14.744	(9.775)	60.1%	28.4%
Long Island Rail Road	204	40.720	86	19.508	42.2%	47.9%	8.296	8.020	(0.276)	96.7%	41.1%
Metro North Rail Road	121	10.680	92	7.186	76.0%	67.3%	3.019	3.019	0.000	100.0%	42.0%
MTA Bridges & Tunnels	1	8.037	0	7.762	0.0%	96.6%	0.000	0.000	0.000	0.0%	0.0%
MTA Headquarters	17	15.013	5	13.188	29.4%	87.8%	11.727	12.104	0.377	>100.0%	91.8%
Long Island Bus	9	1.399	9	1.000	100.0%	71.5%	0.498	0.498	0.000	100.0%	49.8%
Staten Island Rail	9	0.730	0	0.000	0.0%	0.0%	0.000	0.000	0.000	0.0%	0.0%
MTA CONSOLIDATED	1025	135.674	758	100.563	74.0%	74.1%	48.059	38.385	(9.674)	79.9%	38.2%
PEG Implementation Prov.		(20.000)									
MTA CONSOLIDATED	1025	115.674	758	100.563	74.0%	86.9%	48.059	38.385	(9.674)	79.9%	38.2%

* The value of the 2005 PEGs were re-estimated in the July Plan's 2005 Mid-Year Forecast.
These values reflect the July Plan.

INFLATION FACTORS
BASED ON THE CONSUMER PRICE INDEX
Source: Global Insight
Date: September 7, 2005

Line Number		FORECAST				
		2005	2006	2007	2008	2009
9						
10	CPI-U National (US City Average):					
11	Annual change	1.0307	1.0220	1.0170	1.0186	1.0209
12	Post - 2005 cumulative change		1.0220	1.0394	1.0587	1.0808
13	Post - 2006 cumulative change			1.0170	1.0359	1.0576
14						
15	CPI-U Regional (MTA Region):					
16	Annual change	1.0372	1.0277	1.0256	1.0291	1.0307
17	Post - 2005 cumulative change		1.0277	1.0540	1.0847	1.1180
18	Post - 2006 cumulative change			1.0256	1.0554	1.0878
19						
20	Medical Services:					
21	Annual change	1.0315	1.0344	1.0368	1.0371	1.0351
22	Post - 2005 cumulative change		1.0344	1.0725	1.1123	1.1513
23	Post - 2006 cumulative change			1.0368	1.0753	1.1130
24						
25	Metal & Metal Products:					
26	Annual change	1.0517	0.9734	0.9783	1.0005	1.0007
27	Post - 2005 cumulative change		0.9734	0.9523	0.9528	0.9535
28	Post - 2006 cumulative change			0.9783	0.9788	0.9795
29						
30	Transportation Equipment:					
31	Annual change	0.9998	1.0191	1.0188	1.0121	1.0074
32	Post - 2005 cumulative change		1.0191	1.0383	1.0508	1.0586
33	Post - 2006 cumulative change			1.0188	1.0311	1.0388
34						
35	PPI - Refined Petroleum Products					
36	Annual change	1.3105	1.0300	0.9099	0.9279	0.9792
37	Post - 2005 cumulative change		1.0300	0.9372	0.8696	0.8515
38	Post - 2006 cumulative change			0.9099	0.8443	0.8267
39						
40	PPI - Fuels and Related Products, Electric Power					
41	Annual change	1.1743	1.0425	0.9384	0.9536	0.9762
42	Post - 2005 cumulative change		1.0425	0.9783	0.9329	0.9107
43	Post - 2006 cumulative change			0.9384	0.8949	0.8735
44						
45	Current-Dollar GDP: (Chained Price Index, Gross Domestic Product)					
46	Annual change	1.0629	1.0536	1.0501	1.0568	1.0525
47	Post - 2005 cumulative change		1.0536	1.1064	1.1692	1.2306
48	Post - 2006 cumulative change			1.0501	1.1097	1.1680
49						
50	Corporate Profits Before Taxes					
51	Annual change	1.3245	0.9907	1.0101	1.0282	0.9985
52	Post - 2005 cumulative change		0.9907	1.0007	1.0289	1.0274
53	Post - 2006 cumulative change			1.0101	1.0386	1.0370
54						
55	Regional Disposable Personal Income in Current Dollars (Total):					
56	Annual change					
57	Post - 2005 cumulative change					
58	Post - 2006 cumulative change					
59						
60	Regional Disposable Personal Income in Current Dollars (Per Capita):					
61	Annual change					
62	Post - 2005 cumulative change					
63	Post - 2006 cumulative change					
64						
65	90-Day T-Bill Rate (in percent):	0.0311	0.0432	0.0448	0.0466	0.0485
66						
67	Chain Price Index, Industrial Structure:					
68	Annual change	1.0614	1.0507	1.0394	1.0389	1.0395
69	Post - 2005 cumulative change		1.0507	1.0921	1.1346	1.1794
70	Post - 2006 cumulative change			1.0394	1.0798	1.1225
71						
72	PPI - Fuels and Related Products, Gas Fuels					
73	Annual change	1.2262	1.0837	0.9120	0.9276	0.9204
74	Post - 2005 cumulative change		1.0837	0.9883	0.9168	0.8438
75	Post - 2006 cumulative change			0.9120	0.8460	0.7786

