MTA Annual Report on Overtime (FY 2020 review)

March 2021

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Executive Summary

The COVID-19 pandemic forced the MTA to face countless unprecedented challenges during 2020, both fiscal and operational. The Agency placed a primary focus on protecting the health and safety of its employees and customers while providing a critical means of transportation to the region's essential frontline workers. The MTA will be at the center of the New York region's economic recovery and must be able to deliver transportation services smartly and cost-effectively.

For the last two years the MTA's Overtime Task Force (OTTF) has provided executive leadership and direction across the entire Agency to reform and strengthen practices and procedures to address overtime issues. In the context of a financially challenging environment, it is incumbent on the MTA and its managers to make sure that overtime is used only when necessary or when it is the most efficient and cost-effective option.

In June 2019, following reports of excessive overtime payments throughout the system, the MTA Board engaged law firm Morrison & Foerster LLP to review the MTA's management practices and make recommendations for their improvement. In August 2019 Morrison & Foerster issued an *"Overtime Policies and Procedures"* Report detailing 15 concrete steps the MTA should take to improve its overtime management oversight. The MTA Inspector General's office issued another four recommendations. Consisting of senior management from multiple disciplines, including finance, operations, labor relations, human resources, information technology, business process management and compliance, the OTTF set about to address the findings of the Report and put in place the policies and procedures necessary to better control overtime and drive the message to all levels of the organization.

As of February 2021, the MTA has completed or made substantial progress on 14 of 15 Morrison & Foerster recommendations. Additional work remains to integrate the Kronos timekeeping system with MTA-wide payroll systems. Some of the notable overtime management accomplishments of the last two years include the introduction of:

- ***formal monthly reporting and review of overtime trends, causes and budget performance***, including a monthly Agency Presidents' briefing with the MTA Chairman;
- ***formal monthly departmental audits*** of overtime earned by individual employees, including "high earners" with a focus on cause, time and attendance, continuous hours of service and payroll;
- ***new policies and procedures*** designed to strengthen time and attendance practices and the overtime authorization/approval process;
- ***advanced interactive performance dashboards*** *that provide managers and decision*-makers with additional tools to make informed decisions;
- ***analytical tools to*** *assist the MTA in evaluating when it is more cost*-effective to use overtime versus straight time; and
- ***a formal methodology to calculate employee availability*** and a series of pilot initiatives to improve it.

Several other important efforts are well underway. While the COVID-19 pandemic hampered the agencies' ability to take full advantage of biometric timekeeping during 2020, the MTA has made significant progress in migrating the agencies to the more up-to-date cloud-based version of its timekeeping system. This project is expected to be completed during 2021, after which the MTA will be able to turn its full attention to another critical technology project identified as a key recommendation: integrating multiple timekeeping and payroll systems into a single standardized system. Additionally, NYCT, MNR and LIRR are all testing automated approaches to track overtime requests and approvals.

The MTA is already reaping the benefits of its efforts to date. **MTA-wide, overtime spending dropped dramatically in both 2019 and 2020 when compared to the prior year -- 9% in 2019 and another 10% in 2020. Overall, total overtime spending declined from $1.4 billion in 2018 to $1.1 billion in 2020. The four largest agencies (New York City Transit, Long Island Rail Road. Metro-North Railroad and Bridges & Tunnels) each witnessed dramatic reductions in 2020.** This was attributable largely to effective management of the pandemic response and associated adjustments to service and sanitizing schedules; tighter prioritization of planned work; improved service reliability; and reduced unplanned work due to proactive investments in asset state of good repair.

The MTA's work is not over. As new management reforms are implemented and existing control measures are refined, they will translate into additional opportunities for cost reduction. The MTA has developed and is delivering on a plan to achieve nearly $1 billion in overtime savings over the next four years. Overtime expenses continue to make up a significant portion of the MTA's budget, and efforts that reduce overtime will play a key role in addressing the MTA's financial challenges.

Introduction

The *"Overtime Policies and Procedures" Report, prepared by Morrison & Foerster and issued in August 2019, contained 15 recommendations, including #14:*

"Issue an annual public report on overtime by the Chairperson of the MTA, including reporting on whether the MTA managed overtime to budget, and if it did not, an assessment of why overtime accruals exceeded budget."

This MTA Annual Overtime Report examines trends in overtime spending across the MTA agencies over the past three years (2018-2020), comparing actuals both to prior years and to budget. It details spending by overtime category and identifies the factors that contributed to these trends. Additionally, it explores how overtime is distributed across the workforce, measuring how much overtime employees are earning versus their base salary.

Operating a mass transportation and bridges/ tunnels system the size of the MTA – 24 hours per day and seven days per week – requires the use of overtime. The most obvious examples involve responding to emergencies and other unplanned events. In other cases, operational needs and service schedules entail extending existing employee work tours on overtime rather than bringing new staff on property. Another factor is the need to protect service during traditional peak time periods, which results in work performed when ridership is lower, such as during nights and weekends, which entails the utilization of overtime. Employee availability also plays a role, as backfilling critical positions on overtime is sometimes required to deliver appropriate service. All of this takes place in the context of existing collective bargaining agreements.

Moreover, the use of overtime can be cost-effective in some circumstances. Recommendation #8 of the Morrison and Foerster Report called upon the MTA to complete an analysis of when it is more cost efficient to use overtime rather than adding staff to meet workload demands. The OTTF's Optimization Working Group conducted this analysis by reviewing the total cost of an average straight time hour (including all fringe benefits) compared to the total cost of an average overtime hour (including potential impact on future pension earnings). The Working Group determined that:

> *"Broadly speaking, the analysis shows that the full short-term/ long-term cost of an average hour of straight time versus an hour of overtime for employees not in their FAS [Final Average Salary] years is equal. But an average hour of overtime for employees in their FAS years, which often is mandated by work rules, is much greater than an hour of straight time."*

In short, the use of overtime is an important tool for the MTA. The key is to make sure that it is only used when essential and that it represents an efficient use of resources. The development of strong policies and procedures, robust reporting tools and a management focus on cost effectiveness make this possible.

1 Report scope and definitions

1.1 Report scope

This Report examines trends in overtime spending across the MTA agencies over the past three years (2018-2020), comparing actuals both to prior years and to the budget. It details spending by overtime category and identifies the factors that contributed to these trends. Additionally, it explores how much overtime employees are earning versus their base salary and how it is distributed across the workforce.

When comparing overtime actuals to budget, the Adopted Budget is used as reference (excluding NYCT, which uses an adjusted Adopted Budget that contains updates for Subway Action Plan related items).

When comparing the overtime earned to an employee's annual base rate, the base salary is defined as the employee's annual rate on the last day of the period under review (it does not include any additional contractual obligations) – rather than the actual regular earnings of the employee during the period under review. Overtime earned is defined as per the 2020 Freedom of Information Law (FOIL) employee earnings report. Overtime eligibility is determined by the employee's union code on the last day of the period under review and whether that union code is eligible for overtime.

1.2 Overtime categories

Overtime can be classified as reimbursable or non-reimbursable. Reimbursable overtime includes work done to support projects that are reimbursed, primarily from the MTA's Capital Program, as well as through various security grant programs. Another less common source of reimbursement is work performed on behalf of third parties. Non-reimbursable overtime supports operating activities.

MTA overtime is classified under one of the ten categories listed below. Except for "Reimbursable", all categories support operating activities and are considered non-reimbursable overtime.

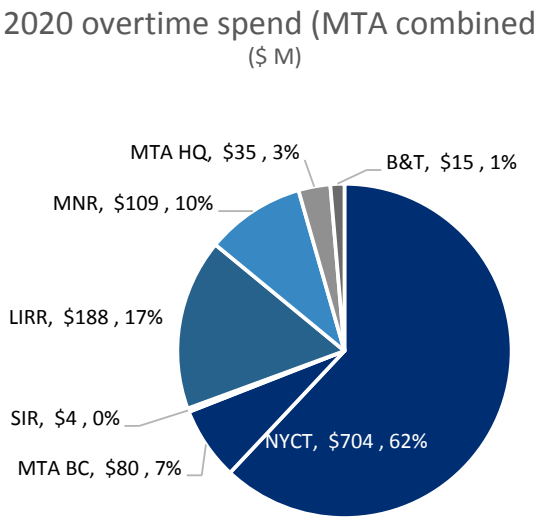
Not all agencies use each of the categories listed below and some agencies combine lesser used categories in their reporting. The relevant charts in each agency section list the categories used (if a category is not specified, it can be assumed to be included in "Other" or is not used by the agency).

1. ***Scheduled service –*** Scheduled overtime applies primarily to service delivery employees (e.g., Bus Operators, Train Operators and Conductors) who are scheduled to work crew book/regular run/ shift tours over 8 hours. It includes crew book/ regular run/ shift hours that are above their regular straight time tour. Scheduled overtime does not apply to most maintenance and non-service delivery titles (e.g., track workers, bus maintainers, security personnel, administrative/ clerical staff) even if that overtime was planned in advance. Since scheduled overtime only applies to service delivery roles, some agencies (e.g., B&T, MTA HQ) do not use it

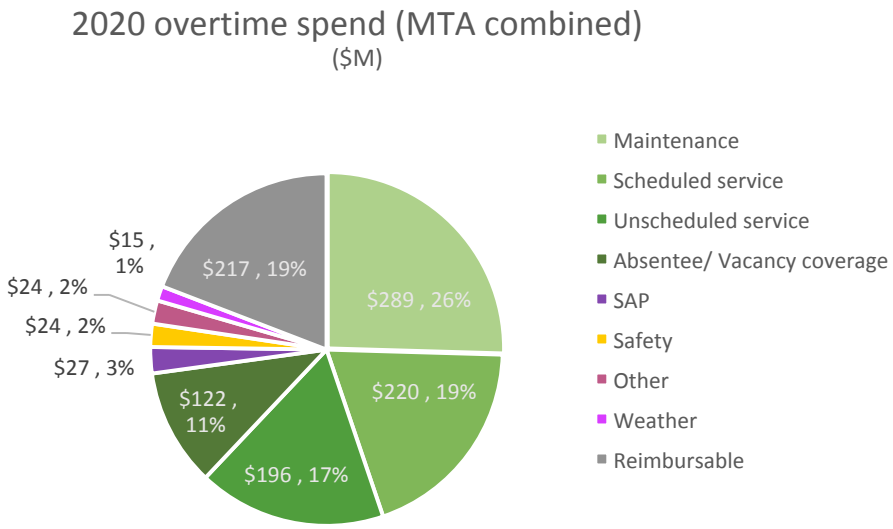
2. ***Unscheduled service –*** Overtime used to support service resulting from non-weather-related extraordinary events such as mechanical breakdowns and traffic delays
3. ***Programmatic/ Routine maintenance –*** Overtime used for planned program maintenance work, usually performed during hours that are deemed more practical in order to minimize service disruptions
4. ***Unscheduled maintenance –*** Overtime used for unplanned maintenance work resulting from non-weather-related extraordinary events such as emergency repairs and derailments
5. ***Absentee/ Vacancy coverage –*** Overtime used to provide coverage for an absent employee (vacation, sickness, etc.) or a vacant position
6. ***Weather –*** Overtime necessitated by extreme weather conditions (e.g., snow, flooding, hurricane, tornadoes), as well as preparatory and residual costs
7. ***Safety –*** Overtime used to provide additional customer/ employee protection and to secure MTA facilities and transportation routes
8. ***Other –*** Overtime coverage for clerical and administrative positions that are eligible for overtime and miscellaneous overtime
9. ***Reimbursable –*** As noted above, overtime incurred to support projects that are reimbursed from the MTA Capital Program and other third-party funding sources
10. ***Subway Action Plan (SAP) –*** *(NYCT only)* Overtime used as part of the SAP program launched in July 2017 to stabilize the Subway system and to quickly implement systemwide improvements

2 MTA (all agencies)

The MTA's total overtime spending in 2020 was $1.1 billion. Unsurprisingly, the largest portion (62%) occurred at NYCT, which is by far the biggest agency. This was followed by LIRR at 17% and MNR at 10%. It is important to note that the MTAHQ actuals of $35 million include overtime costs incurred by the MTA Police Department.



The pie chart below illustrates that in 2020 the largest category of overtime across the MTA was in the area of maintenance. This was followed by scheduled service and unscheduled service and reimbursable. The only other category that made up more than 10% of the total was absentee/ vacancy coverage. While response to weather events attracts a lot of public attention, it comprises a relatively small portion (1%) of the total overtime budget.



2.1 Trends in overtime

After a spike in 2018, overtime costs were reduced by 9% in 2019 and another 10% in 2020. The downward trend reflects the impacts of the MTA's renewed focus on overtime management. The steps taken in response to the reports from Morrison and Foerster and the OIG as well as a heightened focus at the managerial level have had a tangible effect. Examples of specific actions implemented by MTA agencies to improve oversight and control costs include:

New York City Transit:

- Implemented electronic overtime approval forms in several divisions within Subways, which allow managers to have real-time oversight for all overtime hours requested;
- Increased accountability by requiring managers to closely monitor the overtime dashboard for their respective departments;
- Implemented the Subway Action Plan and increased state of good repair (SOGR) work which has improved reliability and reduced unscheduled service adjustments;
- Reduced overtime spending on manual track cleaning with the use of new vacuum trains;
- Tightened controls on unscheduled overtime by improving "extra list" management for bus operators.

Long Island Rail Road:

- Strengthened management oversight to better plan and accomplish critical work using continuous track outages where possible;
- Improved project management to allow for more efficient use of staff, thereby reducing overall duration and the cost of work including overtime;
- Implemented electronic overtime approval forms within the Engineering Department;
- Increased focus on SOGR work and applied the principles of LIRR Forward to improve train service reliability and decrease unscheduled overtime;
- Implemented new procedures requiring employee-passengers in non-revenue fleet vehicles to swipe their ID cards at the beginning of their shifts, thereby improving ability to monitor time and attendance;
- Incorporated processes for tracking, approving, documenting, and reporting overtime into departmental Standard Operating Procedures, requiring management approval for overtime payment.

Metro-North

- Implemented a weekly overtime activity report which has encouraged managers to validate weekly overtime hours and pay as authorized and approved;
- Developed a pilot for electronic overtime pre-approval forms to provide increased oversight on overtime approvals;
- Updated Mid-Year Reviews to include questions regarding training and compliance with the overtime policy. Performance Appraisals require these fields to be completed prior to submittal.

Bridges & Tunnels:

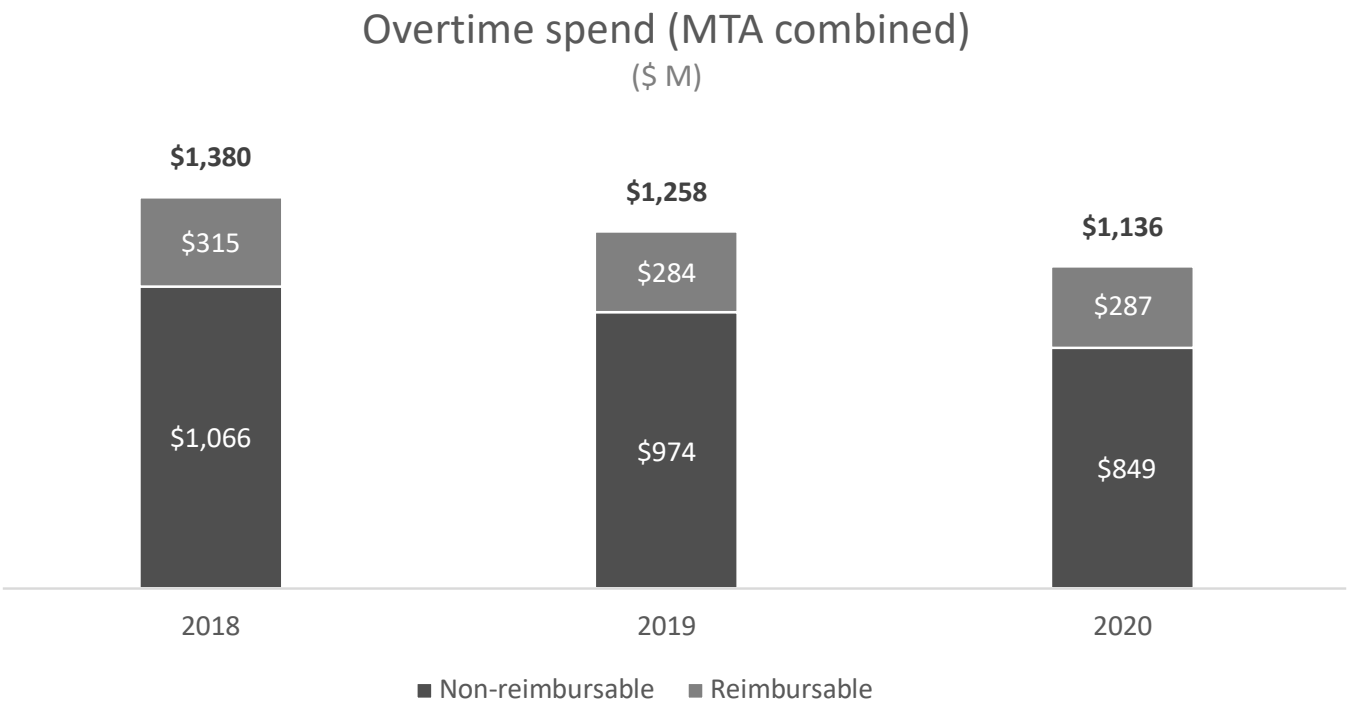
- Utilized systems to monitor employee presence at work locations, including cameras, biometrics, and employee card swipes to validate overtime discrepancies;
- Established the Central Control (Timekeeping) Unit to reconcile, validate, and confirm all overtime requests before being sent to payroll;
- Implemented scheduling, deployment, and managerial efficiencies by reviewing and prioritizing overtime needs;
- Applied an equalization policy which ensures overtime assignments are offered to the employees with the lowest amount of overtime hours first.

MTA Headquarters/PD:

- Improved the efficiency of the MTAPD "extra list" used in homeless outreach support;
- Reassigned and promoted officers to control overtime related to MTAPD special initiatives;
- Began using a new tool developed by MTA IT's Police Support Unit to track and analyze current overtime spending;
- Implemented stringent controls on administrative coverage at MTA IT and BSC.

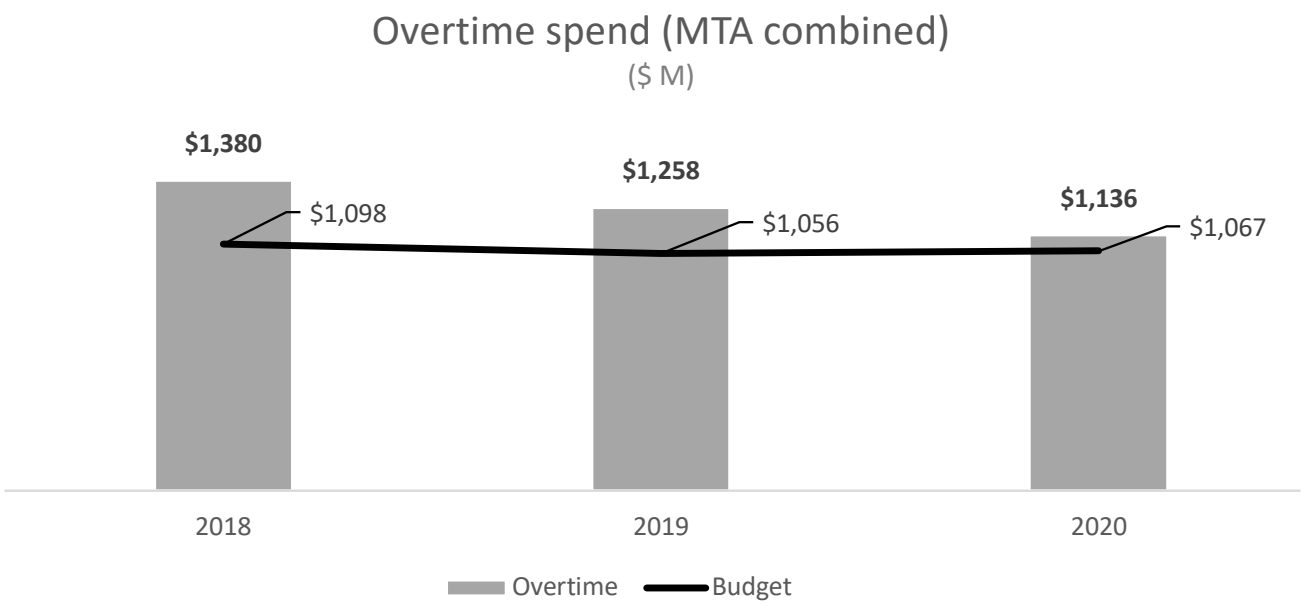
Other factors also played a role. In 2018, activity on NYCT's Subway Action Plan was at its peak and much of this work required overtime to be completed in a timely manner. Also that year, the LIRR performed a great deal of capital work on weekends when service requirements allowed to complete the Main Line Double Track Project on schedule. Per collective bargaining provisions, the vast majority of this work was paid at the overtime rate. Work in these areas and the associated overtime decreased in 2019 and 2020. Furthermore, the scaling back of service in response to COVID-19 also led to reduced overtime in 2020. Though the pandemic also required additional station and fleet sanitizing efforts (often done on overtime), these costs were more than offset by pandemic-related savings. In addition, unseasonably mild winters have also played a favorable role in recent years to a small degree.

