

MTA 2021 Preliminary Budget

July Financial Plan 2021-2024



Volume 1
July 2020



Metropolitan Transportation Authority

OVERVIEW

MTA 2021 Preliminary Budget July Financial Plan 2021-2024 Volume 1

The MTA's July Plan is divided into two volumes:

Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, Policy Actions, and any MTA Efficiencies and Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Chairman/CEO, and a description of the MTA Budget Process.

Volume 2 includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2021 Preliminary Budget and the Financial Plan for 2021 through 2024. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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I. Introduction

Executive Summary

The **2020 MTA July Financial Plan** (the “July Plan” or “Plan”), which includes the 2020 Mid-Year Forecast, the 2021 Preliminary Budget and a Financial Plan for the years 2021-2024, updates the February Financial Plan. Since 2010, MTA financial plans – developed in a disciplined, consistent, and transparent process – have included the impact of our continuous pursuit of operational efficiencies and recurring cost reductions which have been used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and have provided funding for the capital program and enhanced maintenance. When sustainable, Plans have reflected added service, while at the same time addressing long-term costs such as pensions, health care, paratransit, and debt service once considered “uncontrollable.”

This Plan was to be no exception, and was to continue down the path set by previous Plans. Aside from its global and national effect, the novel coronavirus (COVID-19) outbreak and the ensuing pandemic wrought social and economic disruption to the MTA Region, altering MTA’s financial trajectory and focus to one of survival.

The February Plan

The February Plan projected cash balances of \$134 million in 2019, \$81 million in 2020, \$273 million in 2021, and \$157 million in 2022, with a deficit of \$130 million in 2023. The February Plan also reflected significant favorable impacts of \$1.6 billion in estimated savings from the MTA Transformation Plan. Without the Transformation savings, the 2023 deficit would have grown to \$762 million. In addition to the Transformation savings, the February Plan was based on three key inter-related elements: (i) fare and toll price increases which net 4% yield in annual revenue in both 2021 and 2023; (ii) annually recurring cost reduction and containment targets that resulted in annual savings of almost \$2.8 billion per year by 2023; and (iii) maintaining major on-going initiative investments for the Long Island Rail Road “Forward” plan, the “Bus Plans” at New York City Transit and MTA Bus, the Metro-North Railroad “Way Ahead” plan, and the Subway Action Plan for New York City Transit.

The February Plan included the approved settlement with Local 100 of the Transport Workers Union, and the incremental cost of \$165 million over the Plan period above the assumed annual two percent increases for the TWU and for TWU-pattern settlements with the remaining represented workforce. The February Plan also reflected an additional \$11 million in 2020 from the Petroleum Business Tax, and an additional \$775 million over the Plan period in Metropolitan Mass Transportation Operating Assistance (MMTOA) funds, reflecting the Fiscal Year 2021 New York State Executive Budget released by Governor Cuomo in mid-January. The February Plan also reflected a significant increase in debt issuance and debt service for the 2020-2024 Capital Program with financial support coming from \$7.3 billion of bonds supported by Central Business District Tolling lockbox revenues, including Internet Marketplace Sales Tax and Mansion Tax receipts. The debt service of \$742 million over the Plan period would be paid directly from those capital lockbox revenues with no impact on the operating budget.

The 2020 Adopted Budget was balanced with the use of one-shot actions, including the release of the \$165 million General Reserve for 2019 and the carryover of the 2019 surplus of \$134 million. The February Plan also included the expectation that the City of New York would increase its contribution to fund paratransit and equally share with the MTA the operating deficit of the paratransit program. Lastly, the February Plan included \$35 million in funding for a re-estimate of 2020 NYCT maintenance expenses.

What Has Changed Since the February Plan?

As noted earlier, the July Plan is unlike any prior MTA financial plan. The Coronavirus Disease 2019 (“COVID-19”) outbreak was declared an international public health emergency on January 30, 2020 by the World Health Organization. In the MTA region, the first confirmed case was in Manhattan on March 1st, and it was subsequently followed by a second case the next day in New Rochelle. The response in New Rochelle was swift, with Governor Cuomo ordering both self-confinement for those having come in contact with the individual who tested positive and a containment zone in portions of New Rochelle where large gatherings were banned, and schools and houses of worship located in the containment zone were closed. Within days, 225 additional positive cases were confirmed as officials conducted contact tracing.

As COVID cases rapidly increased, Governor Cuomo ordered all nonessential businesses closed statewide, effective March 22nd. The New York State on PAUSE (Policies that Assure Uniform Safety for Everyone) Executive Order banned gatherings of individuals who were not considered essential workers, required social distancing of at least six feet, encouraged the wearing of masks or other personal protective equipment, and discouraged the use of mass transit.

The Executive Order charged the MTA with providing transportation for only essential travel and, in response, the MTA implemented a reduced service schedule across the operating agencies to ensure service to and from work for frontline workers. On March 20, 2020, compared with one year earlier, subway ridership was down 76%, combined NYCT Bus and MTA Bus ridership was down 63%, MNR ridership was down 94%, LIRR ridership was down 76%, and B&T traffic was down 42%. On March 25th, the MTA began phasing in an “Essential Service Plan” for the subway, buses and the LIRR and MNR. While reducing scheduled service, the Essential Service Plan continued to provide the service necessary for first responders and essential personnel travel to and from hospitals and other critical locations.

On March 27th, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion economic relief package to address the financial impacts caused by the pandemic. The CARES Act provided \$25 billion to assist transit agencies with providing transportation to essential workers. Of that amount, New York City Transit, Long Island Rail Road, Metro-North Railroad, MTA Bus, and Staten Island Railway will receive payments totaling \$4,009 million to assist with covering expenses for operating service during the pandemic.

Throughout March and April, measures were taken to aggressively clean and sanitize stations and the rail and bus fleets. By the last week of April, utilization had fallen even further: subway ridership was down 91%; LIRR ridership was down 97%; MNR ridership was down 95%, and; B&T traffic was down 57%. After March 20th, bus ridership was no longer counted as rear-door only boarding was instituted as a measure to improve bus driver safety.

Beginning May 6th, in anticipation of a gradual reopening of New York City, subway service was suspended each overnight from 1 AM to 5 AM to allow for a complete disinfecting of the system, with bus and third-party alternative transportation services provided to essential workers during hours of closure.

On June 8th, New York City entered Phase 1 of the State’s gradual re-opening protocols. As the City and the metropolitan region gradually moved through subsequent phases – the City entered Phase 2 on June 22nd and Phase 3 on July 6th – service was moderately increased to provide social distancing on subways, buses and the commuter railroads for returning customers. As of July 16th, New York City is in Phase 3 of reopening, while all other areas in the MTA service region

are in Phase 4 of reopening. Ridership, however, remains significantly below levels from one year ago. As of July 15th, ridership was down 77% on the subway, 79% on the LIRR, and 83% on MNR. On buses operated by NYCT and MTA Bus, combined ridership is down 42%, although with rear-door only boarding be allowed, fares have not been collected for most trips. Traffic on B&T facilities have been rebounding sooner and stronger, but remains 15% below traffic levels from one year ago.

In April, the MTA hired McKinsey & Company (“McKinsey”) to develop a financial impact assessment from the pandemic. McKinsey reviewed MTA farebox and toll revenues, and subsidy receipts, and developed forecasts consistent with the likely effect the pandemic would have on the regional and national economies. The results of the McKinsey analysis were a baseline scenario (“earlier containment and recovery”), where ridership and traffic begin to return in June, but with a resurgence in cases in the fall of 2020, and an alternative scenario (“delayed containment and recovery”) where the initial return is slower due to countervailing factors such as personal preferences to avoid public transit and continue working remotely, followed by a resurgence of the pandemic more severe than the base scenario. For this financial plan, ridership, traffic, and subsidy forecasts are based on the midpoint of these two scenarios.



While the February Plan projected surpluses in 2020 and 2021, COVID-19 has and is expected to further severely impact MTA finances

	<u>2020</u>	<u>2021</u>	<u>2-Year Total</u>
2020 Adopted Budget			
Total Operating Expenses + Debt Service	\$17.12 B	\$17.41 B	\$34.53 B
McKinsey COVID-19 Analysis			
Fare and Toll Revenue	\$(5.30) B	\$(3.90) B	\$(9.20) B
Subsidies	(1.70) B	(1.90) B	(3.60) B
Additional Expenses	(0.75) B	(0.75) B	(1.50) B
Total COVID-19 Loss	\$(7.75) B	\$(6.55) B	\$(14.30) B
Percent of Total Budget	-45.3%	-37.6%	-41.4%
Federal CARES Act	\$4.00 B	\$0.00 B	\$4.00 B
Remaining Budget Loss	\$(3.75) B	\$(6.55) B	\$(10.30) B
Percent of Total Budget	-21.9%	-37.6%	-29.8%

For the 2020 to 2021 period, McKinsey estimated that MTA would have a budgetary loss of \$10.3 billion, or 30 percent, after factoring in the \$4 billion in aid made available through the CARES Act. The full McKinsey analysis can be found at <https://new.mta.info/document/16951>. McKinsey performed a follow up review in early July and concluded their estimates remain valid.