Positions (Headcount)

Positions (Headcount)

2005 November Forecast

MTA consolidated baseline positions of 63,814 in 2005 are 23 higher than the July Mid-Year Forecast. Non-Reimbursable positions are forecast to increase by 68 and Reimbursable positions to decrease by 45. Total positions increase by 14 at MNR, 9 at NYCT and LIRR, and 2 at MTA HQ, while positions decrease by 11 at MTACC.

MNR's increase is made up of an increase of 10 Non-Reimbursable positions and 4 Reimbursable positions. Position increases in Operations (+12) and Maintenance (+2) are primarily due to additional late night service.

NYCT's increase is made up an increase of 10 Non-Reimbursable positions and a decrease of 1 Reimbursable position. Position increases in Maintenance (+40), Public Safety (+6) and Administration (+1), are offset by decreases in Operations (-38).

LIRR's increase is made up of an increase of 44 Non-Reimbursable positions and a decrease of 35 Reimbursable positions. Anticipated hiring in Track and Signals is the primary reason for the increase. Position increases in Maintenance (+51) and Administration (+11), are partially offset by decreases in Operations (-36) and Engineering/Capital (-17).

MTA CC's decrease of 11 Reimbursable positions is made up of a decrease in Engineering/Capital (-14) and an increase in Administration of (+3). The decrease is primarily due to delays in the awarding of major construction contracts.

2006 Final Proposed Budget

For the years 2006 and beyond, MTA is also categorizing employees by Occupational Group. Within each functional category, positions are categorized into three groups with their approximate percentage of the 2006 Budget total in parentheses:

1. Managers/Supervisors (15%)
2. Professional, Technical, Clerical (13%)
3. Operational Hourlies (72%)

In 2006, MTA will begin reporting on a monthly basis by this categorization.

2006 vs. 2005

MTA consolidated 2006 baseline positions of 64,298 are 484 higher than the 2005 Forecast. Non-Reimbursable positions increase by 256 and Reimbursable

positions increase by 228. Positions increase by 230 at LIRR, 84 at NYCT, 79 at MTA CC and 80 at MNR, with minor increases at SIR, MTA HQ and B&T. Some of these headcount increases have resulted from NYCT, LIRR and MNR service enhancements, set to begin in 2006.

LIRR's increase is made up of 179 Reimbursable positions and 51 Non-Reimbursable positions. Position increases are in Maintenance (+196), Operations (+26), and Administration (+8). Reimbursable position increases are consistent with anticipated levels of capital funding in 2006, and Non-Reimbursable positions are associated with a variety of programmatic requirements (e.g., administrative, concrete ties, maintenance) starting in 2006.

NYCT's increase is made up of an increase of 145 Non-Reimbursable positions and a decrease of 61 Reimbursable positions. Position increases in Maintenance (+265) and Administration (+6), are partially offset by decreases in Operations (-137), Engineering/Capital (-47) and Public Safety (-3). Position increases reflect investments in maintenance, most notably the cleaning initiatives in track and infrastructure, while position decreases in Operations reflects the "100% Seated Load" plan (the proposal to defer this until 2007 is included as a below the line service initiative – see PEGs and Other Actions) and position decreases in Engineering reflect reductions in the overall 2005 - 2009 Capital Program.

MTA CC's increase of 79 Reimbursable positions assumes that major construction contracts delayed in 2005 will be awarded in 2006.

MNR's increase is made up of 49 Non-Reimbursable positions and 31 Reimbursable positions. Position increases in Maintenance (+81) and Operations (+13), are partially offset by decreases in Administration (-14). Position increases are primarily due to the additional late night service.

November Forecast vs. Mid-Year Forecast

Baseline positions are increasing by 251 compared with the July Plan. Non-Reimbursable positions increase by 144 and Reimbursable positions increase by 107. Positions increase by 251 at NYCT, 81 at MNR and 6 at MTA HQ, while positions decrease by 83 at the LIRR, 3 at SIR and 1 at B&T.