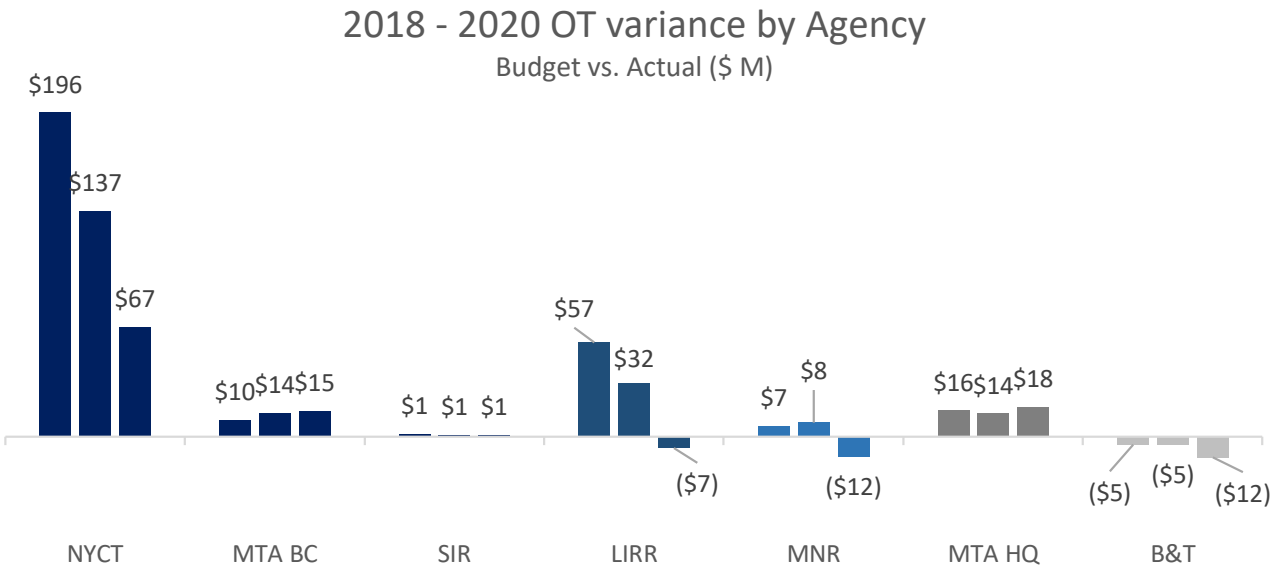
While most of these actions had a positive impact on non-reimbursable overtime, reimbursable overtime also dropped from $315 million in 2018 to $287 million in 2020. The fact that reimbursable overtime did not drop as much as non-reimbursable overtime is evidence of the MTA's responsibility to maintaining its assets in a state of good repair and of progressing several critical system expansion projects.



2.2 Performance versus budget

Comparing actual overtime costs to budgeted overtime costs allows us to assess both the reasonableness of the MTA's original budget and its ability to manage to that budget. The graph below demonstrates the progress that the MTA has made in this regard over the last year. In 2018 the MTA exceeded its original budget by $282 million (26%). In 2019 it reduced its original budget overage to $202 million (19%). In 2020, the MTA reduced it further to only $69 million (6%). NYCT, LIRR, MNR and B&T all showed dramatic improvement.

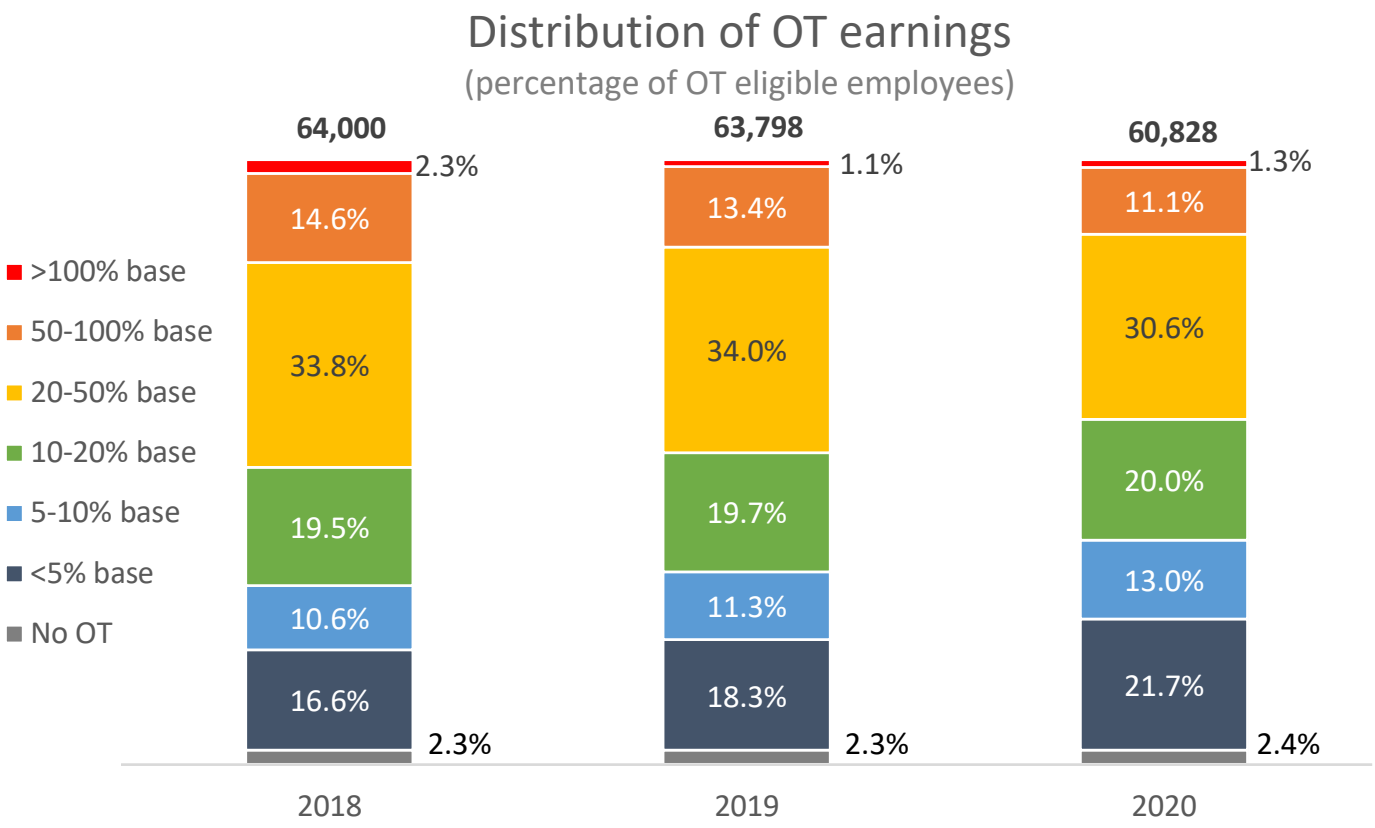




2.3 Distribution of overtime

The financial analysis of overtime versus straight time/ new hiring conducted by the Optimization Working Group and discussed in the Introduction of this Report highlights how distribution of overtime among the workforce impacts short-term and long-term costs. For this reason, it is important for management to monitor how overtime is assigned. In many cases the terms of existing collective bargaining agreements establish the procedures a department must follow when filling overtime assignments, and in many circumstances, priority is given to employees with the highest seniority. This can contribute to an environment where total overtime spending can drop but the overtime earnings for a smaller number of senior and "high earner" employees can increase. This reality must be factored into the calculation when management decides when and how to perform work.

The graph below demonstrates that in 2020 approximately 12.4% of overtime eligible employees earned overtime at a level greater than 50% of their base salary. This percent is slightly less than 14.5% in 2019 and 16.9% in 2018. At the other end of the spectrum, the percent of employees who earned overtime at a level less than 10% of their base salary has steadily grown over the last two years from 27.2% in 2018 to 34.7% in 2020. One likely explanation for this is that as the total amount of overtime available decreased after 2018, all employees, including the top earners, saw a cut in their overtime hours. Thus, there are fewer employees at the highest-earning segments.

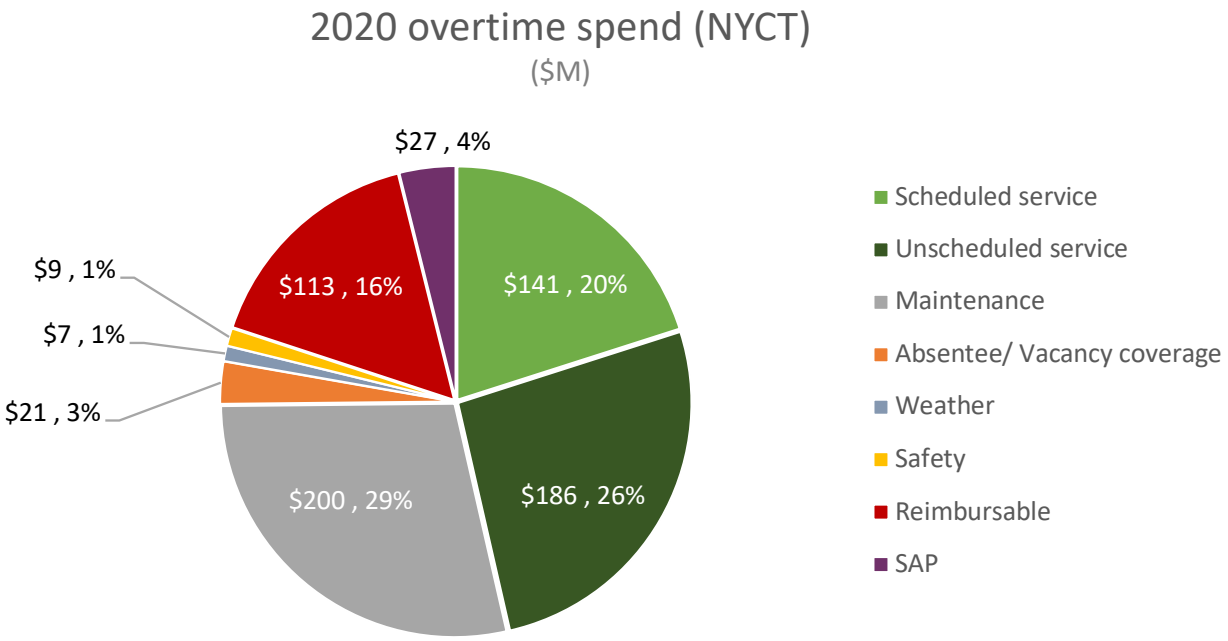

Distribution of OT earnings
(percentage of OT eligible employees)
64,000
63,798
60,828
2.3%
1.1%
1.3%
14.6%
13.4%
11.1%
33.8%
34.0%
30.6%
19.5%
19.7%
20.0%
10.6%
11.3%
13.0%
16.6%
18.3%
21.7%
2.3%
2.3%
2.4%
>100% base
50-100% base
20-50% base
10-20% base
5-10% base
<5% base
No OT
2018
2019
2020

3 New York City Transit (NYCT)

3.1 Overview

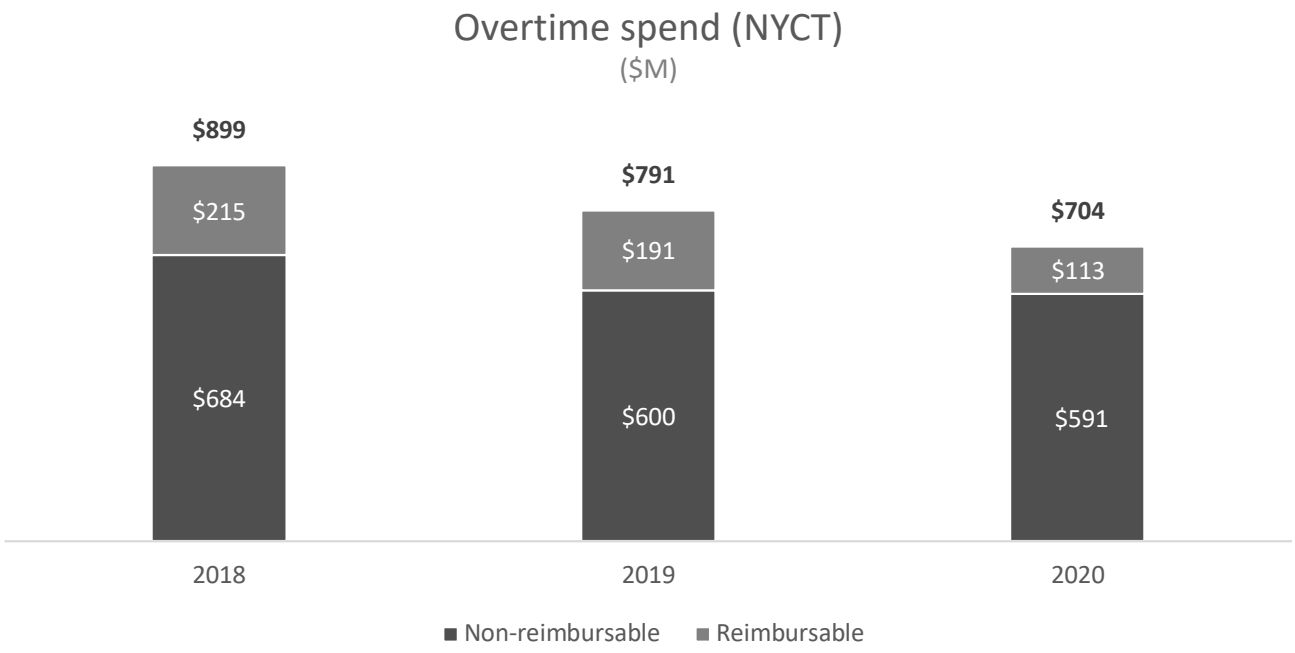
Overtime at New York City Transit (NYCT) is driven by three main overtime functions: maintenance, service and capital work. NYCT uses overtime coverage to assist with the maintenance of vehicles and right-of-way (planned and emergency), providing scheduled and unscheduled bus and train service, vacancy/ absentee coverage, weather, and capital reimbursable project activities.

NYCT overtime spending totaled $704 million in 2020. The largest category of overtime spending was maintenance, which included the Agency's COVID-19 response (enhanced cleaning) and the prioritization of inspection and maintenance. Approximately one quarter of overtime expenses were related to unscheduled service, and about one fifth was attributable to scheduled service.



3.2 Trends in overtime

NYCT classifies overtime as reimbursable or non-reimbursable, and within those two categories distinguishes between scheduled and unscheduled overtime. Scheduled overtime applies primarily to service delivery titles (e.g., Bus Operators, Train Operators and Conductors) who are scheduled to work a shift that is over 8 hours. Scheduled overtime does not apply to most maintenance and non-service delivery titles (e.g., track workers, bus maintainers) even if that overtime was planned. While this distinction does not map directly onto whether overtime is planned or unplanned, it is industry practice to budget overtime as scheduled or unscheduled in this way.



For 2018-2020, non-reimbursable overtime accounted for 78% of overtime expenses (average $625M annually). The vast majority of that was unscheduled overtime ($480M average) compared to scheduled overtime ($145M average). Reimbursable overtime accounted for 22% of overtime expenses ($173M average), virtually all of which was unscheduled overtime ($171M average).

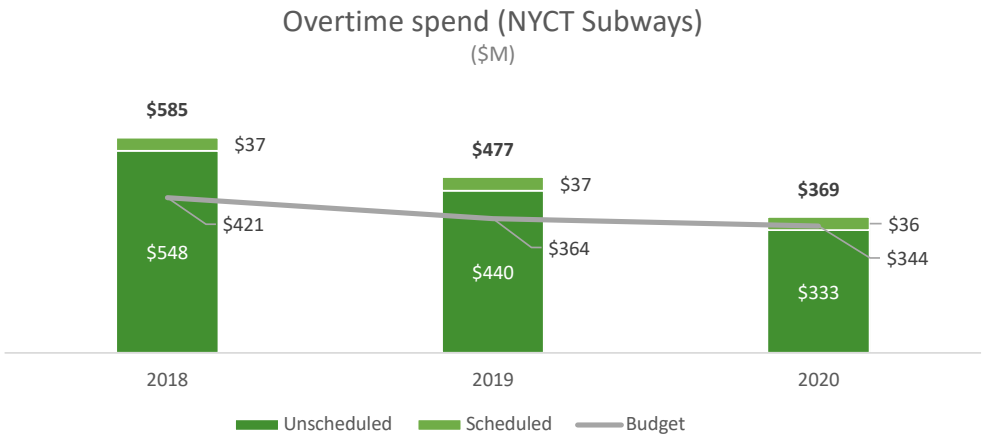
Total overtime expense decreased by $195M (21%) from 2018 to 2020, with total non-reimbursable overtime down by $93M (14%) and reimbursable overtime lower by $102M (47%). The decrease in non-reimbursable overtime was mainly due to lower Subway Action Plan (SAP) overtime which decreased by $90M (-77%) from 2018 to 2020, reflecting the completion of major one-time SAP initiatives in 2018. The reduction in reimbursable overtime was mainly due to reduced capital program activity due to COVID-19.

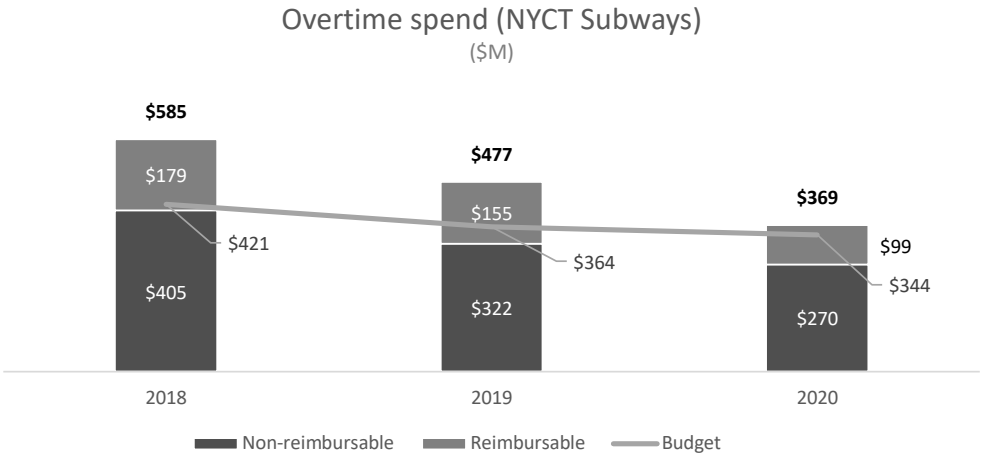
While actual spending in overtime expenses in 2018 to 2020 decreased by $195M, expenses overran the budget. In 2020 the total overrun was $66M (10%), an improvement compared with 2018 overrun of $196M (28%). In particular, non-reimbursable overruns were reduced from $110M (19%) in 2018 to $84M (16%) in 2020. The overrun in 2020 was driven by COVID-19 preventative measures, an emergency that could not be anticipated in the budget. Overall, the agency has improved its overtime performance since 2018, with annual declines in overtime spending from $899M in 2018 to $704M in 2020.

3.2.1 Department of Subways

Overtime expenses decreased by $215M from 2018 to 2020. With the impact of COVID-19 on operations and major elements of SAP completed, 2020 overtime decreased significantly. Overtime spending peaked in 2018, with significant spending for Subways Action Plan (SAP) requirements, $117M in 2018 to $27M in 2020 (77% decline).

One of the key contributors to Subways' increased overtime in 2018 was SAP. The program was launched in July 2017 to stabilize the Subway system and to quickly implement systemwide improvements over an initial 18-month period from mid-2017 through 2018. All Subway divisions had large increases in overtime in 2018 due to SAP and all saw major declines in overtime expenditure from 2018 to 2020, mainly due to decreases in SAP spending resulting from resources diverted due to COVID-19 response and prioritization of inspection and maintenance.