Over the Plan period, the impact of the pandemic is projected to adversely affect MTA’s finances by \$16.2 billion, with farebox and toll revenues down a combined \$10.3 billion, advertising and rental income down \$397 million, expenses \$2.7 billion higher, and subsidies \$6.9 billion lower. The federal CARES Act funds of \$4 billion partially offset these losses.



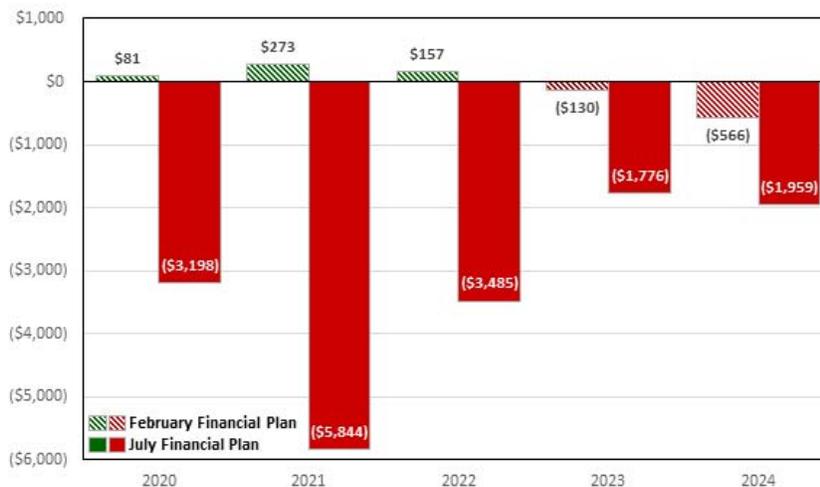
The impact from COVID-19 is still expected to be felt over the entire Plan period

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Forecasts:					
Farebox Revenue	(\$4,200)	(\$3,130)	(\$1,157)	(\$13)	\$0
Toll Revenue	(\$880)	(\$730)	(\$164)	\$0	\$0
Advertising/Rental Revenue	(\$120)	(\$65)	(\$71)	(\$72)	(\$69)
Direct COVID-related Expenses	(\$500)	(\$531)	(\$518)	(\$496)	(\$496)
Net Indirect COVID Expenses	(\$67)	(\$45)	(\$0)	(\$2)	\$0
Subsidy Forecasts	(\$2,069)	(\$1,928)	(\$1,263)	(\$850)	(\$791)
CARES Act Funds	\$4,009	--	--	--	--
Total Net Impact	(\$3,826)	(\$6,429)	(\$3,172)	(\$1,431)	(\$1,356)

These impacts, along with other changes, severely altered the financial plan from estimates in the February Plan.

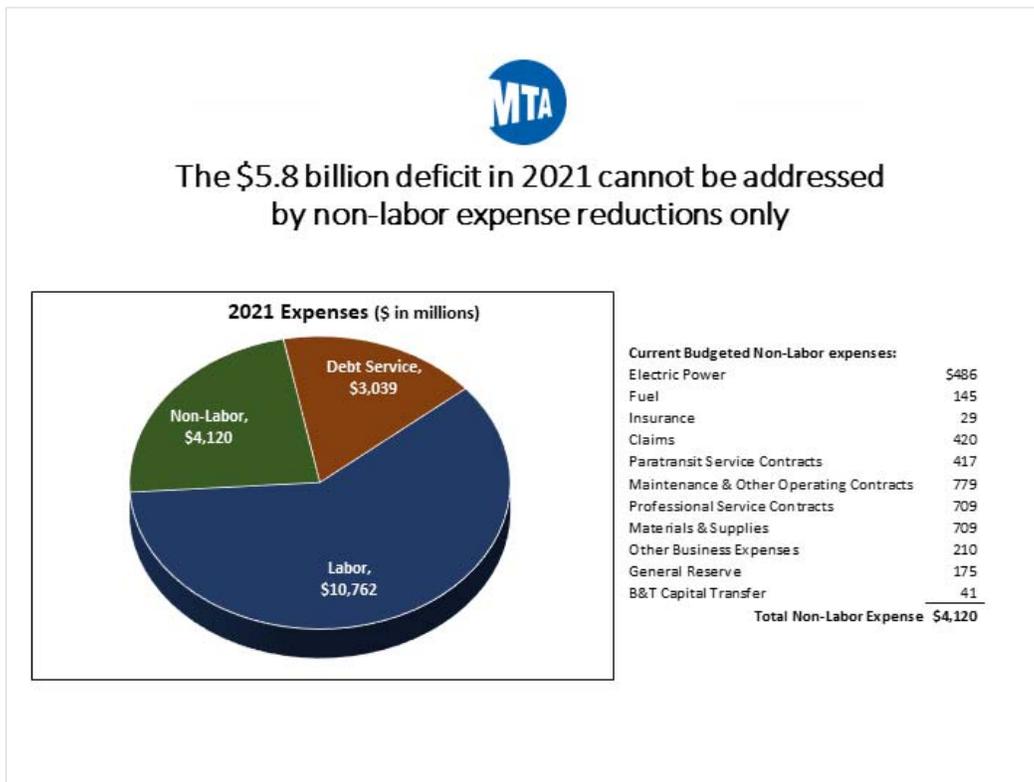


Projected Deficits for the July Plan total \$16.2 billion through 2024



On May 12, 2020, the U.S. House of Representatives passed and sent on to the U.S. Senate the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which if enacted would be the fourth phase of federal COVID-related response. Among the many provisions in this \$3 trillion relief bill is the provision of \$15.75 billion in operating assistance funding for transit agencies, with \$11.8 billion distributed by formula and another \$4 billion available via grants. This funding would be in addition to the monies provided in the CARES Act. MTA has requested, both directly and by others on its behalf, \$3.9 billion in additional aid to cover the remainder of its 2020 COVID-related losses.

HEROES Act funding, however, will not address the unprecedented deficits MTA faces in 2021 and beyond. The non-labor portion of the budget is \$4.1 billion, and even if eliminated would not fully cover the deficit.



The MTA is committed to continuing its efforts to identify and enact expense reductions. The Plan already includes \$1.75 billion in savings from the current Budget Reduction Program (BRPs), \$1.85 billion in savings from the existing Transformation program, and \$153 million in savings from the MTA-wide hiring freeze.

Additional savings, however, are urgently in need. If no further aid is made available from the federal government, beyond the HEROES Act, MTA will need to solve the deficit problem internally.

While the 2020-21 New York State Enacted Budget includes a provision enabling the MTA to borrow up to \$10 billion for long-term deficit financing, the financial capacity to cover debt service for such borrowing will need to be found and dedicated. In its continuous pursuit of operating efficiently and streamlining costs, the MTA has revisited areas of operations where spending reductions can be initiated, such as overtime, consulting contracts, and other non-personnel

expenses.

While this initial list of prospective savings totals \$1.375 billion over the Plan period, it would be insufficient to cover the debt service incurred from \$10 billion of long-term deficit financing. Other actions are necessary and critical to the sustainability of the MTA and the greater New York region for which its services depend on. Without additional aid, the MTA would have to resort to draconian measures, and the list of possible actions does not include any attractive options.



Actions will depend on Federal funding

	(dollars in millions)				
	2020	2021	2022	2023	2024
<i>Actions Already in the Financial Plan:</i>					
Budget Reduction Program (2019 BRP)	\$350	\$350	\$350	\$350	\$350
Savings from existing Transformation program	0	430	472	475	475
Hiring Freeze	88	17	16	16	16
Sub-total	\$438	\$797	\$838	\$841	\$841
<i>Potential Additional Federal Funding</i>	\$3,900	\$0	\$0	\$0	\$0
<i>New Actions Initially Identified:</i>					
Overtime Spending Reduction	\$35	\$105	\$105	\$105	\$105
Consulting Contract Reductions	115	135	70	55	70
Other Non-Personnel Expense Reductions	85	100	95	95	100
Sub-total	\$235	\$340	\$270	\$255	\$275

Actions identified to date will not be enough; future actions being reviewed include:

Reduce or Delay Capital Program	Wage Freeze
Fare and Toll Increases (above 4% biennial)	Reductions in Force
Delay in Pension Contributions	Service Reductions
	Long-Term Deficit Financing

A reduction or delay in the 2020-2024 Capital Program will have a limited impact on the operating budget. MTA's contribution to the Capital Program is back-ended, with initial funding being covered by receipts from the Mansion Tax, the Internet Marketplace Sales Tax and Congestion Pricing, and from State and City contributions to the Capital Plan. If the MTA uses the Mansion Tax and Internet Marketplace Sales Tax revenues to assist in covering the MTA operating budget – as is permitted for the next two years – this action would consume cash and reduce liquidity.