NYCT's increase over the the July Plan is made up of 144 Non-Reimbursable and 107 Reimbursable positions. Positions increase in Operations (+218), Maintenance (+72) and Public Safety (+10), and decrease in Engineering/Capital (-47) and Administration (-2). The overall position increase is due to restoration of the OPTO "L" line elimination, bus service adjustments and employee availability, conversion of revenue Redbird cars to work trains, installation of antenna cable and all other programmatic and technical changes.

MNR's increase is made up of 49 Non-Reimbursable and 32 Reimbursable positions. Positions increase in Maintenance (+65) and Operations (+18), and decrease in Engineering/Capital (-2).

LIRR's decrease from the Mid-Year Forecast is made up of 50 Non-Reimbursable and 33 Reimbursable reductions. Positions decrease in Maintenance (-48), Operations (-29) and Engineering/Capital (-17), and increase in Administration (+11). Reductions are due to project management and signal reorganizations as well as a headcount realignment related to the latest Capital Program schedule and force account requirements. Additional reductions result from changes in the hiring plan for train service personnel.

2007-2009

Total forecasted position levels decrease by 317 from the end of 2006 to the end of 2009. Positions drop by 269 in 2007, increase by 117 in 2008, and drop again by 165 in 2009. Agencies with the largest position changes at the end of the three-year period are NYCT with a reduction of 460, MNR with an increase of 166 and LIRR with a reduction of 25.

NYCT's decrease is made up of reductions of 377 Reimbursable and 83 Non-Reimbursable positions. Positions decrease in Maintenance (-311), Operations (-85), Public Safety (-39) and Administration (-25). The large reduction in positions is primarily due to reductions in the overall 2005 - 2009 Capital Program.

MNR positions increase by 166 positions from the end of 2006 to the end of 2009. The bulk of this increase is due to planned hiring of security improvement maintainers, coach cleaners, quality control staff, and train crews related to planned increases in train service levels.

When compared with the July Plan, positions are higher in each of the out-years: by 99 in 2007; 24 in 2008, and 20 in 2009. Position increases in 2007 for NYCT and MNR are partially offset by a decrease for LIRR. The primary drivers behind NYCT's increase are Subways Security Platform coverage, Cleaning Initiatives, OPTO "L" line Elimination, R160 Acceptance Testing and Bus Service Adjustments/Employee Availability.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

FUNCTION	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Administration</i>	4,343	4,378	4,361	4,362	4,355
NYC Transit	2,237	2,243	2,225	2,225	2,218
Long Island Rail Road	631	639	639	639	639
Metro-North Railroad	548	534	535	536	536
Bridges & Tunnels	148	147	147	147	147
Headquarters	637	641	641	641	641
Long Island Bus	91	91	91	91	91
Staten Island Railway	31	31	31	31	31
Capital Construction Company	20	52	52	52	52
<i>Operations</i>	28,240	28,142	28,088	28,082	28,121
NYC Transit	22,667	22,530	22,473	22,452	22,445
Long Island Rail Road	1,993	2,019	2,019	2,010	2,010
Metro-North Railroad	1,909	1,922	1,925	1,949	1,995
Bridges & Tunnels	797	797	797	797	797
Headquarters	0	0	0	0	0
Long Island Bus	775	775	775	775	775
Staten Island Railway	99	99	99	99	99
Capital Construction Company	0	0	0	0	0
<i>Maintenance</i>	27,597	28,147	28,001	28,131	27,935
NYC Transit	20,092	20,357	20,182	20,273	20,046
Long Island Rail Road	3,502	3,698	3,693	3,704	3,704
Metro-North Railroad	3,204	3,285	3,317	3,345	3,376
Bridges & Tunnels	387	390	390	390	390
Headquarters	0	0	0	0	0
Long Island Bus	259	259	259	259	259
Staten Island Railway	153	158	160	160	160
Capital Construction Company	0	0	0	0	0
<i>Engineering/Capital</i>	2,029	2,029	2,013	2,007	2,007
NYC Transit	1,566	1,519	1,519	1,519	1,519
Long Island Rail Road	93	93	77	71	71
Metro-North Railroad	114	114	114	114	114
Bridges & Tunnels	186	186	186	186	186
Headquarters	0	0	0	0	0
Long Island Bus	19	19	19	19	19
Staten Island Railway	0	0	0	0	0
Capital Construction Company	51	98	98	98	98
<i>Public Safety</i>	1,605	1,602	1,566	1,564	1,563
NYC Transit	586	583	547	545	544
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	297	297	297	297	297
Headquarters	719	719	719	719	719
Long Island Bus	3	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