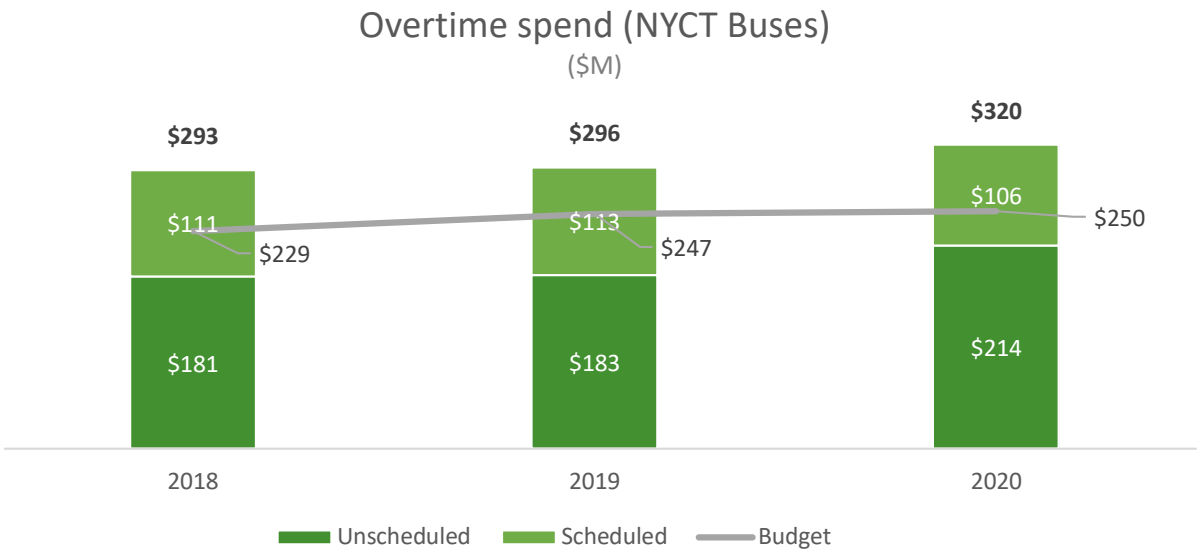




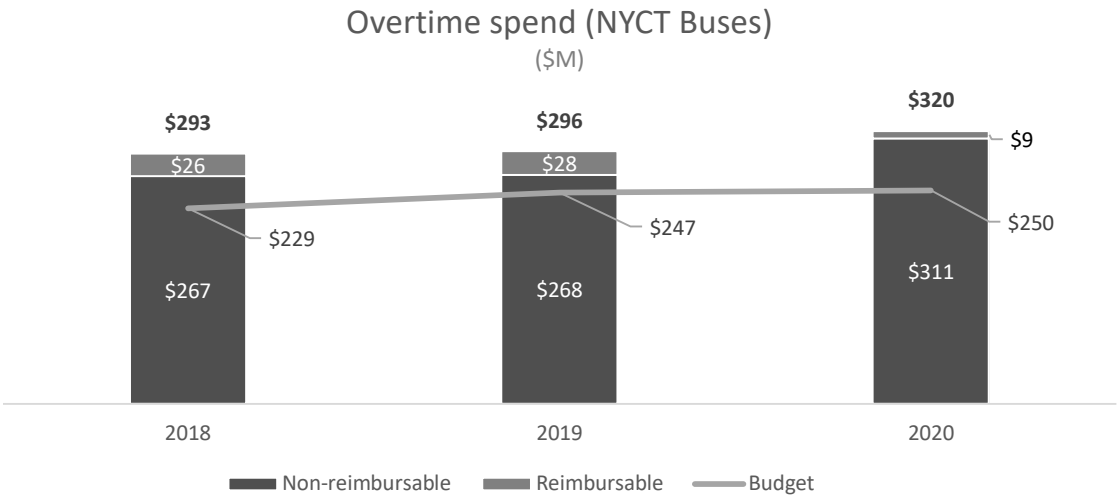
Although overtime spending from 2018 to 2020 has declined, actual spending has overrun the budget. In 2020, the total overrun was $25M (7%), an improvement compared with the 2018 overrun of $163M (39%). In particular, non-reimbursable overruns were reduced from $97M (31%) in 2018 to $32M (13%) in 2020.

3.2.2 Department of Buses

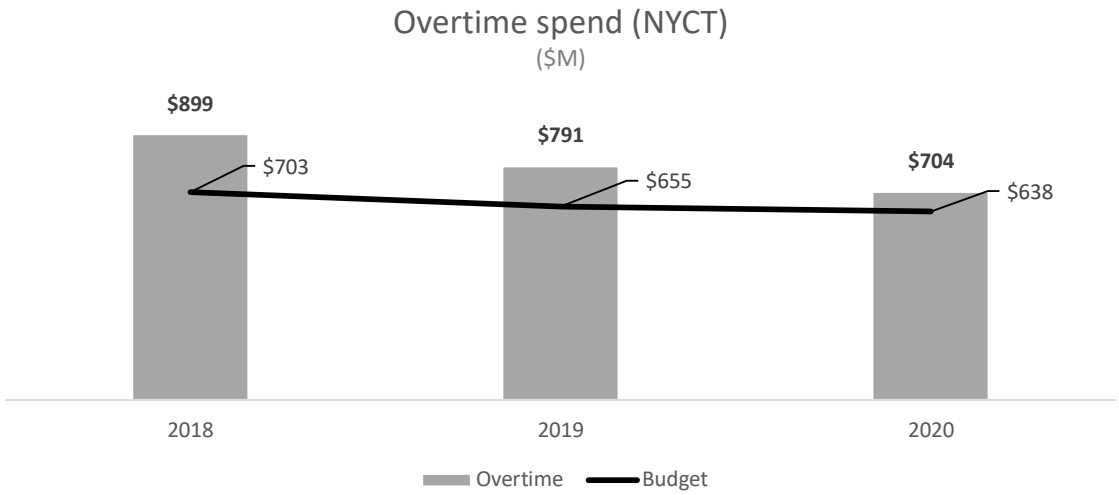
Total overtime spending increased by $27M (9%) from 2018 to 2020. Non-reimbursable costs increased by $44M (16%), with scheduled overtime up $7M (7%), mainly due to unscheduled overtime up $32M (18%), offset by decrease in scheduled overtime $5M (-5%). The increase in non-reimbursable unscheduled overtime is largely due to COVID-19 cleaning/disinfecting requirements, and worsening availability. Reimbursable overtime costs decreased by $17M (65%), mainly due to decrease in capital project support due to COVID-19.



Overtime spending and budget variance from 2018 to 2020 has increased. In 2020, the total overrun was $70M (28%), an increase compared with the 2018 overrun of $64M (28%). In particular, non-reimbursable overruns increased from $46M (21%) in 2017 to $76M (32%) in 2020. The increase was attributable to COVID-19 service plans, cleaning and disinfection, and availability continued to be an issue. Buses continues to strengthen the budget adherence process and to investigate overtime drivers.



3.3 Performance versus budget



2020 Total NYCT overtime was $66 million over budget ($704 million actual vs $638 million budget).

- Maintenance (Unscheduled) overtime was $78 million over budget largely driven by the impact of COVID-19.
- Weather overtime was $10 million under budget due to favorable weather patterns and effective storm response management.
- Scheduled Service overtime was $9 million under budget related to COVID-19.
- Unscheduled Service overtime was $37 million over budget due to COVID-19 service adjustments including overnight subway closures and increased overnight bus service.
- SAP was under budget by $18 million because of other priority initiatives such as cleaning and disinfection due to COVID-19.
- Absence Coverage was over budget by $6 million resulting from availability impacts do to COVID-19 and the agency-wide hiring freeze.
- Reimbursable overtime was under budget by $17 million due to the temporary suspension of capital work due to COVID-19.

2019 Total NYCT overtime was $137 million over budget ($791 million actual vs $654 million budget).

- Maintenance (Unscheduled) overtime was $25 million over budget largely driven by work on the right-of-way and rolling stock.
- Weather overtime was $5 million under budget due to favorable weather patterns and effective storm response management.
- Scheduled Service overtime was $4 million under budget related to bus operator and train crew availability.
- Unscheduled Service overtime was $29 million over budget primarily due to subway service delays and bus traffic congestion, which increase running time and generate delay overtime, as well as overruns in service supervision resulting from intensified efforts to reduce delays and mitigate delay impacts.
- SAP was over budget by $24 million due to increased work levels to complete major projects associated with this program.
- Absence Coverage was over budget by $5 million primarily due to bus operator and train crew availability.
- Reimbursable overtime was over budget by $64 million and was mainly due to the L Tunnel reconstruction project.

2018 Total NYCT overtime was $196 million over budget ($899 million actual vs $703 million budget).

- Maintenance (Unscheduled) overtime was $11 million over budget, largely driven by work on the right-of-way and rolling stock.
- Weather overtime was $22 million over budget due to unfavorable weather.
- Scheduled Service overtime was $1 million under budget related to bus operator and train crew availability.
- Unscheduled Service overtime was $50 million over budget and is primarily due to operational issues, including delays, running times, traffic delays, and supervisory coverage at the Rail Control Center (RCC).
- SAP was over budget by $9 million due to increased work levels to complete major projects associated with this program.
- Absence Coverage was over budget by $19 million largely due to bus operator and train crew availability.
- Reimbursable overtime was over budget by $86 million and was mainly due to additional capital support.

3.3.1 Scheduled service

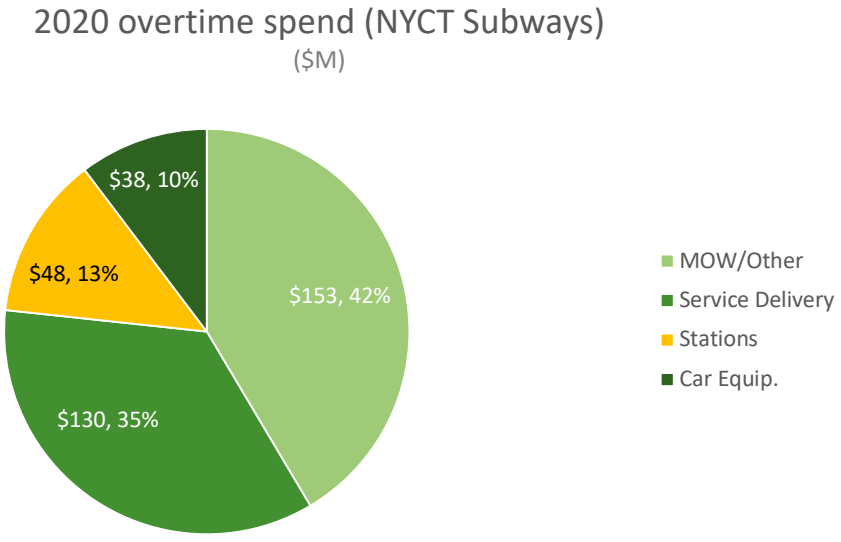
Scheduled service -- Accounted for ~23% of non-reimbursable overtime expenses from 2018-2020. Variances from budget are minor as the budget is adjusted for changes in running time and other service adjustments, such as guideline changes, on an annual basis.

3.3.2 Unscheduled service

Unscheduled service -- Accounted for ~28% of non-reimbursable overtime expenses from 2018-2020 and is primarily due to subway service delays and bus traffic congestion, which increase running time and generate delay overtime, as well as overruns in service supervision resulting from intensified efforts to reduce delays and mitigate delay impacts. While still over budget the 2020 overrun was $13 million less than overrun in 2018. Progress in this area is attributable to tighter management controls.

Maintenance (Planned & Emergency) – Accounted for ~27% of non-reimbursable overtime expenses from 2018-2020 and includes overtime used for rolling stock maintenance, station, car, bus and facility cleaning, and Right of Way (ROW) maintenance. 2020 continues to trend higher than budget mainly due to COVID-19 preventive measures.

Subway Action Plan (SAP)-- Overtime is one of the key contributors to Subways increased overtime and accounted for 12% of non-reimbursable overtime expenses from 2018-2020. The program was launched in July 2017 to stabilize the Subway system and quickly implement systemwide improvements over an initial 18-month period from mid-2017 through 2018. From 2018 to 2019, all divisions saw major declines except for Stations, as major SAP elements were completed by the end of 2018. 2020 SAP overtime is under budget due to other priority initiatives such as cleaning and disinfecting because of COVID-19.



Absentee/ Vacancy coverage – Accounted for ~4% of non-reimbursable overtime expenses from 2018-2020. While NYCT has been largely successful in maintaining an overall low vacancy rate of less than 1%, vacancies for specific titles in certain periods can be greater than forecast and this requires additional overtime to fill the gap.

A certain number of 'unavailable' days is assumed for all employees due to vacations, holidays, sick time, and other time out of work. The size of the workforce is based on the number of available days expected on average. When availability decreases below this expected level, the result is more absences that need to be filled using overtime.

In 2018 availability was 1.7 days below goal, mainly due to higher absences from Training (0.9 days), Unpaid Sick (0.6 days), and injured-on-duty (IOD) (0.4 days). There were significant availability shortfalls in major titles including Train Operator, Conductor, Station Cleaner, Station Agent, Bus Operator, and Bus Maintainer.

In 2020 availability was impacted by COVID-19 and the agency-wide hiring freeze.

Weather -- Accounted for ~4% of non-reimbursable overtime expenses from 2018-2020. Maintaining service during significant weather events, such as snowstorms, requires extra shifts from employees to clear snow from stations, move vehicles to protected locations, and respond to an increased number of incidents. Weather events can also result in overtime due to slower service (e.g., bus routes take longer to complete than originally scheduled). While some overtime work for weather is budgeted, since weather is unpredictable by nature, the extra work that results is completed on overtime. Two consecutive mild winters contributed to overtime spending in this category falling below budget in 2019 and 2020.

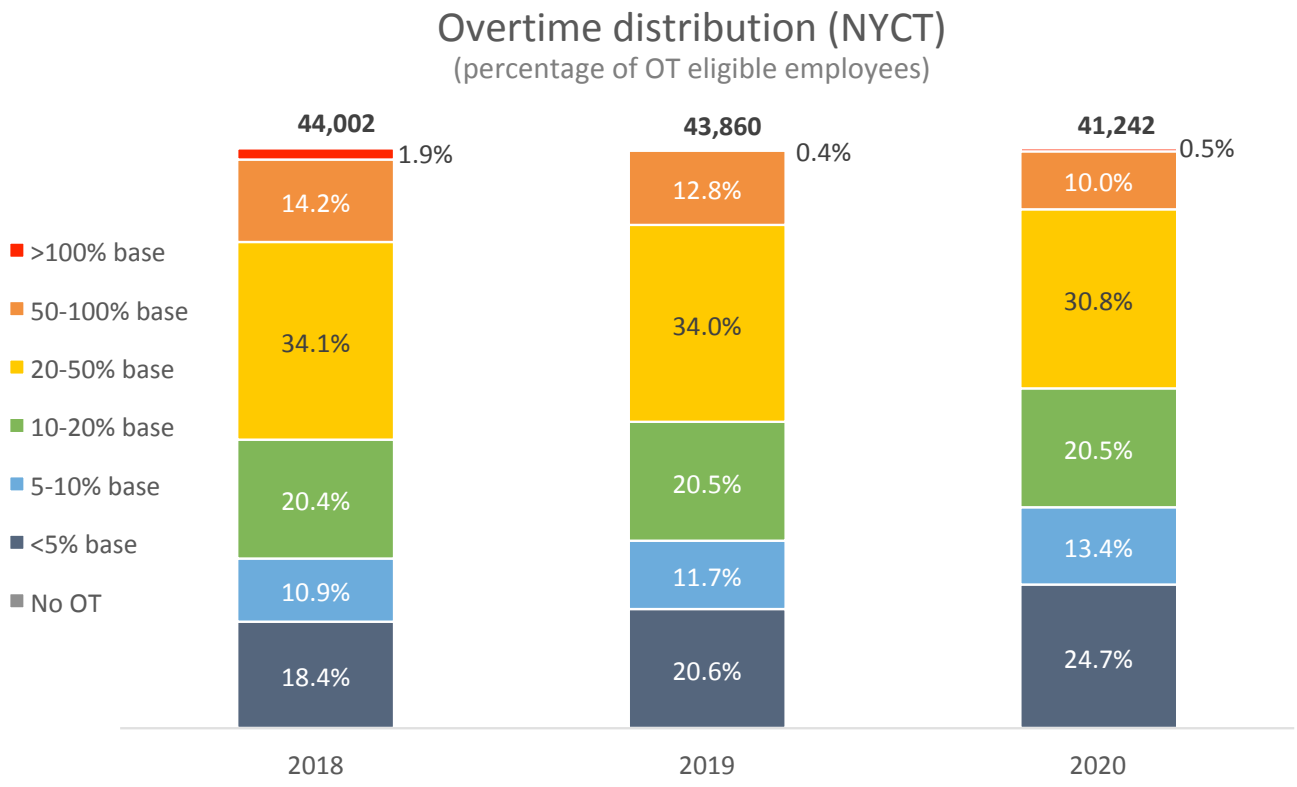
Other -- Accounted for ~1% of non-reimbursable overtime expenses from 2018-2020. This category includes overtime used to provide additional customer/ employee protection and to secure facilities and transportation routes, and overtime coverage for professional positions that are eligible for overtime, and miscellaneous overtime. Overtime results in this category are usually favorable compared to budget.

3.3.3 Reimbursable

Reimbursable -- Accounted for 22% of total overtime expenses in 2018-2020. Reimbursable overtime is used to support projects that are reimbursed from the MTA Capital Program and other funding sources. Subways has a significantly larger proportion of reimbursable overtime than Buses due to the number of subway capital projects and the complexities associated with capital construction in the subway environment. In 2020 Reimbursable was impacted by COVID-19 and the agency-wide hiring freeze.

3.4 Distribution of overtime

Average overtime earnings for full-year active operating employees declined from $20.4K in 2018 to $16.2K in 2020. Average overtime earnings as a percentage of base pay decreased from 29.0% in 2018 to 22.4% in 2020. In terms of high overtime earners, 10.5% of employees had overtime earnings equivalent to 50% or more of their base pay in 2020, while 2018 saw a spike to 16%. In 2018, 854 employees (1.9%) had earnings over 100% of base pay, but in 2020 this figure was just 218 employees (0.5%).

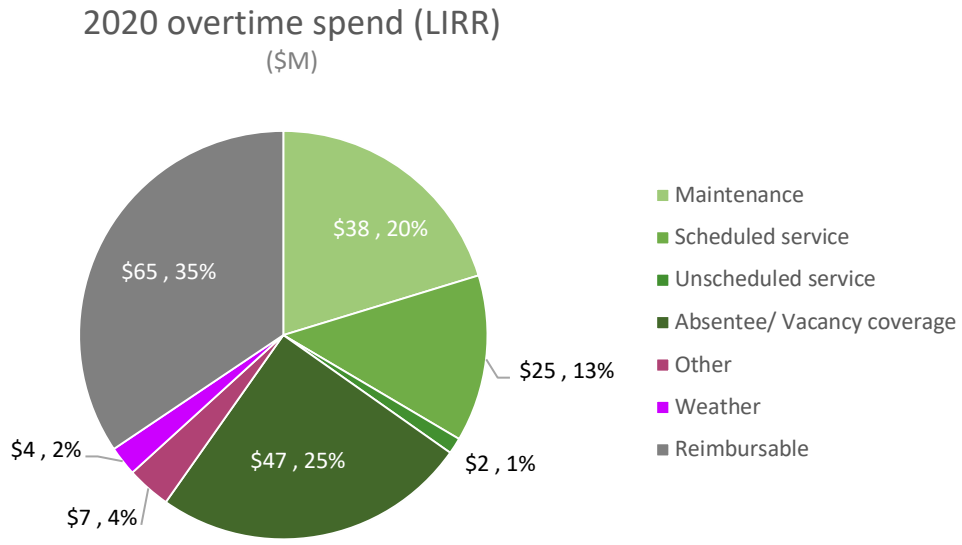

Overtime distribution (NYCT)
(percentage of OT eligible employees)
>100% base
50-100% base
20-50% base
10-20% base
5-10% base
<5% base
No OT
44,002
1.9%
14.2%
34.1%
20.4%
10.9%
18.4%
43,860
0.4%
12.8%
34.0%
20.5%
11.7%
20.6%
41,242
0.5%
10.0%
30.8%
20.5%
13.4%
24.7%
2018
2019
2020

4 Long Island Rail Road (LIRR)

4.1 Overview

Overtime at the Long Island Rail Road (LIRR) is driven by four main overtime eligible departments: Engineering, Equipment, Transportation, and Stations. The LIRR uses overtime coverage to assist with providing scheduled and unscheduled service, maintenance (planned and emergency), vacancy/absentee coverage, weather, and capital reimbursable project activities.