Fare and toll increases, beyond the 4% biennial increases proposed for 2021 and 2023 already incorporated in the Plan, will not generate sufficient revenue, particularly with ridership and traffic at subdued levels due to the pandemic. And while permissible, a cash management action to reduce or delay pension contributions will not reduce this MTA liability. A wage freeze is also a potential short-term cash management action. Reductions in Force and service reductions are undesirable actions. None of the potential actions are attractive and hard decisions will have to be made.

Other Elements of the July Plan

Beyond COVID-19 impacts, changes since February include:

Changes and re-estimates improving financial results over the Plan period (2020-2024):

- Assumed receipt of additional federal COVID-19 aid (\$3.9 billion)
- Lower debt service costs (\$585 million)
- Savings from lower electric power and fuel rates (\$191 million)
- Savings from Hiring Freeze in 2020 and deferring hiring (\$137 million)

Changes and re-estimates worsening financial results over the Plan period (2020-2024):

- Lower revenue from proposed 2021/2023 fare and toll increases (\$190 million)
- Higher expenses for Juneteenth holiday (\$128 million)
- Higher operating capital (\$89 million)
- Higher expenses for technology enhancements (\$85 million)
- Higher expenses for pension (\$48 million)
- Lower savings from revised timing of Transformation Plan (\$32 million)
- Higher expenses for maintenance (\$29 million)
- Repayment of Revolving Bank Line of Credit (\$300 million)

In total, these re-estimates, as well as the COVID-19 pandemic impacts and other minor changes, are \$14 billion unfavorable for the 2020 through 2023 Plan period. A reconciliation of Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.

Assumed receipt of additional federal aid. The Plan is balanced in 2020 from a \$3.9 billion infusion of federal funds to offset the financial pandemic impacts not previously covered by the CARES Act.

Continue to implement the Transformation Plan to streamline MTA internal processes. The MTA is fundamentally changing the way business is conducted to more effectively deliver to our customers the modern, efficient system they deserve. This historic transformation includes the centralization of all operating support functions and focuses the operating agencies on core service delivery. The Transformation Plan includes the reduction of up to 2,700 primarily administrative positions; the intent is to rely on attrition, as much as possible, to meet this goal. While delayed at the onset of the COVID-19 pandemic, most centralization is expected to occur by the end of 2020, and Transformation net savings over the Plan period are estimated at \$1.9 billion.

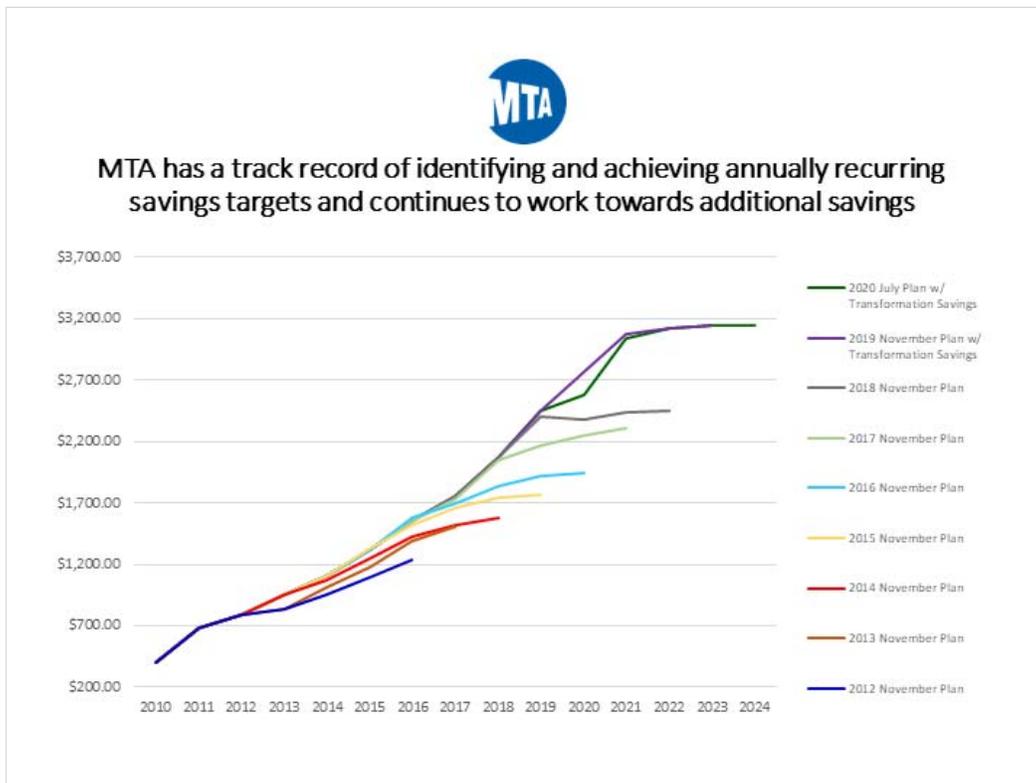
Maintain prior plan investments. The Plan maintains major on-going investment initiatives, including the Long Island Rail Road “Forward” plan, the “Bus Plans” at New York City Transit and MTA Bus, and the Metro-North Railroad “Way Ahead” plan. The Plan also sustains and expands upon the improvements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

Hold projected fare/toll increases to 4% in 2021 and 2023. The Plan continues to project net 4% biennial fare/toll increases (the equivalent of 2% per year), which is lower than the projected two-year inflation rates of 4.7% and 4.9% in 2021 and 2023, respectively. Consistent with recent Plans, a March 1st implementation is assumed for both the 2021 and 2023 increases. The revenue

from these increases is projected to be significantly less than projected in prior Plans, the result of lower ridership and traffic due to the COVID-19 pandemic.

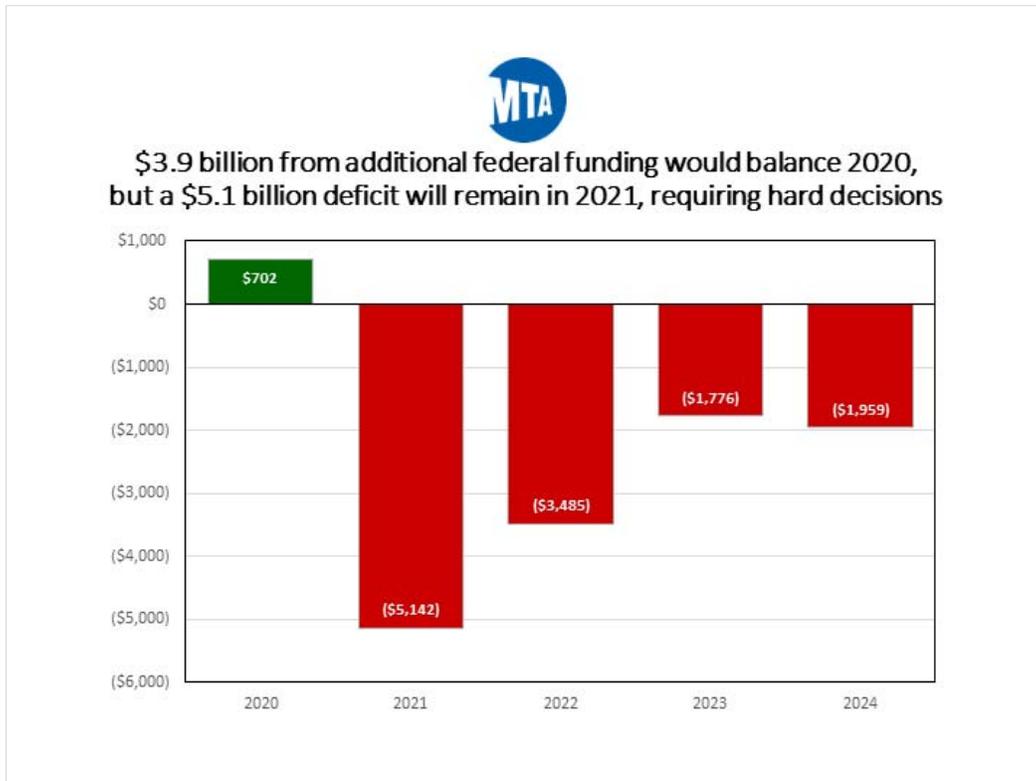
“One-Shot” Actions. At the end of 2019, a favorable year-end balance of \$351 million – including the unspent 2019 General Reserve – was carried over into 2020. The July Plan assumes the \$165 million 2019 General Reserve will be reserved and carried forward to cover 2021 expenses.