	2005 November Forecast	2006 Final Proposed Budget	2007	2008	2009
<i>Baseline Total Positions</i>	63,814	64,298	64,029	64,146	63,981
NYC Transit	47,148	47,232	46,946	47,014	46,772
Long Island Rail Road	6,219	6,449	6,428	6,424	6,424
Metro-North Railroad	5,775	5,855	5,891	5,944	6,021
Bridges & Tunnels	1,815	1,817	1,817	1,817	1,817
Headquarters	1,356	1,360	1,360	1,360	1,360
Long Island Bus	1,147	1,147	1,147	1,147	1,147
Staten Island Railway	283	288	290	290	290
Capital Construction Company	71	150	150	150	150
<i>Non-Reimbursable</i>	57,281	57,537	57,457	57,657	57,588
NYC Transit	41,899	42,044	41,968	42,109	41,961
Long Island Rail Road	5,648	5,699	5,657	5,663	5,665
Metro-North Railroad	5,229	5,278	5,314	5,367	5,444
Bridges & Tunnels	1,770	1,772	1,772	1,772	1,772
Headquarters	1,322	1,326	1,326	1,326	1,326
Long Island Bus	1,133	1,133	1,133	1,133	1,133
Staten Island Railway	280	285	287	287	287
Capital Construction Company	0	0	0	0	0
<i>Reimbursable</i>	6,533	6,761	6,572	6,489	6,393
NYC Transit	5,249	5,188	4,978	4,905	4,811
Long Island Rail Road	571	750	771	761	759
Metro-North Railroad	546	577	577	577	577
Bridges & Tunnels	45	45	45	45	45
Headquarters	34	34	34	34	34
Long Island Bus	14	14	14	14	14
Staten Island Railway	3	3	3	3	3
Capital Construction Company	71	150	150	150	150
<i>Total Full-Time</i>	63,510	63,910	63,671	63,821	63,664
NYC Transit	46,958	46,958	46,702	46,803	46,569
Long Island Rail Road	6,219	6,449	6,428	6,424	6,424
Metro-North Railroad	5,770	5,850	5,886	5,939	6,016
Bridges & Tunnels	1,815	1,817	1,817	1,817	1,817
Headquarters	1,356	1,360	1,360	1,360	1,360
Long Island Bus	1,038	1,038	1,038	1,038	1,038
Staten Island Railway	283	288	290	290	290
Capital Construction Company	71	150	150	150	150
<i>Total Full-Time-Equivalents</i>	304	388	358	325	317
NYC Transit	190	274	244	211	203
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	109	109	109	109	109
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

Metropolitan Transportation Authority
November Financial Plan 2006-2009
Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP		Final Proposed 2006	2007	2008	2009
Administration	Managers/Supervisors	1,602	1,589	1,589	1,588
	Professional, Technical, Clerical	2,743	2,739	2,740	2,734
	Operational Hourlies	33	33	33	33
	Total Administration	4,378	4,361	4,362	4,355
Operations	Managers/Supervisors	2,888	2,861	2,867	2,868
	Professional, Technical, Clerical	1,158	1,150	1,163	1,163
	Operational Hourlies	24,096	24,077	24,052	24,090
	Total Operations	28,142	28,088	28,082	28,121
Maintenance	Managers/Supervisors	4,436	4,385	4,401	4,375
	Professional, Technical, Clerical	2,611	2,581	2,596	2,607
	Operational Hourlies	21,100	21,035	21,134	20,953
	Total Maintenance	28,147	28,001	28,131	27,935
Engineering/Capital	Managers/Supervisors	492	479	474	474
	Professional, Technical, Clerical	1,535	1,532	1,531	1,531
	Operational Hourlies	2	2	2	2
	Total Engineering/Capital	2,029	2,013	2,007	2,007
Public Safety	Managers/Supervisors	141	128	127	127
	Professional, Technical, Clerical	157	141	140	139
	Operational Hourlies	1,304	1,297	1,297	1,297
	Total Public Safety	1,602	1,566	1,564	1,563
MTA Consolidated	Managers/Supervisors	9,559	9,442	9,458	9,432
	Professional, Technical, Clerical	8,204	8,143	8,170	8,174
	Operational Hourlies	46,535	46,444	46,518	46,375
	Total MTA Consolidated	64,298	64,029	64,146	63,981
Baseline Total Positions		64,298	64,029	64,146	63,981
Non-Reimbursable		57,537	57,457	57,657	57,588
Reimbursable		6,761	6,572	6,489	6,393
Total Full-Time		63,910	63,671	63,821	63,664
Total Full-Time Equivalents		388	358	325	317