LIRR overtime spending totaled $188 million in 2020. The largest category of overtime spending was reimbursable overtime, reflecting the Agency's aggressive capital program. Approximately one quarter of overtime expenses were related to absentee/vacancy coverage, and about one fifth was attributable to maintenance activities.



4.2 Trends in overtime

For the second consecutive year, the LIRR achieved significant reductions in overtime spending. Expenditures dropped from $219 million (2018) to $201 million (2019). In 2020, they dropped again by another $13 million (7%) when compared to 2019. Non-reimbursable overtime was reduced by an even greater margin - $22 million (15%). The dramatic reduction in non-reimbursable was largely attributable to a series of management actions, including LIRR Forward, that the Agency took in the context of a year when the COVID-19 pandemic dramatically affected operations.

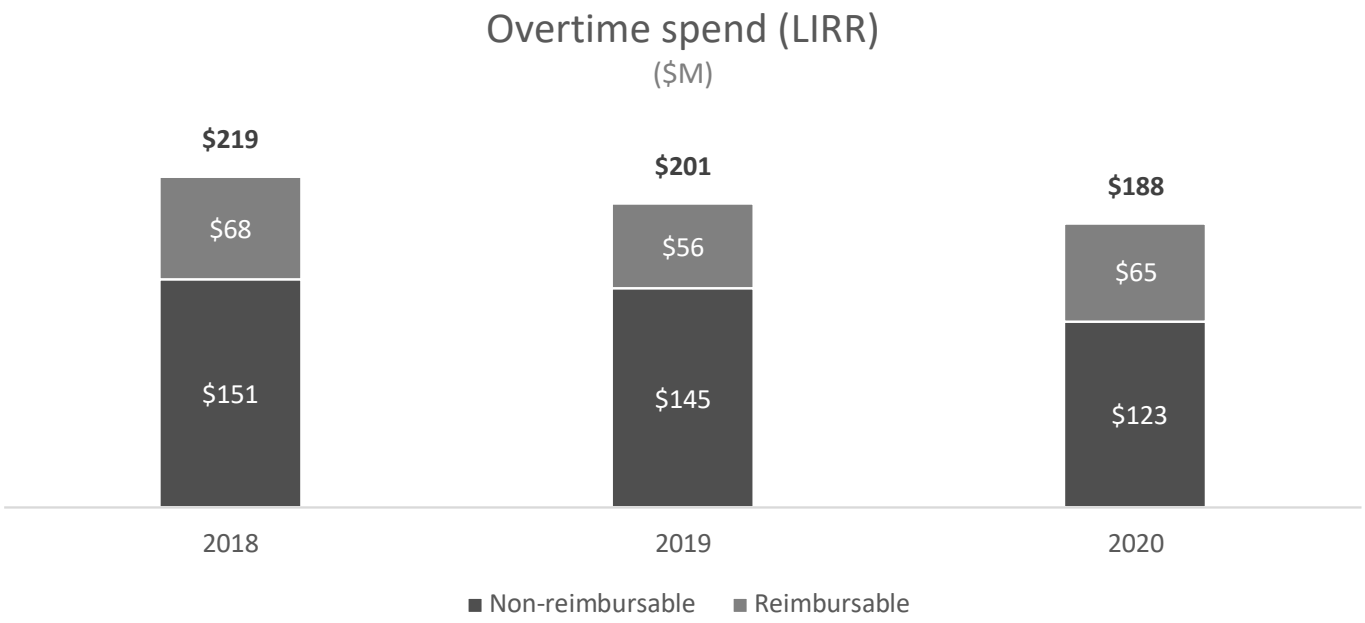
Key to the LIRR's overtime management strategy was executive leadership's strong and clear communication to staff at all levels of the importance of effectively controlling overtime usage and spending. Management in the operating departments incorporated this philosophy into their daily activities. The LIRR Overtime Task Force continued to meet with the President to discuss trends, the status of initiatives and high earners. New tools such as the MTA Overtime Dashboard were introduced to assist Department staff in their analysis. In addition, rigorous monthly reviews of overtime approval, time and attendance and payroll records enhance internal controls.

The COVID-19 pandemic posed unique challenges in 2020. New demands were placed on the LIRR, particularly in the areas of station and fleet sanitizing. Much of this work had to be performed on overtime especially considering increased unavailability due to the large number of employees who needed to be quarantined for health/safety reasons. The departments managed their resources effectively, and the net impact of COVID-19 was a reduction of $6.4 million in overtime.

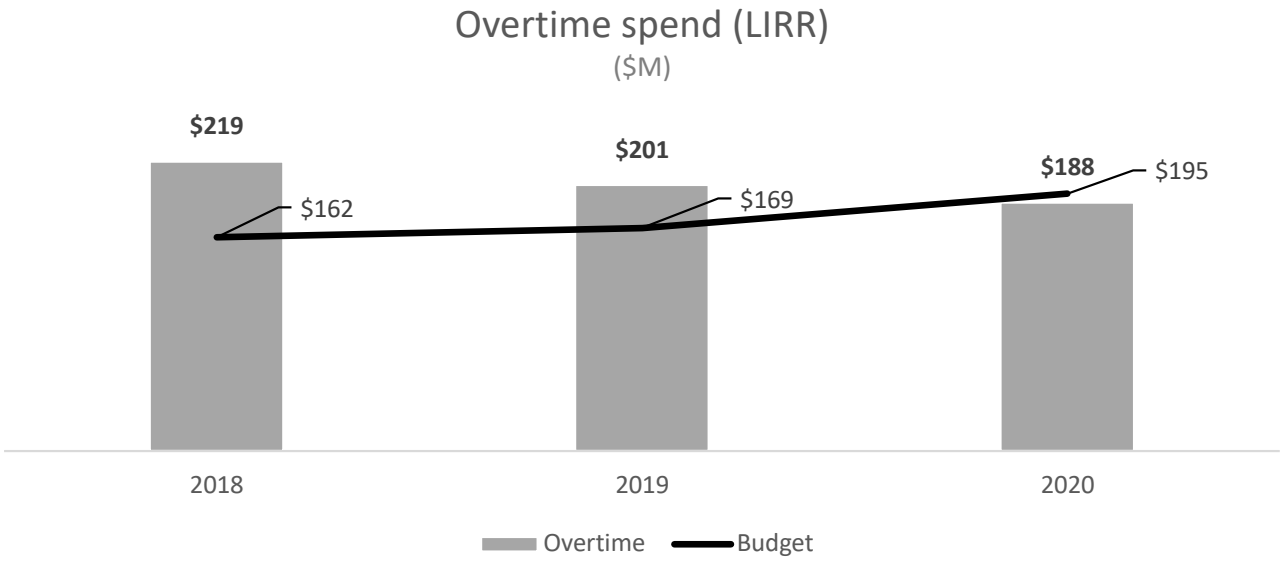
Another critical factor in the LIRR's 2020 success was the continued focus on maintaining assets in a state of good repair. These capital investments simultaneously reduced the frequency of unplanned maintenance on overtime, and improved train service thereby decreasing unplanned overtime due to perturbed situations.

In the Engineering Track Department, managers skillfully pre-planned and prioritized their work projects, including staffing needs and took advantage of more daytime track outages when possible to limit overtime expenses and allow for more productive use of time by minimizing time to mobilize and demobilize during shorter time outages.

Total reimbursable overtime has fluctuated somewhat dramatically in the last three years due to the timing of work on several large capital projects. In 2018, spending reached $68 million due to the intensive effort to complete the Main Line Double Track Project as well as other projects including East Side Access. 2019 spending dropped to $56 million after the completion of the Main Line Double Track Project. Reimbursable overtime grew to $65 million in 2020 due to the LIRR's ambitious Annual Track Program and the Main Line Expansion Project alongside continued East Side Access efforts.



4.3 Performance versus budget



2020 Total LIRR overtime was $7 million under budget ($188 million actual vs $195 million budget).

- Maintenance (Scheduled/Unscheduled) overtime was $16 million under budget largely driven by management decisions to mitigate the impact of COVID-19 while still providing essential train service plan vs normal weekday/weekend service.
- Weather overtime was $5 million under budget due to favorable weather patterns and effective management of storm response.
- Scheduled Service overtime was $3 million under budget related to the essential service plan related to COVID-19.
- Unscheduled Service overtime was $3 million under budget due to improved train service reliability and the impacts of maintaining assets in a state of good repair and the impact essential service plan related to COVID-19.
- Reimbursable overtime was over budget by $14 million as LIRR-supported critical capital projects were accelerated and advanced more rapidly than originally planned, including Main Line Expansion, East Side Access, and the Annual Track Program.
- Other overtime $5 million over budget related to pay rates differences.

2019 Total LIRR overtime was $32 million over budget ($201 million actual vs $169 million budget).

- Reimbursable overtime was over budget by $23 million as critical capital projects were advanced more rapidly than planned, including Main Line Expansion, East Side Access, and the Annual Track Program.
- Vacancy/Absentee Coverage overtime was over budget $8 million largely driven by the existence of a large number of vacant positions.

2018 Total LIRR overtime was $57 million over budget ($219 million actual vs $162 million budget).

- Reimbursable overtime was over budget by $32 million as critical capital projects were advanced more rapidly than planned, including the Main Line Double Track, East Side Access, East & Western Rail Yard and the Annual Track Program.
- Vacancy/Absentee Coverage overtime was over budget $12 million largely driven by the existence of a large number of vacant positions.
- Maintenance (Scheduled/Unscheduled overtime was over budget $6 million largely driven by unanticipated Amtrak state of good repair work at Penn Station and LIRR Forward initiatives.

4.3.1 Scheduled overtime

Scheduled service – After two consecutive years of ending the year over budget, the LIRR was able to bring this category below budget in 2020. This was largely attributable to the Agency's success at better aligning to the crew book to train service levels. The LIRR's effective management of staffing resources during the pandemic also played an important role in achieving these efficiencies and savings.

4.3.2 Unscheduled overtime

Unscheduled service – This category was under budget in two of the last three years and reflects the improving condition of the LIRR's assets and enhanced service reliability. The significant 2020 reduction are driven by the impacted by COVID-19 service reductions and improved service reliability. The spike in 2018 was largely driven by additional staffing necessary to support the US Open Golf Tournament at Shinnecock Hills.

Maintenance (Planned & Emergency) – Overtime used for planned program maintenance work, usually performed during hours that are deemed more practical in order to minimize service disruptions, and overtime used to complete unplanned/emergency maintenance work resulting from a non-weather-related extraordinary events was brought well below budget in 2020. Progress in this area was attributable to tighter management controls, particularly in the Track Department, and the Agency's effective management of resources during the pandemic. These gains were partially offset by unscheduled maintenance related to COVID-19 sanitizing efforts that were not anticipated in the budget. The overages in 2018 and 2019 were largely driven by unanticipated Amtrak state of good repair work at Penn Station and LIRR Forward initiatives.

Absentee/ Vacancy coverage – The LIRR experienced significant improvement in its budget performance in this category during 2020. Again, this was largely attributable to the Agency's efforts at managing its workforce during the pandemic. In prior years, the LIRR experienced a large number of vacancies, particularly in the Maintenance of Equipment Department, which required staff to be assigned on overtime to complete required work.

Weather – Two consecutive mild winters contributed to overtime spending in this category falling below budget in 2019 and 2020. The LIRR will continue to explore ways to minimize weather-related overtime expenses, even when storm events arise. When weather events do arise, the LIRR will continue to apply enhanced management oversight to restore service as rapidly as possible like it did during 2020's Isaias event.

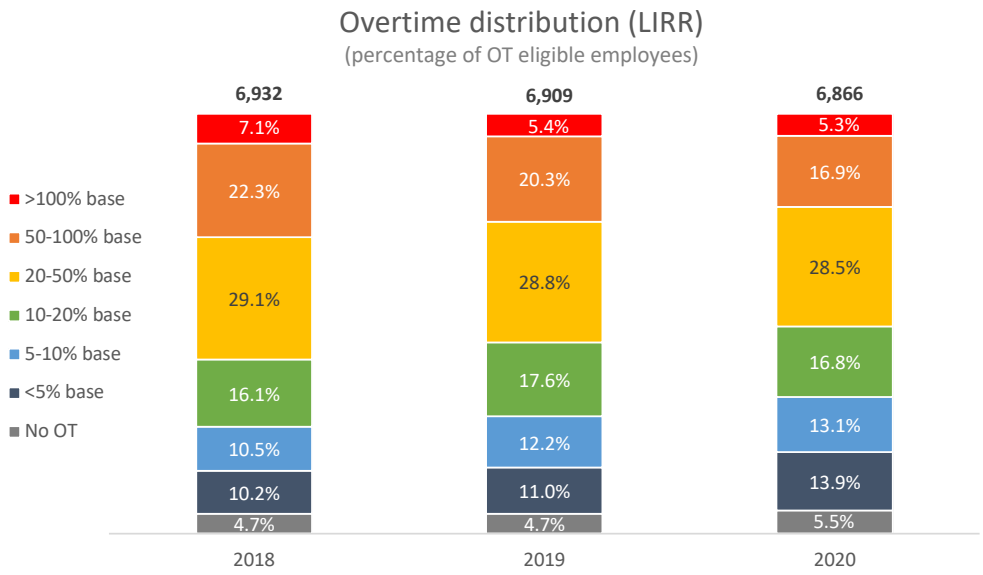
Other – The primary causes of overtime in this category relates to employee pay rates, which are difficult for the Agency to accurately forecast in advance, thereby producing budget variances.

4.3.3 Reimbursable

Reimbursable – The vast majority of the LIRR's reimbursable overtime is related to MTA-LIRR capital project activity. A smaller amount relates to work performed by LIRR forces to support the work of private entities including businesses real estate developers and outside government agencies.

The LIRR has been working hard to better forecast reimbursable capital activity in its original budget and budget performance has steadily improved over the last three years. Still, it is a challenge as the timing of numerous system expansion projects such as Main Line Double Track, Main Line Expansion and East Side Access have been difficult to predict. Even the workplan for the annual track and concrete tie replacement programs were not finalized until after the budget was developed.

4.4 Distribution of overtime



For many crafts at the LIRR, overtime assignments are determined based on seniority per existing collective bargaining agreements (CBAs). In some cases, the respective collective bargaining unit conducts the call-out itself for staff to work overtime, as opposed to management. While existing work rules exert a significant impact on the LIRR's overtime usage and spending patterns, LIRR management has learned to operate within these parameters and perform work properly, safely and in a timely manner.

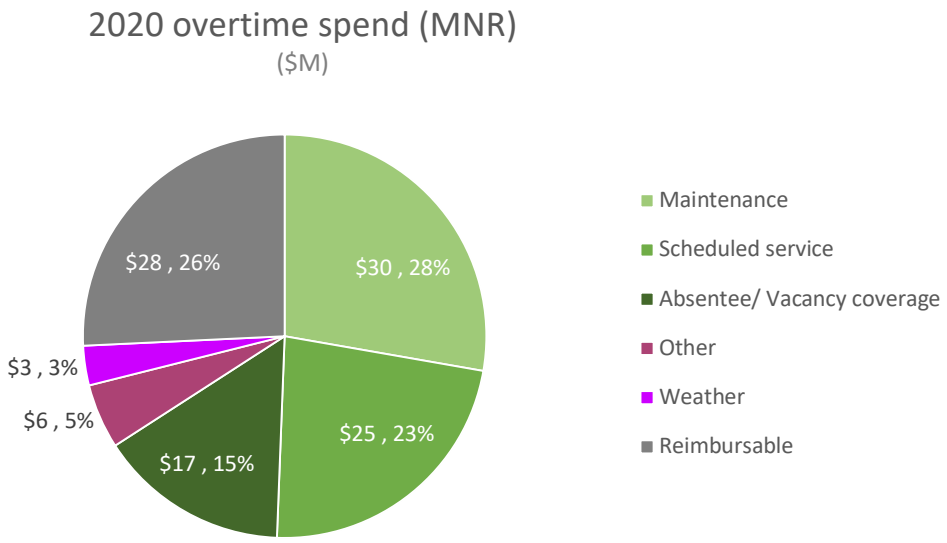
Overtime top earners (those earning greater than 50% of their base salary in overtime) decreased from 29.4% in 2018 to 22.2% in 2020. These top earners were primary in the Engineering Track Department where overtime was mostly driven by East Side Access, Eastern/Western Rail Yard, Main Line Double Track, programmatic routine maintenance, and emergency repairs. The other groupings have remained relatively static.

5 Metro-North Railroad (MNR)

5.1 Overview

Overtime at Metro North Railroad (MNR) is driven by four main overtime eligible departments: Maintenance of Way, Maintenance of Equipment, Transportation, and Customer Service & Stations. MNR uses overtime to assist with providing scheduled and unscheduled service, maintenance (planned and emergency), vacancy/ absentee coverage, weather, and long-term infrastructure investment activities.

MNR overtime spending totaled $109 million in 2020. The largest category of overtime spending (28%) was maintenance activity overtime, reflecting the Agency's investment in scheduled infrastructure projects. Approximately one quarter of overtime expenses were related to scheduled service, and one-fifth was attributable to absentee/vacancy coverage.



5.2 Trends in Overtime

Metro-North Railroad (MNR) uses overtime to ensure the safety of MNR employees, customers and infrastructure, and the reliability of MNR service. Overtime at MNR is distributed by craft per each of their specific collective bargaining agreements. Overtime use consists of two elements; operational and infrastructure investment. Operational needs include train service, maintenance programs, and job coverage, as well as emergency response. Much of this overtime is allocated based on the distribution of staff to cover train schedules and asset maintenance plans. If the use of overtime was not available at current budgeted levels, a much higher full-time represented staff would be needed to provide the quantity of service and address necessary state-of-good repair and system improvement requirements. Weather overtime is incurred to prepare for or recover from significant weather events. The second overtime aspect supports the long-term infrastructure investments throughout the Metro-North territory, both in New York and Connecticut.

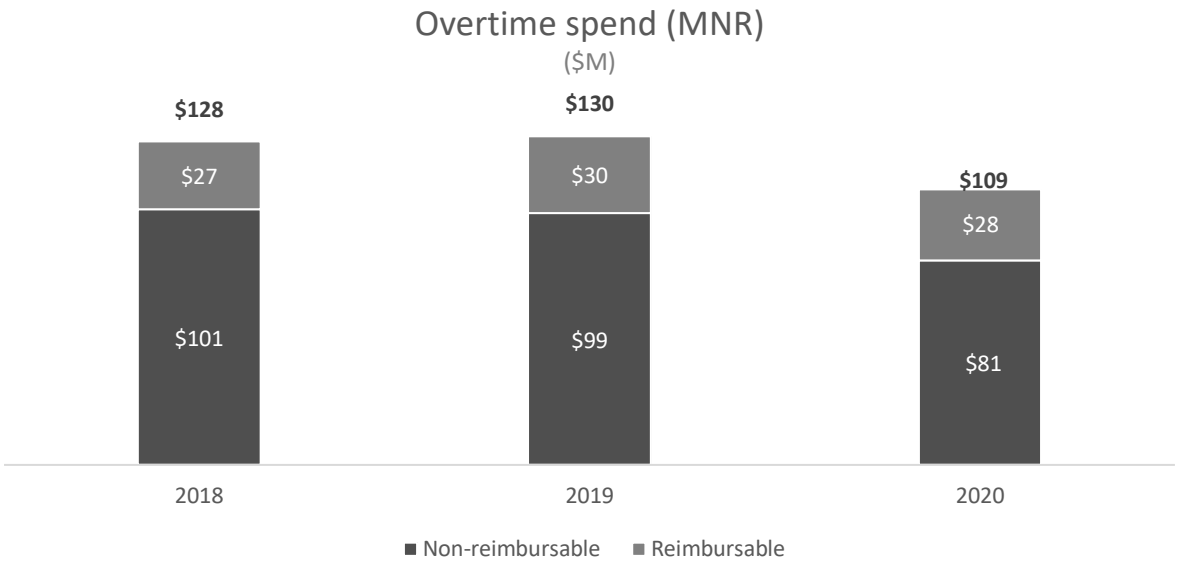
MNR's operations overtime budget process looks to maintain a consistent annual amount of total overtime hours, therefore only changes in hourly wages generally make up most of the year-over-year increases in a financial plan cycle. On the rare occasions when a department requests an increase to overtime budgets, MNR executive leadership evaluates the relevancy of the need during regular scheduled financial plan reviews. The 2020 operations overtime budget reflects an MTA-Board mandated 5% ($4.8M) reduction that was incorporated in the 2020 Budget adopted in February.