Maintain annually recurring savings that have been achieved and meet new targets. The chart below identifies cost reduction/cost containment targets by Financial Plan. Through 2019, the MTA has implemented initiatives with annualized savings of \$2.5 billion, and by the end of the Plan period the recurring savings together with the savings from the Transformation Plan will total \$3.1 billion. The MTA is engaged in an aggressive review of all spending prompted by the challenges caused by the COVID-19 pandemic. These reductions and additional savings initiatives to be identified, after being appropriately vetted, will be incorporated into an adjusted Financial Plan presented to the Board later this summer.



The “Bottom Line”

The MTA’s financial forecast over the Plan period has severely eroded since the February Plan. The July Plan assumes the 2020 Mid-Year Forecast will be balanced with the infusion of additional federal financial aid, either from the HEROES Act or from similar legislation. However, even with additional federal assistance, 2021 and the remaining years of the Plan remain severely out of balance and will require further actions before the 2021 Final Proposed Budget is presented to the Board in November.



Significant Risks Remain

There are many risks to the July Financial Plan:

Receive the additional \$3.9 billion in federal aid for 2020 assumed in the Plan. Without this aid, which is expected to be determined in August when the U.S. Senate returns from its recess, 2020 will not be in balance and further actions will be required. The situation is being closely monitored; without the additional funds, this Plan will need to be revised and a replacement financial plan will be presented to the Board.

Achieve the revised Transformation Plan savings targets assumed in the Plan. Without the savings from the Transformation Plan, the July Plan would worsen by \$1.9 billion over the Plan period.

Maintain cost reductions and identify and implement further savings actions. The MTA must remain focused on existing cost control efforts to avoid backsliding. Further savings must be identified to create the financial flexibility necessary to cover the cost of long-term deficit financing.

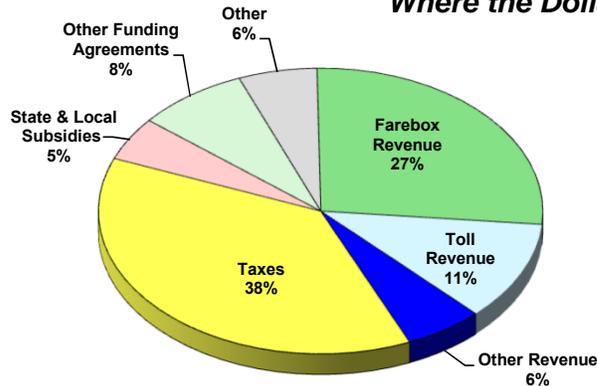
Implement biennial fare and toll increases which yield 4% increases in revenues. While MTA works diligently to control costs, the reality is that combined fares and tolls have typically covered approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total costs, including capital costs (“Farebox Recovery Ratio”). Moreover, many costs are dependent on pricing factors outside MTA’s direct control (e.g., energy, health & welfare and pensions). If projected fare and toll increases are not implemented, the MTA financial situation will deteriorate further as revenue will be outpaced by inflation and other cost growth.

Respond to developing economic environment. As evident by the deteriorating financial situation over the first half of 2020, the finances of the MTA are highly influenced by economic and other factors out of its control. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the health of the economy. If the economic assumptions reflected in the Plan are unrealized, the July Plan’s projected results will further deteriorate.

II. MTA Consolidated Financial Plan

MTA 2021 Preliminary Budget
Baseline Expenses After Below-the-Line (BTL) Adjustments
Non-Reimbursable

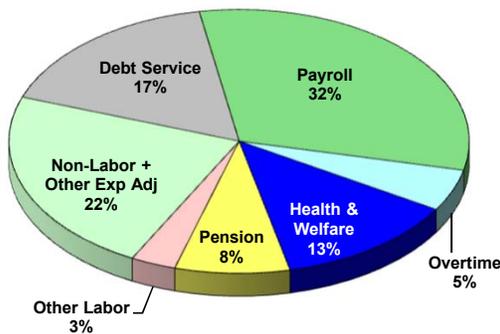
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$3,419
Toll Revenue	1,439
Other Revenue	732
Taxes	4,798
State and Local	629
Other Funding Agreements	1,032
Other ¹	730
Total ²	\$12,778

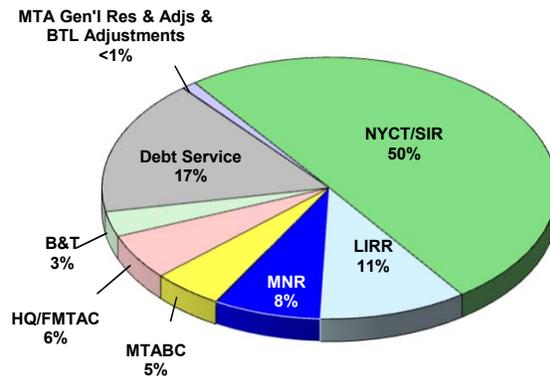
Where the Dollars Go ...

By Expense Category



By Expense Category ³ includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,670
Overtime	926
Health & Welfare	2,316
Pension	1,459
Other Labor	574
Total Labor	\$10,945
Non-Labor + Other Exp Adj	4,120
Debt Service	3,039
BTL Adjustments for Expenses ⁴	(184)
Total ²	\$17,920

By MTA Agency



By MTA Agency ³ includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,099
LIRR	1,907
MNR	1,388
MTABC	900
HQ/FMTAC	1,031
B&T	565
Debt Service	3,039
MTA Gen'l Res & Adjs	175
BTL Adjustments for Expenses ⁴	(184)
Total ²	\$17,920

¹ Includes cash adjustments and prior-year carryover.

² Totals may not add due to rounding.

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

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

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

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
MTA Consolidated Accrued Statement of Operations By Category
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,351	\$2,267	\$3,309	\$5,287	\$6,435	\$6,492
Toll Revenue	2,071	1,238	1,396	1,962	2,127	2,130
Other Revenue	706	4,617	732	820	853	950
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$9,128	\$8,123	\$5,437	\$8,069	\$9,415	\$9,572
Operating Expenses						
Labor:						
Payroll	\$5,311	\$5,455	\$5,670	\$5,821	\$5,925	\$6,101
Overtime	974	992	926	947	967	987
Health and Welfare	1,339	1,420	1,530	1,626	1,721	1,844
OPEB Current Payments	666	722	786	858	937	1,022
Pension	1,493	1,529	1,459	1,470	1,467	1,467
Other Fringe Benefits	848	964	996	1,045	1,081	1,122
Reimbursable Overhead	(470)	(388)	(423)	(422)	(418)	(421)
Total Labor Expenses	\$10,161	\$10,695	\$10,945	\$11,345	\$11,679	\$12,121
Non-Labor:						
Electric Power	\$444	\$411	\$486	\$501	\$518	\$532
Fuel	174	121	145	149	154	164
Insurance	2	19	29	47	56	71
Claims	495	421	420	432	447	461
Paratransit Service Contracts	477	365	417	532	566	603
Maintenance and Other Operating Contracts	731	934	779	811	818	832
Professional Services Contracts	442	710	709	651	611	614
Materials and Supplies	647	706	709	696	693	724
Other Business Expenses	231	216	210	226	236	236
Total Non-Labor Expenses	\$3,642	\$3,903	\$3,903	\$4,045	\$4,099	\$4,237
Other Expense Adjustments:						
Other	\$149	\$99	\$41	\$28	\$28	\$23
General Reserve	0	170	175	185	185	205
Total Other Expense Adjustments	\$149	\$269	\$216	\$213	\$213	\$228
Total Expenses Before Non-Cash Liability Adjs.	\$13,952	\$14,867	\$15,065	\$15,603	\$15,991	\$16,585
Depreciation	\$2,870	\$2,846	\$2,913	\$2,982	\$3,056	\$3,115
GASB 75 OPEB Expense Adjustment	877	1,652	1,792	1,886	1,982	2,043
GASB 68 Pension Expense Adjustment	13	(237)	(311)	(300)	(241)	(348)
Environmental Remediation	42	6	6	6	6	6
Total Expenses After Non-Cash Liability Adjs.	\$17,752	\$19,133	\$19,464	\$20,176	\$20,795	\$21,401
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,801)	(\$4,267)	(\$4,400)	(\$4,573)	(\$4,803)	(\$4,816)
Debt Service (excludes Service Contract Bonds)	2,630	2,765	3,039	3,424	3,938	4,078
Total Expenses with Debt Service	\$16,582	\$17,632	\$18,104	\$19,026	\$19,929	\$20,663
Dedicated Taxes & State and Local Subsidies	\$7,290	\$6,131	\$6,396	\$7,118	\$7,637	\$7,855
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$164)	(\$3,378)	(\$6,271)	(\$3,840)	(\$2,876)	(\$3,236)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	277	119	28	122	119	134
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Below the Line Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior Year Carryover Balance	372	485	702	0	0	0
Net Cash Balance	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Plan Adjustments
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Fare and Toll Increases:						
<i>Fare and Toll Increase on 3/1/21 (4% Yield)</i>		\$0	\$153	\$276	\$326	\$329
<i>Fare and Toll Increase on 3/1/23(4% Yield)</i>		0	0	0	289	341
<i>Subsidy Impacts of 2021/2023 Fare/Toll Increase</i>		<u>0</u>	<u>(8)</u>	<u>(10)</u>	<u>(23)</u>	<u>(20)</u>
Subtotal:		\$0	\$145	\$267	\$592	\$650
Management and Policy Actions:						
<i>Delay Use of the 2019 General Reserve to 2021</i>		(\$165)	\$165	\$0	\$0	\$0
<i>MTA Transformation Plan (as of 2020 Feb Financial Plan)</i>		0	462	472	475	475
<i>MTA Transformation Plan - Revised Timing</i>		0	(32)	0	0	0
<i>Change in State Aid for the 2015-19 Capital Program</i>		0	76	205	325	428
<i>Repayment of Revolving Bank Line of Credit</i>		<u>0</u>	<u>0</u>	<u>(300)</u>	<u>0</u>	<u>0</u>
Subtotal:		(\$165)	\$671	\$377	\$800	\$903
MTA Re-Estimates:						
<i>Reduced State Aid to Localities</i>		(\$276)	(\$5)	\$0	\$0	\$0
<i>May/June Actual Revenues</i>		143	0	0	0	0
<i>Additional Sanitization Expenses</i>		<u>(94)</u>	<u>(379)</u>	<u>(379)</u>	<u>(379)</u>	<u>(377)</u>
Subtotal:		(\$227)	(\$384)	(\$379)	(\$379)	(\$377)
Other:						
<i>Juneteenth Holiday Expense Impact</i>		(\$32)	(\$32)	(\$32)	(\$32)	(\$33)
<i>Additional Federal Funding</i>		<u>3,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal:		\$3,868	(\$32)	(\$32)	(\$32)	(\$33)
TOTAL ADJUSTMENTS		\$3,477	\$399	\$233	\$981	\$1,143
<i>Prior Year Carryover Balance</i>	\$372	\$485	\$702	\$0	\$0	\$0
Net Cash Surplus/(Deficit)	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Cash Receipts and Expenditures
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Cash Receipts and Expenditures						
Receipts						
Farebox Revenue	\$6,380	\$2,282	\$3,322	\$5,291	\$6,435	\$6,491
Other Revenue	757	4,653	874	838	872	971
Capital and Other Reimbursements	2,323	2,236	2,062	1,987	1,964	1,987
Total Receipts	\$9,460	\$9,171	\$6,258	\$8,116	\$9,271	\$9,449
Expenditures						
Labor:						
Payroll	\$5,823	\$5,979	\$6,174	\$6,310	\$6,403	\$6,587
Overtime	1,226	1,189	1,102	1,122	1,141	1,164
Health and Welfare	1,379	1,452	1,576	1,671	1,763	1,886
OPEB Current Payments	652	711	778	849	928	1,012
Pension	1,549	1,590	1,514	1,524	1,521	1,523
Other Fringe Benefits	930	967	984	1,021	1,048	1,084
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$11,559	\$11,887	\$12,128	\$12,497	\$12,804	\$13,257
Non-Labor:						
Electric Power	\$459	\$424	\$493	\$509	\$526	\$539
Fuel	172	118	143	146	151	161
Insurance	23	16	29	47	56	72
Claims	392	282	280	291	303	315
Paratransit Service Contracts	484	363	415	530	564	601
Maintenance and Other Operating Contracts	738	939	712	710	716	725
Professional Services Contracts	595	870	766	676	634	634
Materials and Supplies	875	867	868	807	800	831
Other Business Expenses	199	224	194	200	205	218
Total Non-Labor Expenditures	\$3,935	\$4,103	\$3,900	\$3,916	\$3,954	\$4,096
Other Expenditure Adjustments:						
Other	\$112	\$218	\$187	\$196	\$236	\$231
General Reserve	0	170	175	185	185	205
Total Other Expenditure Adjustments	\$112	\$388	\$362	\$381	\$421	\$436
Total Expenditures	\$15,607	\$16,378	\$16,389	\$16,794	\$17,178	\$17,788
Net Cash Balance before Subsidies and Debt Service	(\$6,147)	(\$7,208)	(\$10,131)	(\$8,678)	(\$7,907)	(\$8,339)
Dedicated Taxes & State and Local Subsidies	\$8,223	\$6,003	\$6,142	\$7,543	\$8,089	\$8,301
Debt Service (excludes Service Contract Bonds)	(1,963)	(2,055)	(2,254)	(2,582)	(2,938)	(3,064)
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior-Year Carryover Balance	372	485	702	0	0	0
Net Cash Balance	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2021-2024

MTA Consolidated July Financial Plan Compared with February Financial Plan Cash Reconciliation after Below-the-Line Adjustments (Page 1 of 2)

(\$ in millions)

	Favorable/(Unfavorable)			
	2020	2021	2022	2023
FEBRUARY FINANCIAL PLAN 2020-2023 NET CASH SURPLUS/(DEFICIT)	\$81	\$273	\$157	(\$130)
COVID-19 Impacts	(\$1,533)	(\$4,039)	(\$1,532)	(\$203)
Revenue Loss				
Farebox Revenue	(4,200)	(3,130)	(1,157)	(13)
Toll Revenue	(880)	(730)	(164)	-
All Other (including Advertising, Rental, Freight, etc.)	(120)	(65)	(71)	(72)
Expenses				
Direct COVID-19 Response Expenses	(410)	(158)	(141)	(117)
Net Other Expense Impacts ¹	67	45	0	(2)
Federal Aid from the CARES Act	4,009	-	-	-
Agency Baseline Re-estimates	\$82	\$46	(\$26)	(\$37)
Wage Adjustments (including TWU Pattern)	(10)	(39)	(47)	(55)
Rates & Related Assumptions ²	73	55	0	(37)
Paratransit Reimbursement - Increase from NYC	43	92	96	100
Timing (including 2019 Year-End Impact)	94	(35)	(40)	2
Reimbursable Adjustments	(96)	(19)	(18)	(18)
Other Baseline Re-estimates ³	(22)	(8)	(17)	(30)
New Needs/Other Investments	(\$18)	(\$44)	(\$46)	(\$47)
Technology Enhancements	(9)	(26)	(26)	(24)
Maintenance	(6)	(17)	(19)	(22)
All Other	(3)	(1)	(1)	(0)
Savings Programs	\$114	\$1	(\$14)	(\$12)
Impact of Hiring Freeze ⁴	88	17	16	16
BRPs/BRP Re-estimates	26	(16)	(31)	(28)
B&T Adjustments	\$886	\$723	\$155	(\$10)
B&T Net Baseline Impacts ⁵	886	723	155	(10)
Debt Service	\$68	\$80	\$133	\$304
Subsidies (Cash)	(\$2,442)	(\$2,298)	(\$1,234)	(\$1,053)
Metropolitan Mass Transportation Operating Assist (MMTOA)	(621)	(611)	(413)	(195)
Petroleum Business Tax (PBT) Receipts	(161)	(152)	(15)	25
Real Estate Taxes	(380)	(490)	(470)	(416)
Payroll Mobility Tax (PMT)/PMT Replacement Funds	(281)	(331)	(182)	(91)
MTA Aid	(41)	(46)	(15)	(11)
For-Hire Vehicle (FHV) Surcharge	(93)	(95)	-	-
2020-24 Capital Program Funding from Lockbox for Debt Service	(31)	(64)	(182)	(463)
City Subsidy for MTA Bus	(150)	134	190	62
City Subsidy for Staten Island Railway	(9)	(13)	3	8
CDOT Subsidy for Metro-North Railroad	163	129	61	24
B&T Surplus Transfer	(749)	(746)	(236)	(61)
Other Subsidies and Subsidy Adjustments	(89)	(14)	25	65