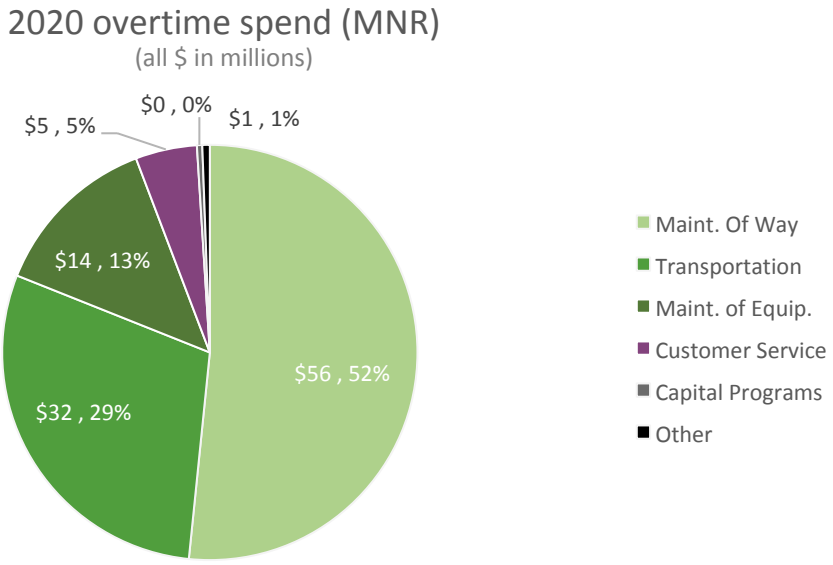
The infrastructure investment overtime is driven by the scheduled projects. The functions include various construction crafts, as well as qualified flagging personnel needed to ensure right-of-way worker safety. Due to the nature of the projects, much of the productive time for these projects occurs when service levels are low or are not running such as overnight and weekends.

MNR overtime was $109 million in 2020 compared to $130 million in 2019 and $128 million in 2018. The 2020 favorable amount compared to budget of $12 million (10%) is the result of reduced scheduled service reflecting lower ridership demand since arrival of COIVD-19 in New York metropolitan region, relatively few weather events throughout the year. These decreases to overtime usage were offset by increased COVID-19 cleaning and disinfection protocols and overtime needs at stations and on rolling stock. The 2019 unfavorable amount compared to budget of $9 million (7%) was due to increased state-of-good-repair and new infrastructure work, and coverage of required staff positions. The 2018 unfavorable amount compared to budget of $7 million (6%) was due to significant weather events in the first quarter of the year and additional state-of-good-repair and new infrastructure work. The year-over-year decrease from 2019 to 2020 is mainly due to COVID-19 service reductions and lower weather events.

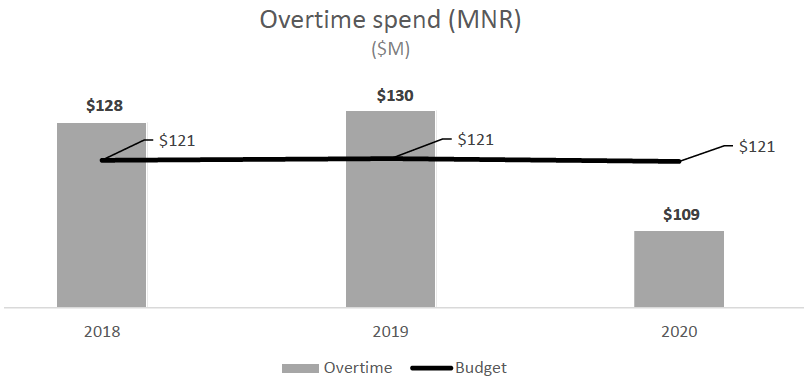
In 2020, Metro-North continued the level of overtime reporting that was expanded in 2019 with numerous views, including high-earner reports, available to management and department users. The reporting includes consolidated summaries based on causality and departments as well as details on individual's earnings and hours in a month. With the adoption of a reduced financial close cycle, Metro-North has been able to distribute the overtime reporting to department heads and managers with improved timeliness of the information. Additional Overtime reporting has been implemented via a weekly distribution of Overtime payroll activity by department and type. In addition to payroll activity, the weekly file also includes a view of overtime hours for the related pay period as reported in the MTA Overtime Dashboard (WEBFOCUS application). This report is distributed to nearly 90 senior staff and mid-level managers.

2020 Non-Reimbursable overtime accounts for 74% of annual overtime costs. Connecticut paid 27% of the non-reimbursable overtime and 100% of Connecticut specific reimbursable overtime, which equates to approximately 30% of the annual reimbursable total; Connecticut consistently pays 30% of the total overtime year to year.


Overtime spend (MNR)
($M)
$128
$27
$101
$130
$30
$99
$109
$28
$81
2018
2019
2020
Non-reimbursable
Reimbursable


2020 overtime spend (MNR)
(all $ in millions)
$0 , 0%
$1 , 1%
$5 , 5%
$14 , 13%
$56 , 52%
$32 , 29%
Maint. Of Way
Transportation
Maint. of Equip.
Customer Service
Capital Programs
Other

5.3 Performance versus budget



2020 Total MNR overtime was $12 million under budget ($109 million actual vs $121 million budget).

- Scheduled Service overtime was $14 million under budget due to the implementation of COVID-19 service reductions.
- Weather overtime was $3 million under budget due to fewer severe weather events than historical average.
- Maintenance (Scheduled/Unscheduled) overtime was $1 million over budget mainly driven by impact of new COVID-19 disinfection protocols on rolling stock and at stations.
- Reimbursable overtime was under budget by $1 million as projects were retimed due to COVID-19 impacts on Metro-North and contracted staff availability.
- Other overtime $6 million over budget due to timing differences for payroll and calendar cut-off dates.

2019 Total MNR overtime was $9 million over budget ($130 million actual vs $121 million budget).

- Scheduled Service overtime was $2 million under budget due to increased employee availability lowering the need for relief day coverage.
- Other overtime $1 million over budget due to timing differences for payroll and calendar cut-off dates.
- Vacancy/Absentee Coverage overtime was over budget $2 million largely driven by the existence of many vacant positions in must-fill crafts.
- Maintenance (Planned/Emergency) overtime was $3 million over budget mainly driven by higher rolling stock running repairs.
- Reimbursable overtime was over budget by $4 million due to the need to work weekends for maximum track availability for critical capital projects including West of Hudson Signal Replacement, Connecticut Catenary Replacement Main Line Expansion and system-wide track replacement programs.

2018 Total MNR overtime was $7 million over budget ($128 million actual vs $121 million budget).

- Scheduled Service overtime was $1 million under budget due to increased employee availability lowering the need for relief day coverage.
- Reimbursable overtime was over budget by $1 million as due to installation of Positive Train Control equipment and replacement of turn-outs on the right-of-way and in yards.
- Weather overtime was $3 million over budget due to more significant winter storms in the first three months of 2018 than the historical average.
- Other overtime $4 million over budget due to timing differences for payroll and calendar cut-off dates.

5.3.1 Scheduled Service

Scheduled Service - Metro-North's 2020 Scheduled Service overtime reflects significant savings compared to the budget due to the impacts of reduced service due to COVID-19. Metro-North reduced train service at the end of March to 63% of pre-COVID service levels with a further reduction to 43% implemented from mid-April to mid-June. The 63% level of service was restored in mid-June and has stayed at the level into 2021. Prior year savings reflect increased availability among Train & Engine staff, minimizing the need to pay overtime for staff to cover scheduled shifts during their relief days.

5.3.2 Programmatic/Routine Maintenance

Maintenance (Planned/Emergency) - Metro-North's 2020 Planned Maintenance Overtime reflects savings primarily due to staggered shift coverage, re-prioritization of personnel to COVID-19 extraordinary cleaning of stations and rolling stock, and diversion of forces to Tropical Storm Isaias and Winter Storm Gail for service restoration and clean-up. Offsetting savings in the planned maintenance category are impacts from is COVID-19 extraordinary cleaning for rolling stock and stations. The overage in 2019 was due to higher rolling stock running repairs.

Absentee/ Vacancy Coverage - Metro-North's 2020 Absentee/ Vacancy overtime was moderately favorable mostly as a result of limiting on-premise staff throughout the year due to the COVID-19 situation. In 2019, this category's overtime was higher than budget due to required vacancy coverage for must fill jobs in Customer Service, Maintenance of Way, Maintenance of Equipment, and Transportation. Coverage for these must-fill jobs reflects the impacts of the hiring freeze. In 2018, overtime in this category was lower than budget due to required vacancy coverage in Maintenance of Equipment partially offset by higher coverage in Customer Service and Stations, Maintenance of Way and Transportation.

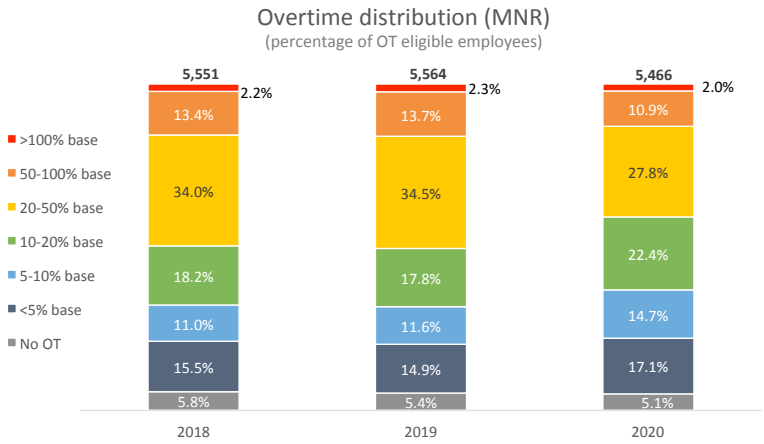
Weather - Metro-North's 2020 Weather overtime was favorable due to fewer severe weather events than the historical average. Even though there were fewer events, named storms such as Isaias and Gale required significant response and recovery activity. 2018 Weather overtime was over budget due to more significant winter storms in the first three months of 2018 than historical average.

Other - Metro-North's Other overtime has been unfavorable for each of the years included in this report. The primary factor is the difference between calendar payroll activity and actual payroll transaction timing. Acceleration of the monthly close cycle has increased the amount of overtime in this category. Also contributing to the variance are confirmed settlements of collective bargaining agreements, which may have been accounted for in prior periods.

5.3.3 Reimbursable

Metro-North Reimbursable overtime supports the long-term infrastructure investments throughout the Metro-North territory, both in New York and Connecticut. The infrastructure investment overtime is driven by the scheduled projects. The functions include various construction crafts, as well as qualified flagging personnel needed to ensure right-of-way worker safety. Due to the nature of the projects, much of the productive time for these projects occurs when service levels are low or are not running, such as overnight and weekends.

5.4 Distribution of Overtime



For MNR as a whole, overtime earnings in 2020 are less than 19% of regular pay for overtime eligible employees. Of the overtime earned in 2020, more than 74% is attributable to train operations, fleet and infrastructure maintenance, operational and weather emergencies including COVID-19 disinfection measures, and coverage for absences or vacant positions. The remaining 26% of earned overtime is attributable to reimbursable projects.

In 2019-20, the percentage of overtime eligible employees earning overtime at 50% or more of their regular pay decreased slightly from 16% to 13%. The percentage of overtime eligible employees earning no overtime pay moved slightly downward, from 5.4% to 5.1% of the population.

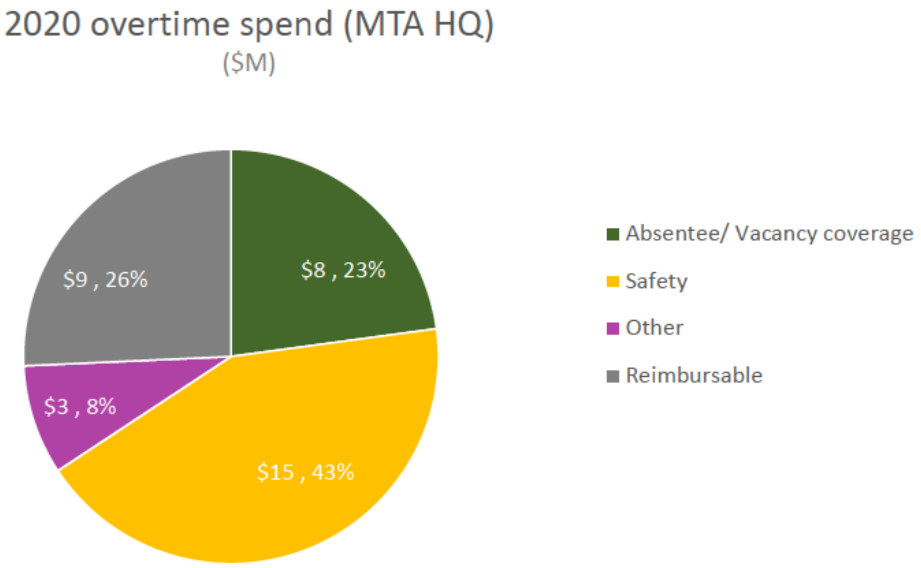
Employees who earn more than 100% of their base salary in overtime are generally the most senior members in their respective crafts, as well as the most experienced in specialized machine operations. The majority of MNR's collective bargaining agreements (CBAs) with its crafts dictate that overtime is distributed by seniority. The result of these contractual arrangements means that more senior employees end up working more overtime hours and therefore earning more overtime pay. Also, many infrastructure projects require a Foreman, who is characteristically among the more experienced and tenured employees, resulting in overtime hours incurred at a higher pay rate.

6 MTA Headquarters (MTA HQ)

6.1 Overview

Overtime at MTA Headquarters (MTA HQ) is primarily driven by the MTA Police Department (MTA PD) and MTA Information Technology (MTA IT). MTA HQ uses overtime to assist with MTA-wide security and safety services as well as insuring that critical information technology infrastructure is available on a 24/7 basis.

While MTA HQ has a relatively small overtime budget, its spending totaled $36 million in 2020. This 45% variance from budget was mainly due to deployment for COVID-19 inclusive of deployment for the Overnight Subway shutdown, in addition to increased deployment for reimbursable overtime 41% of variance in 2020.



6.2 Trends in overtime

MTA HQ's overtime allocations are primarily related to MTA PD's operations with a lesser amount attributable to the operations of MTA IT and the BSC. Additionally, during the 2018-2019 calendar year modest overtime budgets were included annually for administrative personnel in other MTA HQ departments. In the 4th quarter of 2020, these overtime budgets were eliminated due to the implementation of the Additional Savings Actions.

The MTA PD utilizes overtime coverage to assist with providing MTA-wide oversight of security and safety services inclusive of patrolling the MTA's commuter railroads, Staten Island Railway and supplemental patrol of transit system. MTA PD trends in overtime are based on the necessity of coverage for specific posts due to absentee/vacancy coverage, deployment initiatives and responses arising from safety and security needs.

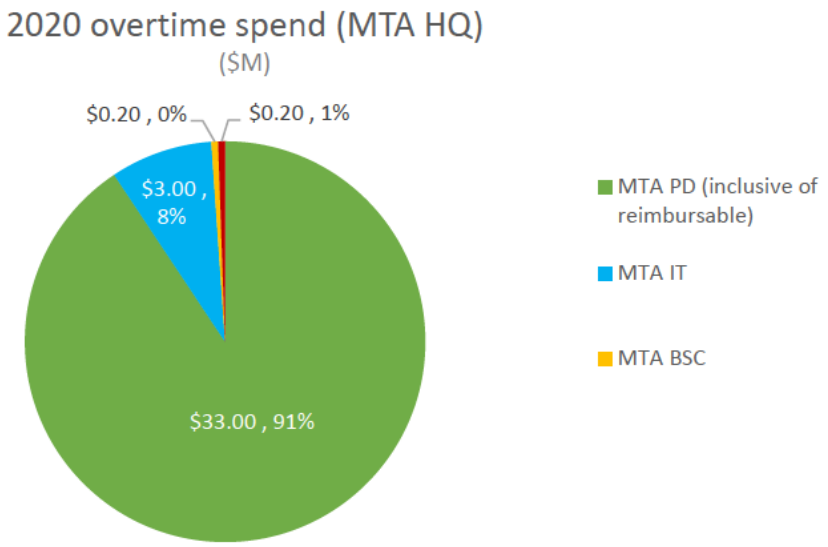
MTA PD has incorporated more stringent overtime approval and management mechanisms. MTA PD Regional Chiefs now review and decide on all overtime requests, rather than District Commanders. In addition, the department now tracks and analyzes current overtime spending using a new tool developed by MTA IT's Police Support Unit.

In 2018 and 2019, the MTA PD was tasked with two high-priority initiatives, quality of life (homeless outreach) and enhanced station security, assignments which required overtime to implement quickly and effectively. These initiatives provide a safer and more secure environment for the MTA's customers and employees. Additional management controls implemented in the past year have allowed the extra list to be used more effectively and have resulted in reductions in overtime to support homeless outreach.

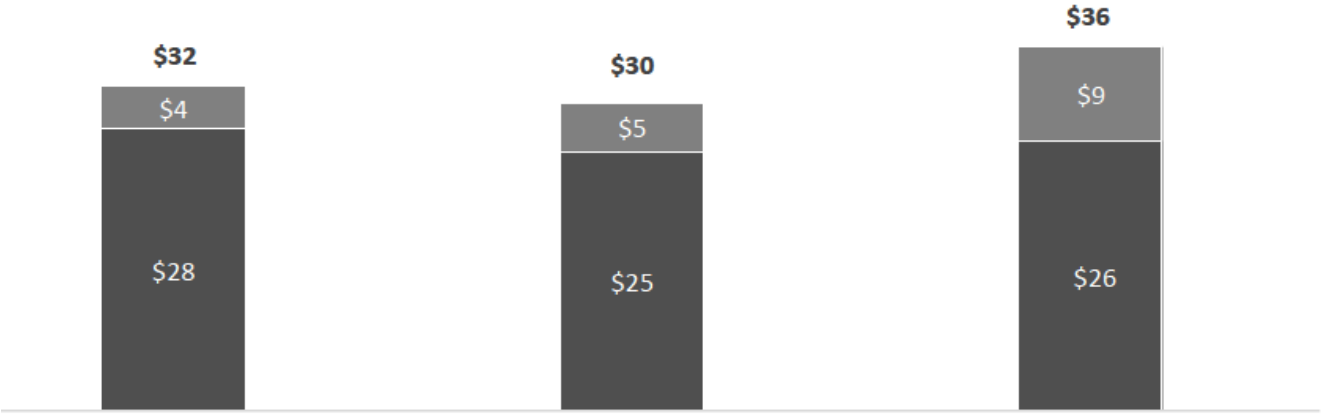
Calendar 2020 was different than any other year due to the COVID-19 pandemic. While the MTAPD continued their due diligence in deploying personnel throughout the MTA Region, coverage differed than previous years due to Pandemic closures. While coverage for special events was significantly lower due to cancellation and venue closures, this year, the MTA Police Department deployment levels included coverage for COVID-19 inclusive of deployment for the Overnight Subway shutdown, Enhanced Security and Quality of Life deployments resulting in an 18% increase over 2019.

MTA IT operates on a 24/7 basis. Many of its services are integrated into the daily operations of the MTA's constituent agencies, and their systems are crucial to the service delivery and operations of trains, buses, and bridges/tunnels. In addition, communications between the MTA and its employees, customers, and the public-at-large are supported and delivered by MTA IT.

As a commitment to lower overtime spending, the Business Service Center (BSC) limited overtime assignments to only high priority production challenges, which usually occur outside of standard business operating hours (e.g., weekend payroll processing, evening/ weekend applicant testing activities), resulting in a 14% decrease from 2019. MTA IT experienced a 10% reduction in overtime resulting from new management policies requiring all overtime requests to be submitted via MTA IT Service Now and obtain multiple levels of managerial approval. Year-end 2020, favorability was achieved by the continued utilization of stringent controls put in place by MTA Management, in addition to the fourth quarter elimination of overtime for administrative departments as part of the Additional Savings Actions.

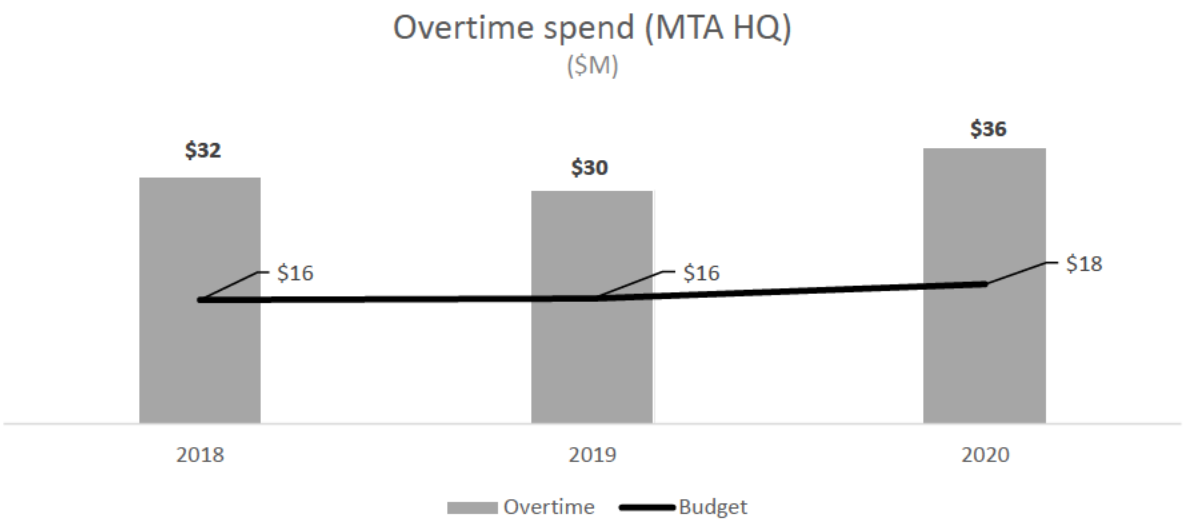


As previously noted, MTA HQ overtime is primary attributable to MTA PD (regularly accounting for approximately >89% of overtime spent), with significantly lesser amounts attributable to MTA IT, the BSC, and other MTA HQ groups.



Reimbursable overtime indicates work done to support projects that are reimbursed, primarily deployments from the MTA PD for the Transit Security Grant Program (TSGP) and attributable to the MTA's Capital Program for MTA Rail Agencies and additional grants. Non-reimbursable overtime supports operating activities.

6.3 Performance versus budget



Preliminary 2020 Total MTA HQ overtime was $18 million over budget ($36 million actual vs $17.997 million budget).

- Vacancy/Absentee Coverage overtime was over budget $4.8 million due to personnel gaps, two-car coverage, approximately $0.159 million in COVID-19 related outage. Two-car coverage for high activity districts (e.g., Jamaica, Mt. Vernon, Penn Station, Grand Central Terminal) and Special Operations Departments (e.g., canine).
- Against the Adopted Budget, Safety/Security overtime was over budget by $7.2 million, mainly driven by the COVID–19 and Overnight Subway Shutdown in 2020 ($6.3 million). Increased coverage also included but was not limited to Enhanced Security ($3.7 million) and Quality of Life Initiative ($1.9 million). An offset was shown mainly within special events and other areas reflecting lower deployment since COVID-19 arrived in the New York metropolitan region.
- Reimbursable overtime was over budget by $6.5 million mainly due to increased Transportation Security Grant Program (TSGP) usage.
- Other overtime under budget $0.8 million mainly due to stringent controls put in place for MTA IT, BSC and other administrative departments.

2019 Total MTAHQ overtime was $14 million over budget ($30 million actual vs $16 million budget).

- Vacancy/Absentee Coverage overtime was over budget $3.9 million, mainly due to personnel gaps and 40 personnel still in training by end of year and are not deployable.
- Safety/Security overtime was over budget by $8.7 million, primarily driven by the Enhanced Security ($5.7 million) and Quality of Life Initiative ($1.7 million). Additionally, increased security related deployment throughout the regions and administrative coverage for the hiring initiative helped contribute to this overage.

- Reimbursable overtime was over budget by $1.9 million, mainly due to additional coverage for reimbursable agencies and grants, offset with lower Transportation Security Grant Program (TSGP grant).
- Other overtime under budget $0.5 million, mainly due to stringent controls put in place for MTA IT, BSC and other administrative departments.

2018 Total MTAHQ overtime was $16 million over budget ($32 million actual vs $16 million budget).

- Vacancy/Absentee Coverage overtime was over budget by $3.9 million, due in part, to low extra list, backfill coverage, two-car coverage deployment and 44 personnel still in training by end of year and are not deployable.
- Safety/Security overtime was over budget by $10.0 million, mainly driven by Quality of Life ($7.6 million) and Littering Initiative ($1.6 million).
- Reimbursable overtime was over budget by $1.3 million, mainly due to additional coverage for reimbursable agencies and grants, offset with lower Transportation Security Grant Program (TSGP grant).
- Other overtime over budget $0.5 million driven by MTA IT, due in part to cybersecurity work on Ransom virus and vacancies due to hiring freeze/ delayed hiring ($0.6m), offset with lower overtime coverage for BSC and other administrative departments.

6.3.1 Unscheduled overtime

Absentee/ Vacancy coverage - coverage entails, but is not limited to, vacations, bereavement, reassignments, sickness and/or training for members of the MTA Police Benevolent Association.

Safety - Used to provide overtime coverage for, but not limited to, corporate security, handling incidents, public hearings, arrest processing, special events. Calendar 2020 was different than any other due to the Covid-19 pandemic. While the department continued its due diligence in deploying personnel throughout the MTA Region, coverage differed than previous years due to Pandemic closures. 2020 deployment levels included coverage for COVID-19, Enhanced Security and Quality of Life.

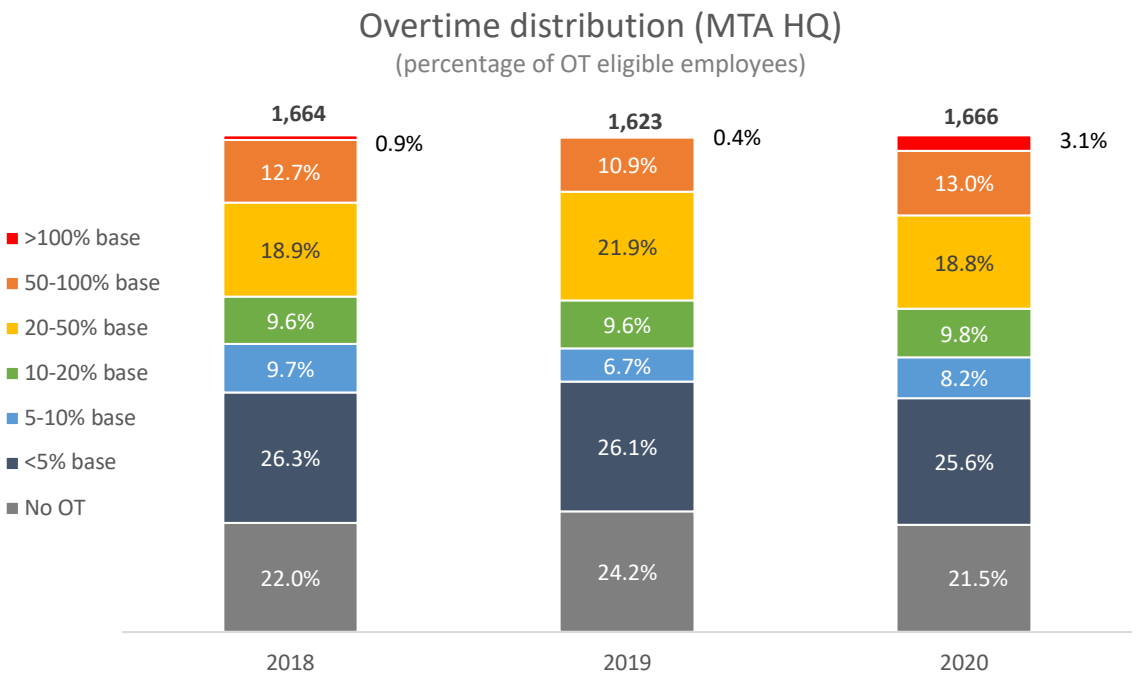
Other - The primary causes of overtime in this category relates to administrative costs primarily for MTA IT and BSC, to provide in part, coverage for MTA IT-wide security and safety services, employee call center and additional administrative services.

6.3.2 Reimbursable overtime

Coverage mainly performed by the MTA Police Department utilizing the Transportation Security Grant Program (TSGP grant) and to a lesser degree for both Reimbursable – other MTA agency and increased non TSGP grants. It is anticipated that all overtime classified as reimbursable overtime will have an offsetting reimbursement. Currently, MTA PD and MTA Security are vetting 2020 data as a part of year-end internal overtime review. If any overtime is deemed non-reimbursable a reclassification will be made by the department.

6.4 Distribution of overtime

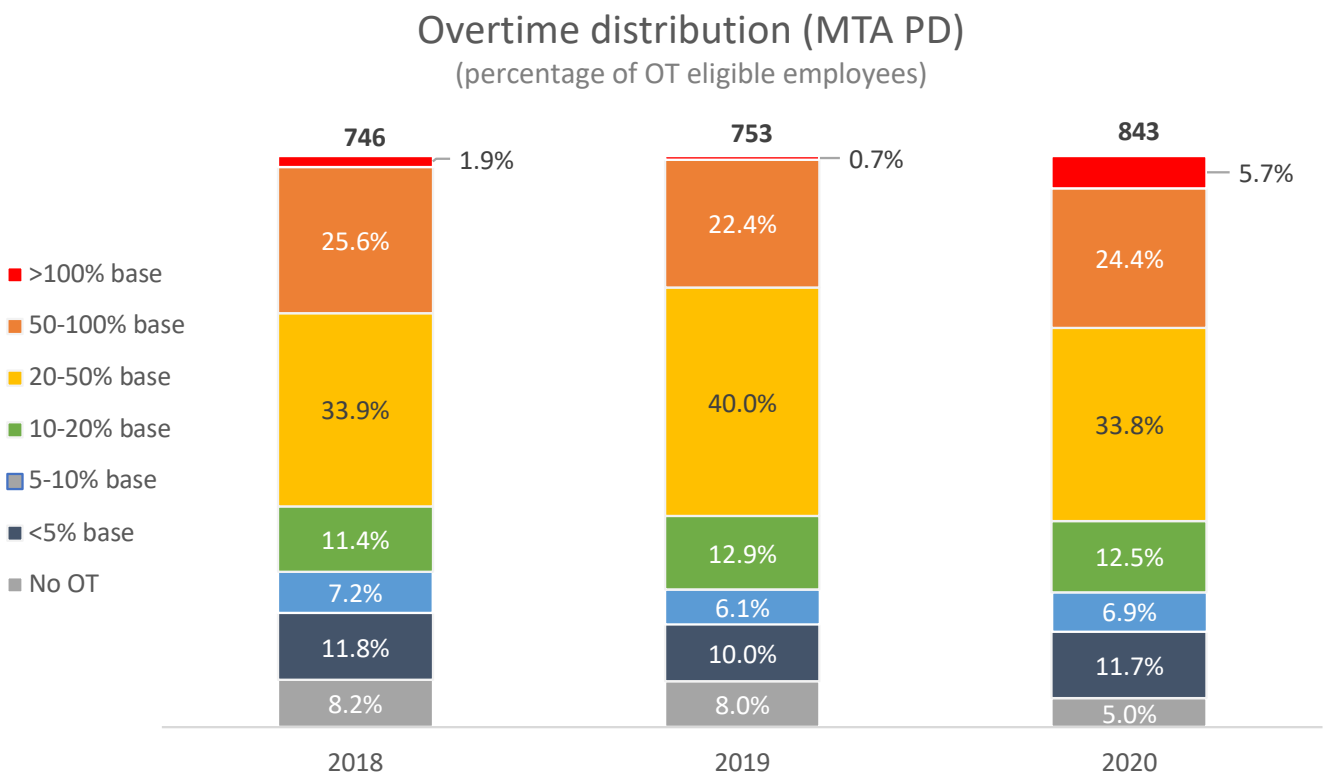
MTA HQ's overtime is based upon deployment approved by MTA PD, MTA IT, the BSC and other MTA HQ departments. The distribution of overtime amongst employees is based upon collective bargaining agreements. In addition, there is a small percentage of non-represented employees who can earn overtime based upon their non-exempt classification and supervisors' approval.



While approximately 88% of overtime spending is attributable to MTA PD, approximately less than 50% of overtime eligible employees at MTA HQ are within the MTA PD. As such, it heavily influences the distribution of overtime across employees.

Most of the overtime worked for civilian employees is due to MTA IT and the BSC providing 24/7 support. Employees providing coverage on overtime are often part of a specific project or specialty, so other teams members cannot easily replace them.

- Employees earning more than 100% of the base was on average 1.5% of OT eligible employees.
- From 2018 -2020 68%, 66% and 65% of MTA HQ employees approximately worked between 0-20% respectively.



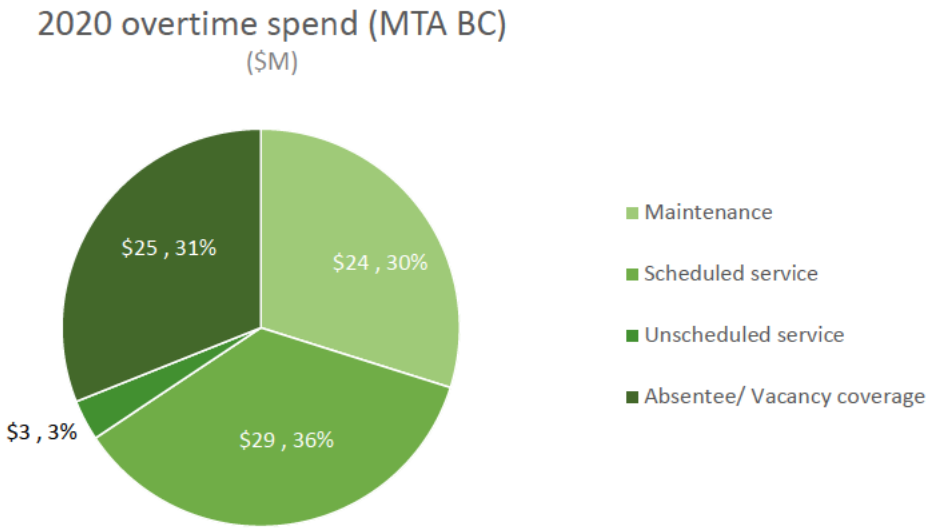
The distribution of MTA PD overtime earnings remained relatively static from 2018 to 2020, with small fluctuations in each grouping – with the notable increase in high earners in 2018 and 2019 in line with the spike in overtime costs that year.

7 MTA Bus Company (MTA BC)

7.1 Overview

Overtime at the MTA Bus Company (MTABC) is driven by two overtime eligible departments: Transportation and Maintenance. The MTABC uses overtime coverage to assist with providing service, vacancy/ absentee coverage, and bus maintenance (planned and unscheduled).

MTABC overtime spending totaled $80 million in 2020. The largest categories of overtime spending were scheduled service, vacancy / absentee coverage and programmatic maintenance. Scheduled service represents approximately one-third of overtime expenses and is a normal component of required daily work hours; it is planned work that ensures that bus operators and dispatchers are most efficiently used to meet scheduled bus service. Absentee/vacancy coverage and maintenance activities each represented approximately 30% of overtime expenses.



7.2 Trends in overtime

This report examines trends in total overtime over the three-year period from 2018 to 2020. It explains the factors influencing the variance against budget that was particularly skewed toward needs associated with the COVID-19 pandemic in 2020 and reviews the distribution of overtime across employees and groups.

Overtime usage at MTA Bus Company (MTA BC) is driven mainly by the Transportation and Maintenance hourly and supervisory employee groups that are represented by various Labor Unions. The hourly population primarily consists of Bus operators and Bus maintainers. The Supervisory group consists of Bus Maintenance, Facilities, Storeroom and Fare Revenue line supervisors and Transportation Dispatchers. Overtime for bus service is the largest contributor to overtime usage.

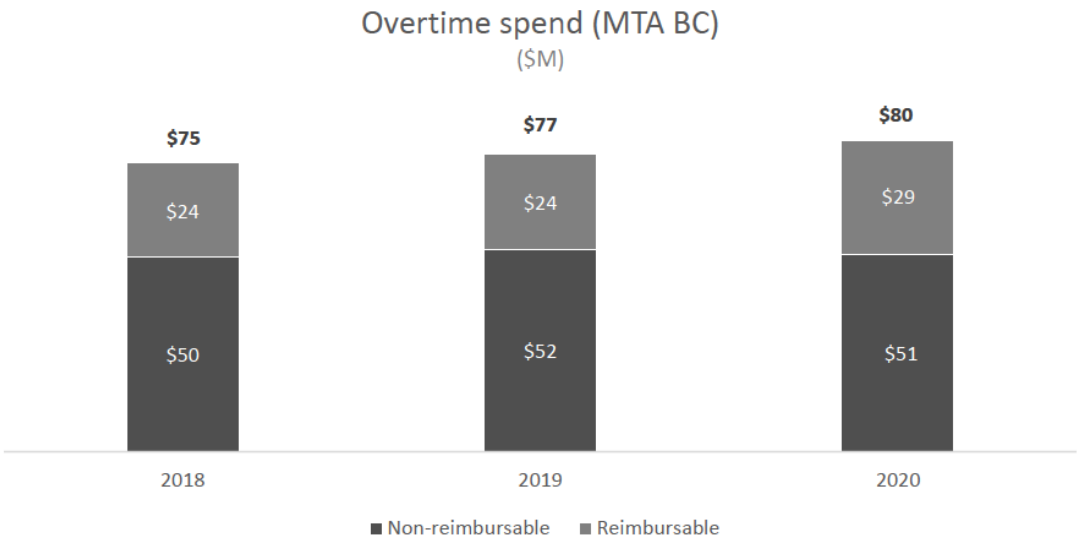
There are two types of overtime -- Scheduled and Unscheduled. Scheduled Overtime is planned and is earned for all hours above 8 hours worked by a non-exempt employee as part of a scheduled piece

of work. Scheduled overtime is typical for a Bus Operator and Dispatcher; their picked assignment normally includes scheduled overtime hours. Unscheduled Overtime is similarly earned but is usually unplanned and in response to varying levels of unanticipated needs and or emergencies.

Overtime falls into one of two funding categories – Non-reimbursable and Reimbursable. Non-reimbursable refers to overtime expenses that are paid from MTABC's operating budget. Reimbursable refers to overtime expenses that can be charged to a funding source other than the operating budget such as budgeted capital funding. Historically, MTABC has not budgeted for reimbursable overtime hours/dollars and has experienced minimal usage. No reimbursable overtime was incurred in 2018 and 2020; in 2019 reimbursable overtime was less than $0.1M and thus excluded from the data.

Total MTABC overtime expense increased by $5.7M (7.7%) between 2018 and 2020. The increase for Transportation was $0.7M (1.4%) and primarily due to vacancy/absence coverage partially offset by lower scheduled and unscheduled service due to COVID-19 service reductions and lower weather. Maintenance overtime increased by $5.0 (20.7%) mainly due to higher programmatic maintenance for the daily overnight COVID-19 bus cleaning and disinfecting implemented as a result of the Governor's directive, greater maintenance needs on the MTABC overage fleet, higher vacancy / absence coverage partially offset by favorable weather.

From 2019 to 2020 overtime increased by $3.6M (4.7%). This increase includes a general wage increase (GWI) of 2.0% for a portion of the represented population effective May 2020 and 2% for the much smaller non-represented population. The increase in overtime usage was primarily the result of increased Maintenance overtime of $4.9M (20.0%) due mainly to the daily overnight COVID-19 bus cleaning and disinfecting and safety measures mentioned above, increased vacancy/absence coverage partially offset by favorable weather. Transportation overtime declined by $1.3M (2.5%) mainly due to COVID-19 service reductions, favorable traffic and weather partially offset by higher vacancy/absence coverage.



When overtime is approved, it is reported under one of seven categories:

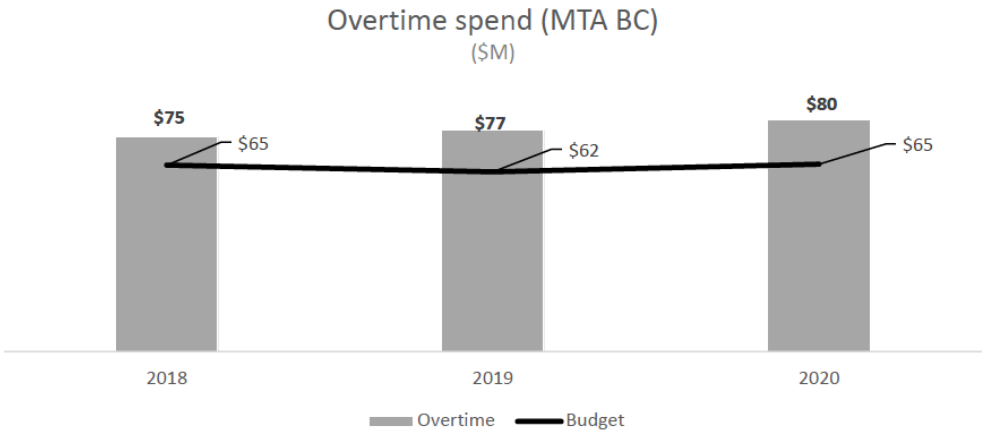
1) Scheduled Service
2) Unscheduled Service
3) Programmatic Routine Maintenance;

   a. MTABC does not distinguish between Programmatic / Routine Maintenance and Unscheduled Maintenance since unplanned work uncovered during daily maintenance operations; is usually repaired without finite distinction between categories and as a result, the Unscheduled Maintenance Category is not used.