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2021-2024

MTA Consolidated July Financial Plan Compared with February Financial Plan Cash Reconciliation after Below-the-Line Adjustments (Page 2 of 2)

(\$ in millions)

	Fav orable/(Unfav orable)			
	2020	2021	2022	2023
Below-the-Line Adjustments	\$3,113	(\$505)	(\$804)	(\$432)
<i>Fare and toll Increases:</i>				
Adjustments to 2021 and 2023 Fare/Toll Increases	-	(127)	(52)	(10)
<i>Management and Policy Actions:</i>				
Reversal of Below-the-Line Adjustments for MTA Transformation Plan	(190)	-	-	-
Reversal of Below-the-Line Adjustment for Paratransit Subsidy-50/50 Share	(47)	(99)	(103)	(111)
Reversal of Below-the-Line Adjustment for TWU Wage Settlement Over 2%	3	8	22	32
Reversal of Below-the-Line Adjustment for Re-estimated NYCT Maintenance	35	-	-	-
Reversal of Below-the-Line Adjustment for 2019 General Reserve	(165)	-	-	-
Delay Use of the 2019 General Reserve to 2021	(165)	165	-	-
MTA Transformation Plan - Revised Timing	-	(32)	-	-
Change in State Aid for the 2015-19 Capital Plan	-	(3)	41	70
Repayment of Revolving Bank Line of Credit	-	-	(300)	-
<i>MTA Re-estimates:</i>				
Reduced State Aid to Localities	(276)	(5)	-	-
May/June Actual Revenues	143	-	-	-
Additional Sanitization Expenses	(94)	(379)	(379)	(379)
<i>Other:</i>				
Juneteenth Holiday Expense Impact	(32)	(32)	(32)	(32)
Potential Additional Federal Funding	3,900	-	-	-
Prior Year Carryover	\$351	\$620	(\$273)	(\$157)
JULY FINANCIAL PLAN 2021-2024 NET CASH SURPLUS/(DEFICIT)	\$702	(\$5,142)	(\$3,485)	(\$1,776)

* Totals may not add due to rounding

¹ Includes savings resulting from operating on a reduced service schedule; e.g., lower consumption of electricity and fuel.

² Includes plan-to-plan rate adjustments for health & welfare (including retirees), pension, energy, etc.

³ Changes in this category include updated operating capital, cash and General Reserve.

⁴ Ongoing savings from hiring freeze on non-essential positions have remained in place, since 2017.

⁵ While B&T Operating Surplus Transfer is captured as a subsidy, B&T's baseline impacts are captured in individual reconciliation categories in the Agency Baseline Adjustments above; to avoid duplication, the total baseline impacts are eliminated within this line. Included within B&T's baseline changes are COVID-related toll revenue losses projected at \$880 million in 2020, \$730 million in 2021, and \$164 million in 2022, partially offset by timing of capitalized assets, and overall lower costs projected in areas, such as pensions, business expense, and maintenance contracts.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
MMTOA, PBT & Real Estate Taxes						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,823.7	\$1,522.5	\$1,534.8	\$1,795.2	\$2,090.2	\$2,118.4
Petroleum Business Tax (PBT)	648.6	477.7	467.3	601.2	640.7	640.7
Mortgage Recording Tax (MRT)	461.7	354.9	288.0	313.3	340.7	370.6
MRT Transfer to Suburban Counties	(4.9)	(5.8)	(6.4)	(6.8)	(7.1)	(7.5)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)
Interest	5.3	5.3	5.3	5.3	5.3	5.3
Urban Tax	668.5	360.5	319.5	347.5	377.9	411.0
Other Investment Income	1.3	1.3	1.4	1.4	1.4	1.4
	\$3,581.9	\$2,694.2	\$2,587.6	\$3,034.9	\$3,426.9	\$3,517.6
PMT and MTA Aid						
Payroll Mobility Tax (PMT)	\$1,560.5	\$1,399.6	\$1,375.1	\$1,596.2	\$1,762.5	\$1,840.6
Payroll Mobility Tax Replacement Funds	244.3	195.4	244.3	244.3	244.3	244.3
MTA Aid	311.0	276.7	273.2	305.0	310.5	310.9
	\$2,115.8	\$1,871.7	\$1,892.6	\$2,145.4	\$2,317.3	\$2,395.8
New Funding Sources						
SAP Support and For-Hire Vehicle Surcharge:						
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	336.4	292.0	290.3	385.0	385.0	385.0
Subway Action Plan Account	336.4	292.0	290.3	300.0	300.0	300.0
Outerborough Transportation Account	0.0	0.0	0.0	50.0	50.0	50.0
Less: Assumed Capital or Member Project	0.0	0.0	0.0	(50.0)	(50.0)	(50.0)
General Transportation Account	0.0	0.0	0.0	85.0	85.0	85.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0	0.0	0.0
2020-24 Capital Program Funding from Lockox for Debt Service:	0.0	0.0	0.0	0.0	2.4	24.5
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Real Property Transfer Tax Surcharge (Mansion Tax)	58.1	215.0	185.7	202.0	219.7	239.0
Internet Marketplace Tax	85.1	226.3	322.3	325.5	328.7	332.0
Less: Transfer Lockbox Revenues to Committed to Capital	(143.2)	(441.2)	(508.0)	(527.5)	(1,546.0)	(1,546.5)
	\$336.4	\$292.0	\$290.3	\$385.0	\$387.4	\$409.5
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	152.5	222.9	187.9	187.9	187.9	187.9
Station Maintenance	171.8	175.2	178.8	183.0	187.5	192.1
	\$512.2	\$586.1	\$554.7	\$558.9	\$563.3	\$568.0
Other Subsidy Adjustments						
NYCT Charge Back of MTA Bus Debt Service	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)
Forward Energy Contracts Program - Gain/(Loss)	1.0	(32.6)	(15.9)	(0.1)	0.0	0.0
Fuel Hedge Collateral	40.0	0.0	0.0	0.0	0.0	0.0
MNR Repayment of 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital Program Contributions	0.0	(186.7)	(180.6)	(120.2)	(114.1)	(108.8)
Drawdown of GASB 45 OPEB Reserves	0.8	0.0	0.0	0.0	0.0	0.0
	\$27.9	(\$233.3)	(\$210.4)	(\$134.2)	(\$128.1)	(\$122.8)
Subtotal: Taxes & State and Local Subsidies	\$6,574.2	\$5,210.7	\$5,114.8	\$5,989.9	\$6,566.9	\$6,768.2
Other Funding Agreements						
City Subsidy for MTA Bus Company	\$667.6	\$418.9	\$668.7	\$734.4	\$637.2	\$638.1
City Subsidy for Staten Island Railway	47.2	39.5	43.8	62.8	77.0	90.8
CDOT Subsidy for Metro-North Railroad	145.8	296.4	258.9	201.4	169.3	175.0
	\$860.6	\$754.9	\$971.5	\$998.6	\$883.6	\$903.9
Subtotal, including Other Funding Agreements	\$7,434.8	\$5,965.6	\$6,086.3	\$6,988.5	\$7,450.4	\$7,672.0
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	\$788.5	\$37.1	\$55.8	\$554.5	\$638.1	\$628.9
	\$788.5	\$37.1	\$55.8	\$554.5	\$638.1	\$628.9
TOTAL SUBSIDIES	\$8,223.3	\$6,002.7	\$6,142.1	\$7,543.0	\$8,088.5	\$8,300.9

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between July and February Financial Plans
Consolidated Subsidiaries
Cash Basis
(\$ in Millions)