4) Vacancy/Absentee
5) Weather Emergency
6) Safety / Security/ Law Enforcement
7) Other:

   a. For the last three categories, Weather Emergencies, Safety/Security/Law Enforcement and Other, the overtime was consolidated and reported as one total because it is 3.7% of total overtime in 2018; 2.4% of total overtime in 2019 and less than 1% in 2020.

7.3 Performance versus budget



2020 Total MTA BC overtime was $15 million over budget ($80 million actual vs. $65 million budget).

- Maintenance (Scheduled and Unscheduled) overtime was $12 million over budget primarily due to increased maintenance resulting from daily COVID-19 bus cleaning, disinfection and other COVID-19 safety procedures, the installation of COVID-9 bus barriers and curtains partially offset by lower maintenance on the overage fleet and the timing of the Shop overhaul program due to the COVID-19 service reductions.

- Vacancy and Absentee coverage overtime was $7 million over budget as poor availability, vacancies, COVID-19 cleaning requirements increased the number of open positions/work which had to be filled to meet service, maintenance and COVID-19 disinfection needs. Absence coverage increased across all title groups as availability was unfavorable and declined further in 2020 from 2019 levels. Sick, sick unpaid and COVID-19 related absences were primary drivers for all titles.
  Overall, bus operator availability was 2.6 days unfavorable. Several depots experienced significant availability shortfalls; Baisley Park (14.2 days) and Spring Creek (13.7 days) Maintenance hourly availability was 3.9 days less than goal; Baisley Park and Eastchester maintenance hourly availability was 19.9 days and 16.3 days under goal, respectively.
  For supervisory titles, Dispatchers were 2.9 days worse and Line supervisor availability was 10.0 days unfavorable primarily due to the same availability drivers noted for bus operators and dispatchers.
- Scheduled Service overtime was marginally under budget due to less scheduled service being operated.
- Unscheduled Service overtime was $3 million under budget mainly due to the COVID-19 service reductions, less traffic and running time delays partially offset by the Essential Overnight Service requested by the Governor to support the shutdown of the NYC Subway system. The Essential Service Schedules, until the Spring 2021 pick was largely operated with extras on overtime.
- Weather / Other, this category consolidates three reporting categories: Weather Emergencies, Safety/Security/Law Enforcement & Other overtime. Weather emergencies are the primary driver of overtime in this category and was $1 million favorable as weather conditions were milder and more favorable than budgeted.

2019 Total MTA BC overtime was $14 million over budget ($77 million actual vs. $62 million budget).

- Maintenance (Scheduled and Unscheduled) overtime was $8 million over budget primarily due to increased maintenance resulting from additional work / issues uncovered during routine schedule inspections (SO Pickup work) to ensure the safe and reliable operation of MTABC's overaged fleet. Maintenance overtime, beside SO Pickup work, focused on structural work on the overage fleet, engine and transmission repairs, maintenance campaign and PTSB work, A/C system repairs, and wheelchair lift repairs. The life cycle of a bus is 12 year; the average MTABC's fleet as of the Fall 2019 Assignment was 10.8 years of age.
- Scheduled Service was $4 million over budget mainly due to additional service and running time adjustments.
- Unscheduled Service overtime was $1 million over budget due to increased traffic, road congestion and running time.
- Vacancy and Absentee coverage overtime was $2 million unfavorable to budget mainly increased backfill resulting from unfavorable bus operator availability at Baisley Park (10.8 days) and Yonkers (6.6 days) depots, Eastchester depot maintainers (13.4 days), College Point depot Line Supervisors (19.3 days) and Eastchester Dispatchers (12.6 days).
- Weather overtime was marginally favorable to budget as weather conditions were milder and more favorable than budgeted.

2018 Total MTA BC overtime was $10 million over budget ($75 million actual vs. $65 million budget).

- Maintenance (Scheduled and Unscheduled) overtime was $7 million over budget primarily due to increased maintenance resulting from additional work / issues uncovered during routine schedule inspections (SO Pickup work) to ensure the safe and reliable operation of MTABC's overaged fleet. The additional maintenance included brake system, engine and transmission repairs, structural repairs, fare box repairs, hybrid bus work, and wheelchair lift repairs, in addition to SO pickup work. The life cycle of a bus is 12 year; the average MTABC's fleet as of the Fall 2018 Assignment was 9.8 years of age.
- Scheduled Service was $2 million over budget mainly due to additional service and running time adjustments.
- Unscheduled Service overtime was $3 million over budget due to increased traffic, road congestion, running time and shuttle service.
- Vacancy and Absentee coverage overtime was $2 million favorable to budget mainly due to improved bus operator and dispatcher availability partially offset by lower line supervisor and maintenance hourly availability.
- Weather overtime was marginally unfavorable to budget due to extremely cold and wintry conditions early in the year along with an early November snowfall / cold weather.

7.3.1 Scheduled Overtime

Scheduled Service – Scheduled overtime is a normal component of a Bus Operator's and some Dispatchers required daily work hours; it is planned and is earned for all hours above 8 hours worked. Scheduled overtime is included in bus operations schedules and is part of a picked assignment. The average tour of duty for a bus operator is 9.9 hours; dispatchers may also pick work that can exceed 8 hours and thus earn scheduled overtime.

Scheduled service overtime was favorable in 2020 primarily due to the COVID-19 service reductions, less traffic and congestion. In 2018 and 2019, running time, traffic and additional service were the main drivers of Scheduled Service overtime. MTABC Operations Planning (OP) analysis of its bus routes and service has determined running time and headway (the travel time between the depot to the first/ or last bus stop), to be inadequate for most of its routes. It was also determined that additional buses are needed to meet service needs.

The running time and service needs of MTA BC were to be addressed in the Bus Action Plan (BAP) but the BAP has been placed on hold as the ongoing financial and operational impact of the pandemic is evaluated.

7.3.2 Unscheduled Overtime

Unscheduled Service - Unscheduled Overtime is also earned in the same manner but is unplanned and the result of unanticipated service/operating/emergency needs. Factors such as traffic, running time and shuttle service may lead to unscheduled overtime for bus operators and dispatchers.

The drivers for Unscheduled Service overtime are similar to the Scheduled Service drivers forementioned. Unscheduled Service overtime declined in 2020 primarily due to the COVID-19 service reductions, less traffic and congestion. In 2018 and 2019, increased running time, traffic and additional service were the main drivers of Unscheduled Service overtime.

Programmatic / Routine Maintenance – Bus maintenance addresses regular scheduled and unscheduled maintenance, overage fleet maintenance, maintenance campaigns and training.

The majority of programmatic /routine bus maintenance overtime is incurred when Buses are inspected and serviced during regularly scheduled inspections (SO). During an SO, regular maintenance procedures such as oil and filter changes, brake inspections, etc. occur. However, additional and/or potential bus systems/components issues are often discovered during inspections and must be addressed immediately to ensure the safe, reliable and timely return of Buses to regular service. This work is referred to as "SO pickup" (SOPU) work and often needs to be completed on unscheduled overtime.

In 2020, as a result of the COVID-19 pandemic, all buses that operated in service during the day were required to be cleaned and disinfected nightly under the governor's directive. The daily disinfecting work was completed by employees primarily on overtime either before or after their regular work shift. Additionally, COVID-19 bus barriers and curtains were installed on all local buses and the white line on the bus floor was moved further back from the bus operator to protect the bus operator and ensure social distancing between the bus operator and customers. Programmatic and routine maintenance, including SO Pickup, is mileage based and declined as the COVID-19 service reductions led to reduced service and bus mileage.

The expected life of a bus is 12 years. As of January 2021, the average age of the MTABC fleet was 11.6 years of age and 59% of the fleet is over the 12-year expected bus life. MTABC has limited capital funding to acquire new buses on a schedule lifecycle basis. MTABC has developed comprehensive maintenance programs to extend bus life beyond 12 years to ensure the safe and reliable operation of these overage buses.

Additional programmatic maintenance overtime arises from maintenance campaigns issued by the Chief Maintenance Officer. These directives are usually urgent and require immediate attention to cover a broad range of preventative or corrective situations including safety, repairs/replacement of bus components due to defect and or life cycle needs, federal or state mandated changes, technology improvements, retrofits, safety and security, customer information system improvement, warranty, etc.

Training is a component of overtime usage due to the diverse composition of the bus fleet. Training classes are provided to all MTABC employees to ensure that employees are knowledgeable about bus fleet, the specialized equipment they work with and, critically more importantly, how to perform their duties safely. Training is completed outside of the employee's regularly scheduled hours and on overtime.

In 2019 and 2018, the overaged fleet, SO Pickup work, additional programmatic maintenance, maintenance campaigns, and training all contributed to the overages in bus maintenance.

Vacancy / Absentee Coverage - Vacancy /absentee coverage is another major driver of overtime.

2020 vacancy / absent coverage worsened across all titles as additional overtime to meet the daily overnight COVID-19 bus disinfecting requirements and the Essential Overnight Service led to extraordinary labor demands. Nightly, each bus in service was disinfected and cleaned to minimize the exposure of bus operators and passengers to COVID-19. Heading into 2021, with the decrease in ridership bus management will seek to balance availability shortfalls and by carefully managing service needs and requirements.

In general, vacancy/absence coverage for the MTABC TWU hourlies is better than their peers primarily due to differences in the CBA. Per the MTABC CBA, hourly employees are not paid for the first three days of a sick absence, and only receive half pay for the next 12 days of absence.

Weather Emergencies, Safety/Security/Law Enforcement & Other – As noted above, these categories are consolidated and reported as a single category for this discussion. Overtime for Safety/Security/Law Enforcement and Other has been minimal over the 2018 – 2020 period.

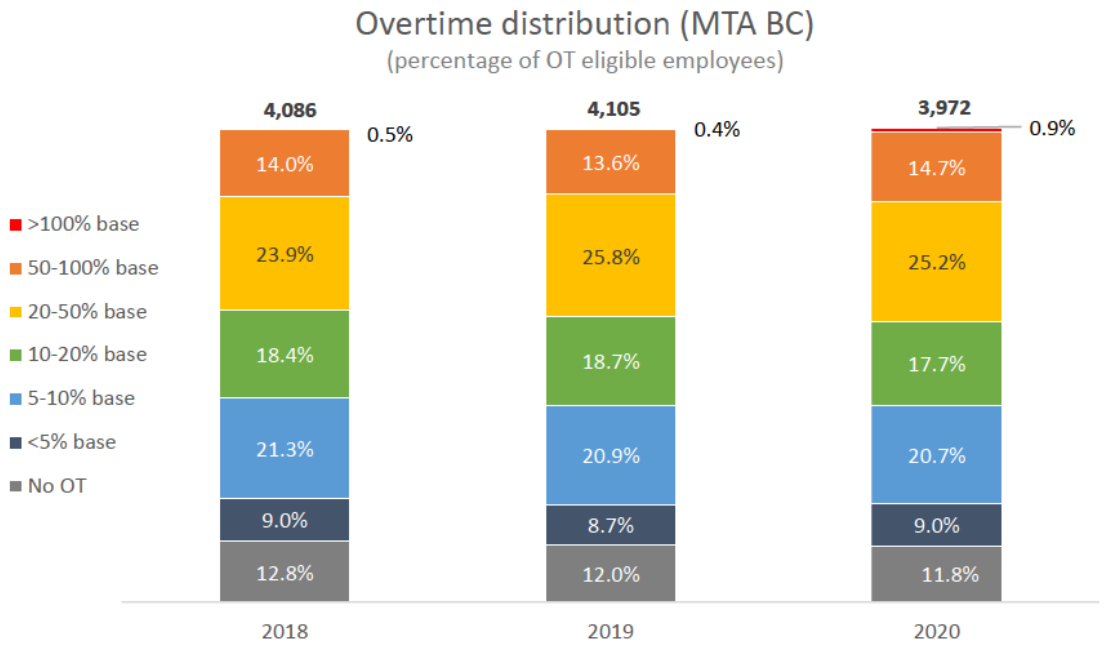
Weather emergencies is the largest overtime component in this category. Although contingencies are budgeted for overtime usage during weather emergencies, it is usually difficult to predict/budget an exact amount due to the associated variables relative to frequency and intensity of storm events. As weather events approach our service areas, preparatory responses that might include the hiring of overtime are initiated relative to the updated alerts. The most adverse weather conditions occur during the winter season but significant rain and hurricane events at other times of the year also contribute to overtime usage. Normal examples of such needs are; forecasts of wintery conditions, freezing rain, ice and significant snow accumulations that dictates the preparation of snow fighting vehicles, salting, inspection of drains, sewers, pumps, generators and, if needed, the installation of snow chains on buses to ensure safe bus operations during icy and significant snow conditions.

MTABC has four stages of alerts (yellow, blue, orange and red) and different actions are taken as the alert status changes. It is of note that while forecasts dictate the alert status and corresponding adverse weather preparations, the forecasted weather conditions may not materialize; however, because advanced preparations must be set in motion, significant overtime might still be incurred.

Safety/Security/Law Enforcement is overtime coverage used to provide additional customer and employee protection and to secure MTA fleets, facilities and transportation routes. Certain operating scenarios per CBA's, might require additional security elements that are usually covered on overtime.

Other includes overtime coverage for clerical, administrative positions that are eligible for overtime.

7.4 Distribution of overtime



Average overtime earnings for eligible operating employees earning >$100K in 2020 was $92.1K reflecting a 9.7% increase over the 2019 average of $83.2K. The increase also includes a 2.0% general wage increase during this period.

The 2019 average overtime earnings for all eligible employees earning >$100K was 83.2K, a decrease of -10.2% over the 2018 average overtime earnings of $91.6K.

Overtime earnings as a percentage of Total Earnings was 20.7% in 2018, 21.7% in 2019, and increased slightly to 22.4% in 2020.

Currently, the MTABC Collective Bargaining Agreement does not contain a salary cap provision like the one that exists at NYCT.

For high overtime earners, 593 or 14.4% of operating employees had overtime earnings equivalent to 50% or more of their base pay in 2018, this decreased to 575 or 14.0% in 2019 and increased to 622 15.7% in 2020.

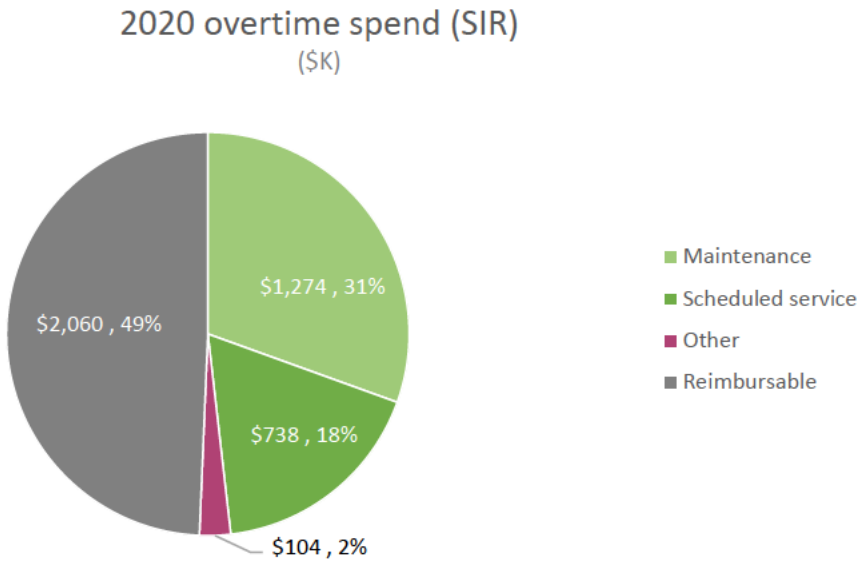
In 2018, 19 operating employees (0.45%) had overtime earnings over 100% of base pay versus 15 operating employees (0.38%) in 2019 and 37 operating employees (0.92%) in 2020.

8 Staten Island Railway (SIR)

8.1 Overview

Overtime at the Staten Island Railroad (SIR) is driven by two main overtime eligible departments: Maintenance and Service. The SIR uses overtime to address acute labor demand and to expand work shifts to accommodate scheduled runs.

SIR overtime spending totaled $4 million in 2020. The largest category of overtime spending was reimbursable overtime, reflecting the Agency's ongoing capital programs. Approximately one third of overtime expenses were related to maintenance activities, and about one fifth was attributable to scheduled service.



8.2 Trends in Overtime

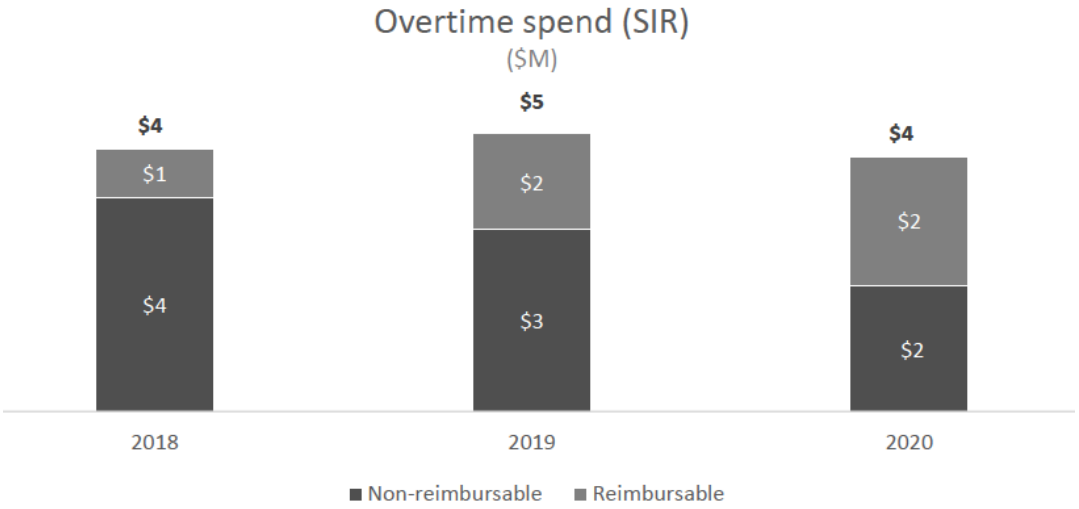
SIR operates passenger rail service 24/7 on Staten Island, moving 1.43 million riders in 2020 on a single captive line. Pursuant to lease and operating agreement with the City of New York, annual operating losses are funded by New York City while capital investments are funded by the MTA Capital Program.

Although SIR is managed by NYCT Department of Subways, which numbers nearly thirty-thousand employees, SIR does not share the same three-shift-daily staffing assignment model. Instead, with ~350 employees, SIR is predominately staffed Monday through Friday. Therefore, the following requisite facets of system operation are handled on an overtime assignment basis:

1. Weekend service
2. Adverse weather preparation/ response
3. Emergency response
4. Reimbursable project support

Overtime at SIR is used to address acute labor demand and to expand work shifts to accommodate scheduled runs. This flexibility allows the agency to more dynamically meet work requirements (planned or otherwise), while striking the right balance between headcount with embedded fringe costs for paid leaves, employee health and retirement benefits, and overtime, which includes a bonus premium.