	2020	2021	2022	2023
MMTOA, PBT and Real Estate Taxes				
Metropolitan Mass Transportation Operating Assistance (MMTOA)	(\$621.0)	(\$610.9)	(\$412.6)	(\$194.9)
Petroleum Business Tax (PBT)	(160.9)	(152.3)	(15.1)	25.1
Mortgage Recording Tax (MRT)	(102.1)	(187.1)	(170.0)	(148.9)
MRT Transfer to Suburban Counties	0.2	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	(278.0)	(302.8)	(300.3)	(267.5)
Other Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
	(\$1,162.7)	(\$1,254.0)	(\$898.9)	(\$587.2)
PMT and MTA Aid				
Payroll Mobility Tax (PMT)	(\$232.3)	(\$330.6)	(\$182.4)	(\$90.8)
Payroll Mobility Tax Replacement Funds	(48.9)	0.0	0.0	0.0
MTA Aid	(41.4)	(46.0)	(15.2)	(10.7)
	(\$322.5)	(\$376.6)	(\$197.6)	(\$101.5)
New Funding Sources				
SAP Support and For-Hire Vehicle Surcharge:				
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	(93.0)	(94.7)	0.0	0.0
Subway Action Plan Account	(9.0)	(9.7)	0.0	0.0
Outerborough Transportation Account	(50.0)	(50.0)	0.0	0.0
Less: Assumed Capital or Member Project	50.0	50.0	0.0	0.0
General Transportation Account	(84.0)	(85.0)	0.0	0.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0
2020-24 Capital Program Funding from Lockbox for Debt Service:	(31.3)	(63.9)	(181.5)	(463.1)
Central Business District Tolling Program (CBDTP)	0.0	(1,000.0)	(1,000.0)	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	(158.5)	(198.3)	(194.3)	(191.3)
Internet Marketplace Tax	(56.2)	0.0	0.0	0.0
Less: Transfer Lockbox Revenues to Committed to Capital	183.4	1,134.3	1,012.8	(271.9)
	(\$124.3)	(\$158.7)	(\$181.5)	(\$463.1)
State and Local Subsidies				
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	35.0	0.0	0.0	0.0
Station Maintenance	(0.2)	(0.2)	(0.3)	(0.3)
	\$34.8	(\$0.2)	(\$0.3)	(\$0.3)
Other Subsidy Adjustments				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	(23.8)	(13.9)	(0.1)	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	(63.9)	0.0	0.0	0.0
	(\$87.8)	(\$13.9)	(\$0.1)	\$0.0
Subtotal: Taxes & State and Local Subsidies	(\$1,662.6)	(\$1,803.4)	(\$1,278.3)	(\$1,152.1)
Other Funding Agreements				
City Subsidy for MTA Bus Company	(\$149.7)	\$134.0	\$190.0	\$61.6
City Subsidy for Staten Island Railway	(8.9)	(13.3)	3.1	8.1
CDOT Subsidy for Metro-North Railroad	162.7	129.2	61.0	24.1
	\$4.1	\$250.0	\$254.2	\$93.9
Subtotal, including Other Funding Agreements	(\$1,658.5)	(\$1,553.4)	(\$1,024.2)	(\$1,058.2)
Inter-agency Subsidy Transactions				
B&T Operating Surplus Transfer	(\$748.6)	(\$746.0)	(\$235.5)	(\$60.9)
	(\$748.6)	(\$746.0)	(\$235.5)	(\$60.9)
TOTAL SUBSIDIES	(\$2,407.1)	(\$2,299.4)	(\$1,259.7)	(\$1,119.1)

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METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2021-2024

Debt Affordability Statement after Below-the-Line Adjustments ⁽¹⁾

\$ in millions

Forecasted Debt Service and Borrowing Schedule	Notes	2019 ACTL	2020	2021	2022	2023	2024
Combined MTA/TBTA Forecasted Debt Service Schedule	1, 2, 3	\$2,630.2	\$2,764.8	\$3,039.2	\$3,423.8	\$3,937.6	\$4,077.6
Forecasted New Long-Term Bonds Issued	4	-	1,228.6	4,654.9	6,384.9	3,773.2	2,670.8
Forecasted Debt Service by Credit ⁹	Notes	2019 ACTL	2020	2021	2022	2023	2024
Transportation Revenue Bonds							
Pledged Revenues	5	\$14,020.5	\$12,027.9	\$9,304.9	\$12,592.0	\$14,253.9	\$14,451.9
Debt Service	9	1,583.5	1,682.9	1,902.3	2,222.6	2,599.3	2,707.9
Debt Service as a % of Pledged Revenues		11%	14%	20%	18%	18%	19%
Dedicated Tax Fund Bonds							
Pledged Revenues	6	\$648.6	\$477.7	\$467.3	\$601.2	\$640.7	\$640.7
Debt Service	9	381.8	391.7	392.0	430.0	436.3	435.9
Debt Service as a % of Pledged Revenues		59%	82%	84%	72%	68%	68%
Triborough Bridge and Tunnel Authority General Revenue Bonds							
Pledged Revenues	7	\$1,434.9	\$609.3	\$808.8	\$1,373.8	\$1,536.0	\$1,532.5
Debt Service	9	558.5	580.9	635.7	661.6	791.0	810.8
Debt Service as a % of Total Pledged Revenues		39%	95%	79%	48%	51%	53%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds							
Pledged Revenues	8	\$876.4	\$28.5	\$173.2	\$712.3	\$745.1	\$721.7
Debt Service	9	101.7	102.2	102.1	103.3	103.1	93.7
Debt Service as a % of Total Pledged Revenues		12%	359%	59%	15%	14%	13%
Debt Service Supported by Lockbox Revenues	10						
Debt Service	10	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	\$24.5
2 Broadway Certificates of Participation							
Lease Payments		\$4.7	\$7.2	\$7.1	\$6.3	\$5.5	\$4.7
Cumulative Debt Service (Excluding State Service Contract Bonds)	Notes	2019 ACTL	2020	2021	2022	2023	2024
Total Debt Service <u>after</u> Below the Line Adjustments:	12	\$2,630.2	\$2,764.8	\$3,039.2	\$3,423.8	\$3,937.6	\$4,077.6
Fare and Toll Revenues after Below the Line Adjustments	12	\$8,422.1	\$7,548.3	\$4,857.7	\$7,524.7	\$9,177.2	\$9,291.2
Total Debt Service as a % of Fare and Toll Revenue after BTL Adjustments		31.2%	36.6%	62.6%	45.5%	42.9%	43.9%
Operating Revenues and Subsidies after Below the Line Adjustments	12	\$16,417.7	\$18,020.0	\$12,048.3	\$15,658.6	\$17,970.1	\$18,504.1
Total Debt Service as a % of Operating Rev/Subsidies after BTL Adjs.		16.0%	15.3%	25.2%	21.9%	21.9%	22.0%
Non-reimbursable Expenses after Below the Line Adjustments	12	\$17,752.2	\$19,423.6	\$19,280.6	\$20,414.6	\$20,731.3	\$21,335.3
Total Debt Service as a % of Non-Reimbursable Exp after BTL Adjs.		14.8%	14.2%	15.8%	16.8%	19.0%	19.1%
2015-19 Capital Plan State Share	11	\$0.0	\$0.0	\$75.9	\$205.3	\$325.2	\$427.7
Debt Service Supported by Lockbox Revenues	10	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	\$24.5
Total Debt Service Less State Share and Debt Service Supported by Lockbox Revenues	10, 11	\$2,630.2	\$2,764.8	\$2,963.2	\$3,218.5	\$3,609.9	\$3,625.4
Operating Revenues and Subsidies Less State Aid for 2015-19 Capital Program and Lockbox Revenues for Debt Service		\$16,417.7	\$18,020.0	\$11,972.4	\$15,453.3	\$17,642.4	\$18,051.9
Total Debt Service as a % of Operating Revenue/Subsidies Less State Share and Lockbox Share	10, 11	16.0%	15.3%	24.8%	20.8%	20.5%	20.1%

Notes on the following page are integral to this table.

Notes

- 1 Floating rate notes assumed at the variable rate assumption plus the current fixed spread to maturity.
- 2 Synthetic fixed-rate debt assumed at swap rate; floating rate notes assumed at swap rate plus the current fixed spread to maturity.
- 3 All debt service numbers reduced by Build America Bonds (BAB) subsidy.
- 4 All debt to be issued assumes 30-year level debt service debt with principal amortized over the life of the bonds, except for: 1) the Railroad Rehabilitation and Improvement Financing (RRIF) loan which is amortized from the year of issuance to 2037 on a level debt service basis, based on an interest rate of 2.38%; 2) MTA TRB Bonds to fund the 2020-24 Capital Program which are 30-year bonds, amortized on a level debt service basis over 20 years, from year 11 to year 30, and; 3) TRB New Money Bonds for MTA Bond Funded Portion of Approved Capital Programs, which are 30-year bonds, CAPI through the first year, and amortized on a level debt service basis over 29 years, from year 2 to year 30.
- 5 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 and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; funds contributed to the General Transportation Account of the NYC Transportation Assistance Fund; 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. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.
- 6 Dedicated Tax Fund pledged revenues as shown above 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; in addition, while not reflected in the DTF pledged revenue figures above, the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Transportation Operating Assistance Account for the benefit of the MTA are also pledged. After the payment of debt service on the MTA Dedicated Tax Fund Bonds, these subsidies 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.
- 7 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.
- 8 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.
- 9 A debt service schedule for each credit is attached as addendum hereto.
- 10 A debt service schedule for each credit is attached as addendum hereto.
- 11 The 2015-19 Capital Plan includes \$7.3 billion of capital projects funded by the State through additional operating aid appropriated to the MTA on an annual basis.
- 12 These totals incorporate the Plan's Below-the-Line Adjustments.

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III. Plan Adjustments

Plan Adjustments

The discussion that follows reflects proposed Plan Adjustments to the Baseline.

Fare/Toll Increases

Fare and Toll Increase in March 2021 – An increase in fare and toll rates, yielding a 4% increase in farebox and toll revenues, is assumed for implementation in March 2021 and is projected to generate an annualized increase of \$329 million in MTA consolidated farebox and toll revenues (as measured in 2024, when ridership and vehicle traffic are expected to return to pre-pandemic levels). Consolidated farebox and toll revenues are expected to increase by \$153 million in 2021, by \$276 million in 2022, by \$326 million in 2023, and by \$329 million in 2024.

Increases in farebox revenues generated at MTA Bus and SIR are used to hold down NYC subsidies that cover the costs associated with these operations. Additionally, 10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited. These items are offsets to the consolidated farebox and toll revenue generated from the fare and toll increases, and are included within “Subsidy Impacts of 2021/2023 Fare/Toll Increase”; when factored in, the net change to the MTA from the proposed 2021 increase is \$148 million in 2021, \$269 million in 2022, \$318 million in 2023, and \$319 million in 2024. These net projections, compared with the February Plan, are \$125 million lower in 2021, \$50 million lower in 2022, and \$1 million lower in 2023.

Fare and Toll Increase in March 2023 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2023 and is projected to generate a \$341 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$289 million in 2023, and \$341 million in 2024. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of the 2021/2023 Fare/Toll Increase,” the net increase to the MTA is \$282 million in 2023 and \$332 million in 2024. Compared with the February Plan, the net projection is \$2 million higher in 2023.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions Including the Impact of Fare & Toll Yield Increases

		Mid-Year Forecast <u>2020</u>	Preliminary Budget <u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Fare Revenue						
Long Island Rail Road	Baseline	\$270.951	\$407.179	\$652.787	\$801.0	\$816.0
	2021 Yield Increase	\$0.000	\$13.923	\$26.111	32.041	32.639
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	28.487	33.945
		\$270.951	\$421.103	\$678.898	\$861.6	\$882.6
Metro-North Railroad ¹	Baseline	\$264.229	\$405.474	\$643.688	\$783.7	\$789.5
	2021 Yield Increase	\$0.000	\$7.170	\$14.576	18.204	18.348
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	15.955	18.823
		\$264.229	\$412.644	\$658.263	\$817.8	\$826.6
MTA Bus Company ²	Baseline	\$78.745	\$114.901	\$183.908	\$223.7	\$225.4
	2021 Yield Increase	\$0.000	\$3.918	\$7.356	8.947	9.015
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	7.931	9.376
		\$78.745	\$118.819	\$191.265	\$240.5	\$243.8
New York City Transit ³	Baseline	\$1,650.775	\$2,378.258	\$3,800.886	\$4,620.3	\$4,654.8
	2021 Yield Increase	\$0.000	\$79.406	\$149.461	181.677	183.053
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	160.323	190.251
		\$1,650.775	\$2,457.664	\$3,950.347	\$4,962.3	\$5,028.1
Staten Island Railway ²	Baseline	\$2.239	\$3.400	\$5.445	\$6.6	\$6.7
	2021 Yield Increase	\$0.000	\$0.116	\$0.218	0.265	0.267
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	0.234	0.277
		\$2.239	\$3.516	\$5.663	\$7.1	\$7.2
Total Farebox Revenue	Baseline	\$2,266.939	\$3,309.213	\$5,286.714	\$6,435.2	\$6,492.3
	2021 Yield Increase	\$0.000	\$104.533	\$197.722	241.133	243.322
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	212.931	252.672
		\$2,266.939	\$3,413.746	\$5,484.436	\$6,889.3	\$6,988.3
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$1,238.316	\$1,395.827	\$1,961.744	\$2,126.8	\$2,129.5
	2021 Yield Increase	\$0.000	\$48.149	\$78.470	85.074	85.182
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	76.300	88.589
		\$1,238.316	\$1,443.976	\$2,040.214	\$2,288.2	\$2,303.3
TOTAL FARE & TOLL REVENUE						
	Baseline	\$3,505.256	\$4,705.040	\$7,248.458	\$8,562.1	\$8,621.9
	2021 Yield Increase	\$0.000	\$152.682	\$276.192	326.207	328.503
	2023 Yield Increase	\$0.000	\$0.000	\$0.000	289.231	341.261
		\$3,505.256	\$4,857.722	\$7,524.650	\$9,177.5	\$9,291.6

¹ Metro-North Railroad utilization figures include both East of Hudson and West of Hudson services.

² MTA Bus and Staten Island Railway revenues from fare increases are used to reduce NYC subsidies to MTA Bus and SIR.

³ New York City Transit utilization figures include Paratransit and Fare Media Liability.

⁴ Distribution of 10% of B&T surplus toll revenue is delayed to subsequent year per MTA Board resolution.

Management and Policy Actions

Delay Use of the 2019 General Reserve to 2021 – The drawdown of the 2019 General Reserve of \$165 million, a contingency fund set at approximately one percent of the operating expense budget, is reserved for use in 2021.

MTA Transformation Plan (as of 2020 Feb Financial Plan) and MTA Transformation Plan – Revised Timing – In 2019, the MTA procured the services of a management consulting firm, AxiPartners, to review operations throughout the organization and recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Agencies, and solidify accountability so that the MTA can efficiently deliver the safe and reliable service its customers deserve. Although the pandemic has delayed the full implementation of the Transformation Plan, savings have been realized to date from ongoing vacancies and the MTA hiring freeze; these 2020 savings have been incorporated into Agency baselines. The savings from the consolidation and organizational efficiencies are projected to generate savings in the out-years of \$431 million in 2021, \$472 million in 2022, and \$475 million in each of 2023 and 2024.

State Aid for the 2015-19 Capital Plan – Pursuant to the State's \$7.3 billion funding commitment for the 2015-2019 Capital Program, as authorized through legislation enacted in 2016, there are increases in State Aid of \$108 million over the Plan period to fund the increases in assumed debt service resulting from adjustments in Transportation Revenue Bond BAN and bond rates for new issuances and cash flow needs.

Repayment of Revolving Bank Line of Credit – To provide liquidity, the MTA drew on its line of credit; the line of credit is expected to be repaid in 2022.

MTA Re-estimates

Reduced State Aid to Localities – Subsidy revenues have declined, resulting in an additional reduction in subsidies of \$276 million in 2020 and \$5 million in 2021.

May/June Actual Revenues – This favorable adjustment of \$143 million in 2020 reflects the difference between actuals and the Agency baseline forecasts for farebox and toll revenues.

Additional Sanitization Expenses – Ongoing costs for intensive daily cleaning and disinfecting of fleet and stations are being reviewed as new methodologies and technologies emerge, and lessons learned from initial responses to control the spread of the virus are assessed. Additional costs for these preventive measures are estimated at \$94 million in 2020, \$379 million annually for 2021 through 2023, and \$377 million in 2024.

Other

Juneteenth Holiday Expense Impact – New York State issued an Executive Order on Wednesday, June 17th recognizing Juneteenth, commemorating the end of slavery in America, as a holiday for state employees. It is expected Juneteenth will be legislated an annual State holiday, and the annual impact of the additional holiday to payroll expenses will amount to \$32 million.

Additional Federal Funding – In anticipation of the Health and Economic Recovery Omnibus Emergency Solutions Act (HEROES Act), or similar legislation, being passed by Congress later this year, the MTA is expecting to receive \$3.9 billion in relief to address the financial impacts caused by the pandemic.

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IV. Appendix

**Certification of the Chairman and Chief Executive Officer
of the Metropolitan Transportation Authority
in accordance with Section 202.3(1) of the
State Comptroller's Regulations**

I, Patrick J. Foye, Chairman and Chief Executive Officer of the Metropolitan Transportation Authority ("MTA") hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: *Pat Foye*
Patrick J. Foye
Chairman and Chief Executive Officer

Dated: July 17, 2020

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough on-going process and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three following calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” items;
- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year’s finances, a preliminary presentation of the following year’s proposed budget, and a three-year re-forecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis on which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance and is presented to the MTA Board for review and approval.

February Plan

Finally, certain below-the-line policy issues included in the December Adopted Budget are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The Adopted Budget is allocated over the 12-month period and becomes the basis on which monthly results are compared.

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