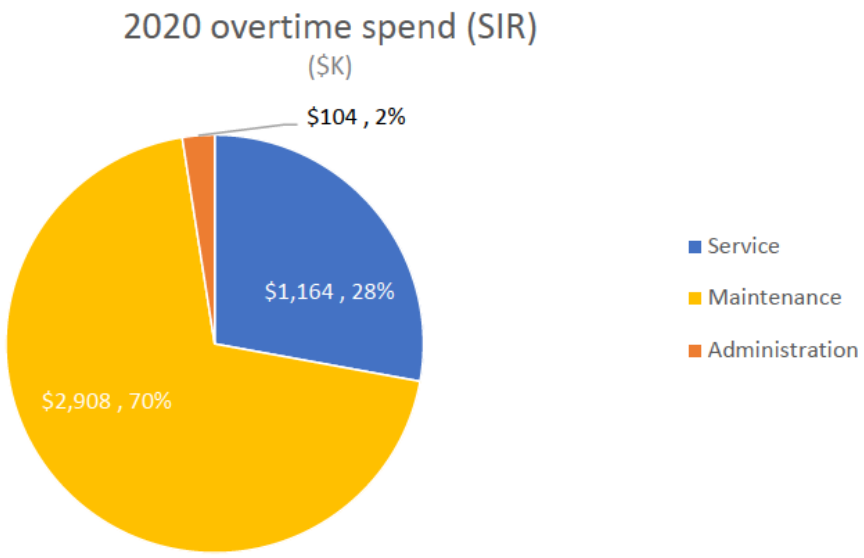
SIR classifies overtime by funding source as either non-reimbursable from operating sources funding operating activities, or reimbursable in support of projects that will be reimbursed and funded by the MTA's Capital Program or another institutional customer. Furthermore, overtime expense at SIR may be categorized by organizational division, which rolls up along two principal functions of passenger service or system maintenance.



Total overtime expense at SIR has remained consistent over the past three years, decreasing $131K from 2018 to 2020. However, during this period, the funding composition has shifted significantly away from being mainly operating funded in support of maintenance activities towards capital projects with a reimbursable funding source. Annual reimbursable overtime grew by $1.26 from 2018 when it amounted to just 19% of total overtime expense. In 2020 the percentage share increased to 49% due to major capital work on tracks, infrastructure and facilities. Gross overtime results were over budget by $0.9M for 2020, mainly due to work shifting from straight time to overtime due to the pandemic and less backfill of vacancies.

Annual budgets have seen major revisions during this same period reflecting evolving requirements as the agency undertakes the preparation work necessary for acceptance of its next-generation fleet (seventy-five new R211 passenger rail cars). Upgrading SIR rollingstock requires system upgrades to existing infrastructure in multiple asset categories including new power substations and mainline track replacement. In late 2017 and early 2018, as many of the Hurricane Sandy projects were reaching completion, SIR began actively engaging the preparation work for receipt of the R211's scheduled for arrival in 2021. As mainline track assets on Staten Island have aged through their useful life-cycle, SIR has continued a Track Tie Maintenance Program performing spot replacement of deteriorated rail

road track ties to sustain reliable service operation. In 2019, SIR began a new phase in support of major mainline track replacement projects, as well as track and switch work undertaken around the Clifton Shop, which was damaged during Hurricane Sandy. These asset replacement projects are among the major contributors to the shift in overtime expense from operating to capital, especially in 2019 and 2020.

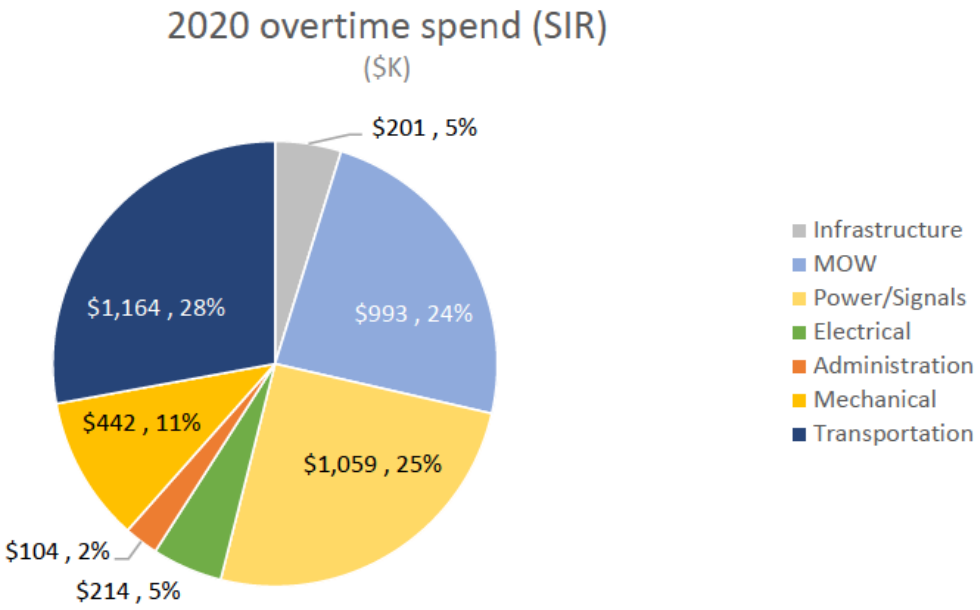


Total overtime expense categorized by function has tracked fairly consistently over the period while also reflecting the impact of the changing requirements of the capital program profile.

- **Maintenance** – On average 70% of total overtime incurred
- **Service** – On average 28% of total overtime incurred
- **Administration** – Small residual of total overtime incurred

Functional categorization of overtime expense in conjunction with funding shows:

- **Reimbursable** – 79% of reimbursable overtime booked to maintenance function trades in 2020.
  - **Maintenance** – Increased by $1,097K (204%) from $538K in 2018, to $1,634K in 2020. In 2019 the maintenance trades (particularly track workers and electronic equipment maintainers) engaged track replacement and the Clifton Shop track/ switch projects
  - **Service** – Increased from $260K in 2018 to $425K in 2020, a 63% increase over the period. Such growth is due to capital requirements that resulted in night and weekend service shutdowns, and mainline track capital work that has required conductors for construction flagging, locomotive engineers operating work trains, and MOW 'Pilots' to support equipment used by project contractors.



Overtime expense results at SIR may be shown further by division of operation in which the overtime work is being assigned and performed. Of course, overtime fluctuates from year to year due to the specific project requirements enumerated in prior sections of this report. Contributing factors also include adverse weather and vacancy coverage, which tend to be specific to each division. SIR's three largest divisions are Transportation, Power and Signals, and Maintenance of Way (MOW). Together, these divisions account for roughly 75% of total overtime at SIR for 2018-2020.

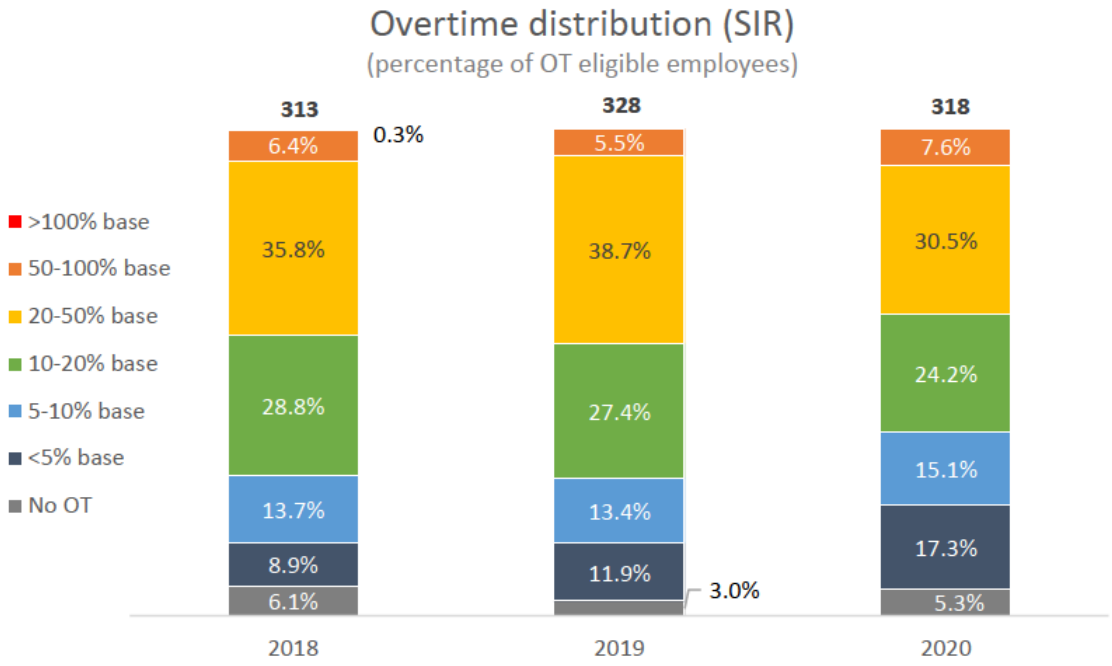
- **MOW** – Increased $24k (2.4%) over the period
- **Transportation** – Increased $104K (9.0%) over the period
- **Power and Signals** – On average 24% of total overtime 2018-2020. Increased $107K in annual overtime expense from 2018 to 2020
- **MOW, Transportation, and Power and Signals** – Although overall overtime decreased in 2020 compared to 2018, Transportation, MOW and Power and Signals overtime grew in total by $236k over the period
- Significant annual reductions in other remaining departments **(Electrical, Mechanical, Infrastructure)** totaling -$385K helped offset the growth in overtime from maintenance and transportation divisions.

SIR does not currently have the ability to classify overtime into the various categories previously listed. SIR is currently engaged with several time-keeping system and PeopleSoft upgrade projects such as the Kronos migration and job tracking number inclusion in UTS and PeopleSoft GL/AR) that will enhance agency capability to more efficiently and effectively track and report on critical drivers of agency labor financial cost.

8.3 Performance versus budget

As noted above, SIR does not currently have the ability to classify overtime into the various categories previously listed. As such, it is not possible to provide a variance analysis based on root cause as has been done for the other agencies in this report.

8.4 Distribution of overtime



Average overtime earnings for full-year active operating employees declined for the period 2018-2020 from $13,760 in 2018 to $13,133 in 2020, representing approximately a 5% decrease. Overtime as a percentage of base pay decreased slightly from 17% in 2018 to 16% in 2020. In terms of high overtime earners, 7% of employees had overtime earnings equivalent to 50% or more of their base pay in 2018, although that figure decreased to 5% in 2019 and increased to 8% in 2020. In 2018 one employee (<1%) had overtime earnings greater than 100% of base pay, none in 2019 and 2020.

8.4.1 SIR overtime cap

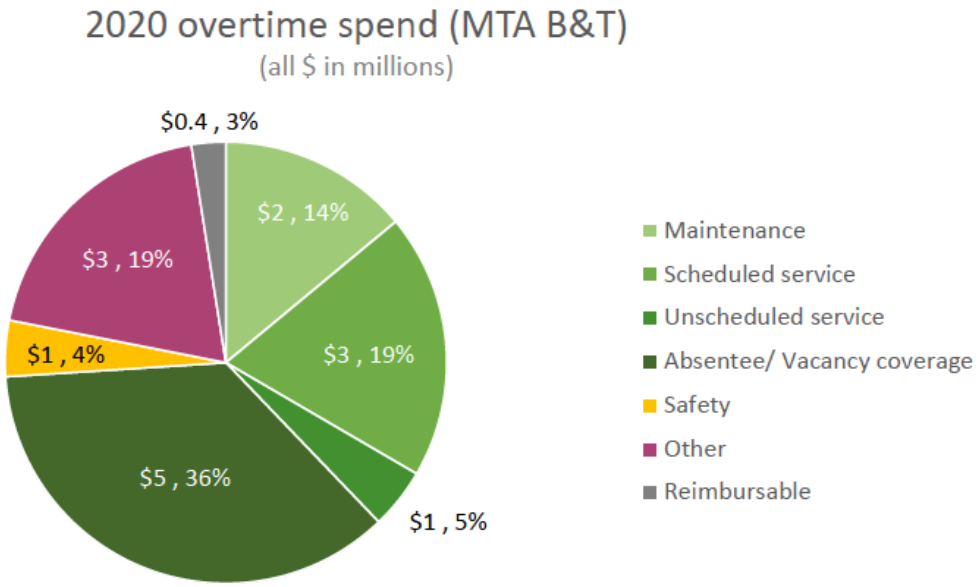
SIR has a contractual agreement in place with the analyst bargaining unit (SSSA) to limit OT earnings by individual employees through overtime caps. However, overtime incurred by analyst titles between 2018-2020 accounted for less than 2% of total SIR overtime expense for the period.

9 MTA Bridges and Tunnels (B&T)

9.1 Overview

Overtime at MTA Bridges and Tunnels (MTA B&T) is driven by the Operations and Maintenance departments which are comprised of the majority of overtime eligible represented employees. MTA B&T uses overtime coverage to assist with providing scheduled and unscheduled service, maintenance (planned and emergency), vacancy/absentee coverage, weather, law enforcement activity, and capital reimbursable projects.

MTA B&T overtime spending totaled nearly $15 million in 2020. The largest category of overtime spending was Vacancy/Absentee Coverage, equating to approximately one third of total. The remaining overtime expenses of note include Scheduled Service (19%) and All Other Departments and Accruals (17%), which includes overtime for all departments other than Operations and Maintenance, and adjustments to reflect the 28-day payroll lag.



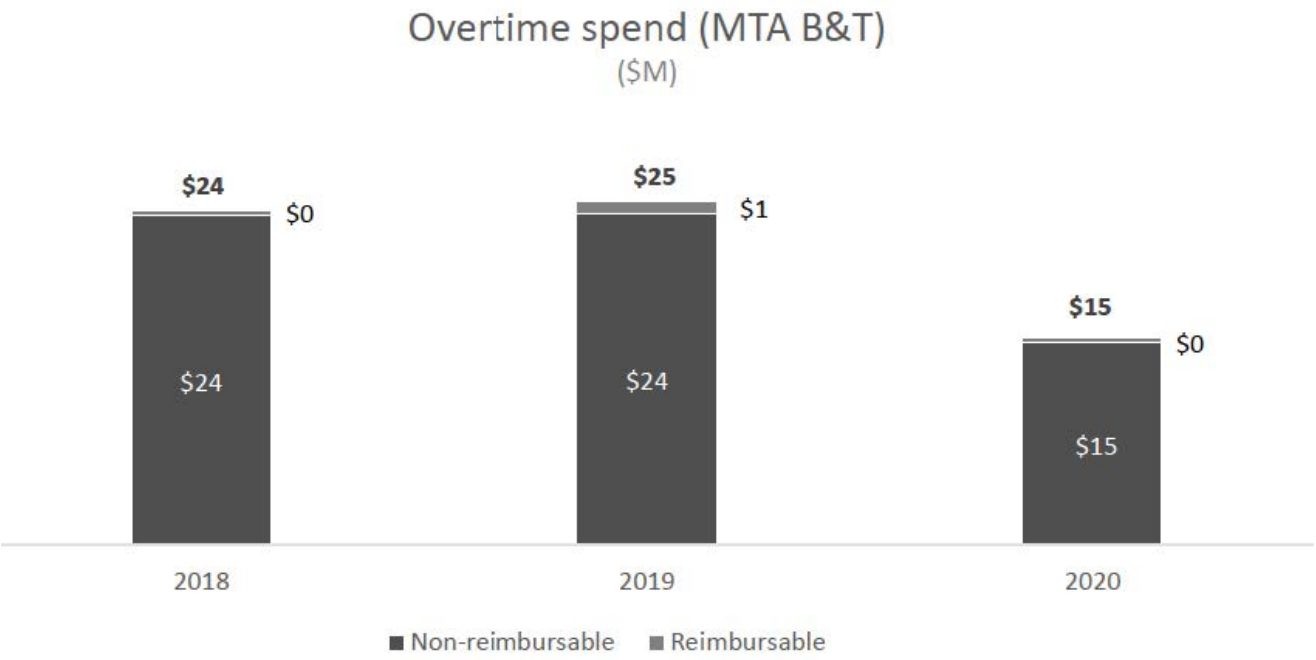
9.2 Trends in overtime

B&T's overtime spending is driven by the Operations and Maintenance departments. Additionally, modest overtime budgets are included annually for administrative personnel in other departments. Operations overtime drivers include weather events, law enforcement activity, special events such as the NYC Marathon, labor relations work rules, and availability due to vacancies in schedules. Maintenance Department drivers include weather storm preparedness and maintenance, capital construction projects, major maintenance, labor relations work rules, and availability due to vacancies in schedules.

B&T's overtime management strategy ensures safety and security, cost containment, and operational effectiveness across its seven bridges and two tunnels. Overtime is particularly useful to address operational challenges such as:

- Reduction in the number of employees available in the workforce due to scheduled and unplanned absences, vacancies, training, and retirements
- Work requiring immediate attention that cannot be deferred until the next tour when straight time staff are available (e.g., law enforcement interdiction, removal of debris, response to vehicle collisions and other safety related incidents)
- Environmental conditions adversely impacting operations (e.g., inclement weather, heavy traffic, security, construction, maintenance, technical services)
- Work undertaken during non-peak hours to minimize impacts to our customers

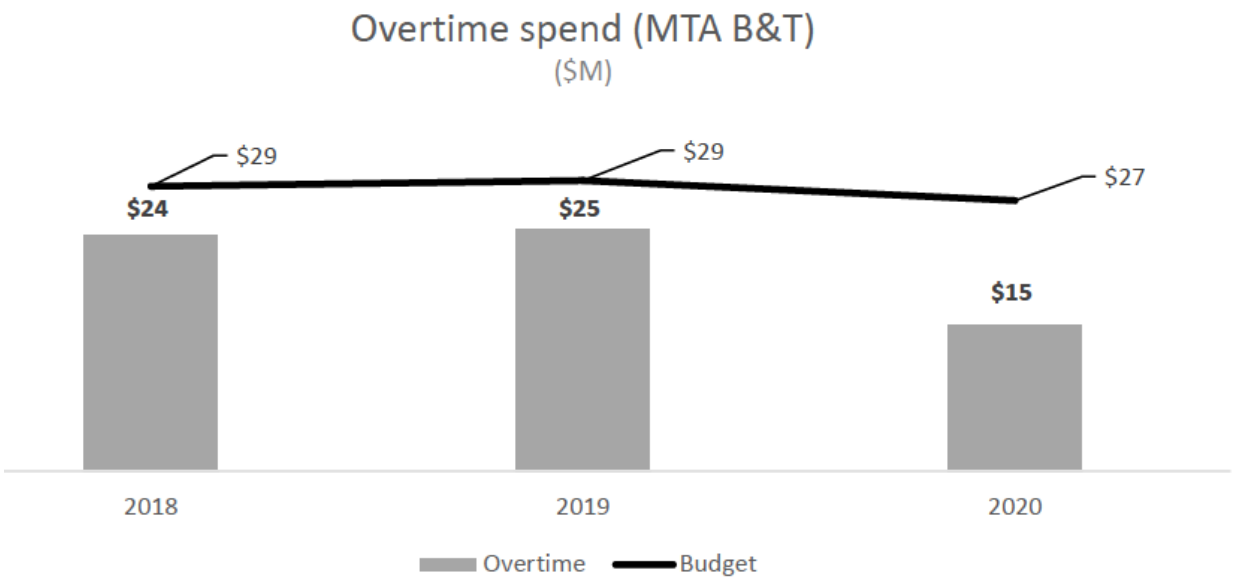
B&T internally categorizes overtime into five main categories, titled SWEAP; Security, Weather, Emergency, Availability, Pre-Planned/Scheduled. This is done to standardize and categorize our overtime codes, as well as allow facilities to prioritize and control overtime costs.



Reimbursable overtime indicates work done to support projects that are reimbursed, and attributable to the MTA's Capital Program. Non-reimbursable overtime supports operating activities.

The "Other" category includes coverage for clerical and administrative positions that are eligible for overtime and miscellaneous overtime. It also includes maintenance and weather emergencies.

9.3 Performance versus budget



2020 Total B&T overtime was $12.5 million under budget ($14.9 million actual vs $27.4 million budget).

- Maintenance (Scheduled/Unscheduled) overtime was $3.6 million under budget largely driven by the deferral of non-critical maintenance tasks due to COVID-19.
- Weather overtime was $0.8 million under budget due favorable weather patterns and effective management of storm response.
- Scheduled Service overtime was $2.7 million under budget related to lower traffic volumes due to COVID-19.
- Unscheduled Service overtime was $0.2 million over budget due to greater than expected emergency work.
- Reimbursable overtime was under budget by $0.5 million due to COVID-19 related work deferrals.
- Other and All Other Departments and Accruals overtime was over budget by $1.2 million primarily due to adjustments for the 28-day payroll lag.

2019 Total B&T overtime was $4.8 million under budget ($24.6 million actual vs $29.4 million budget).

- Scheduled service overtime was $1.4 million under budget due to minimal workforce vacancies.
- Vacancy/Absentee Coverage overtime was $0.9 million under budget due to the implementation of scheduling efficiencies.

2018 Total B&T overtime was $4.8 million under budget ($24.0 million actual vs $28.8 million budget).

- Vacancy/Absentee Coverage overtime was $4.2 million under budget due to minimal workforce vacancies.
- Programmatic/Routine Maintenance overtime was $1.5 million over budget due to greater than planned maintenance work to maintain a state of good repair.

9.3.1 Scheduled Overtime

Scheduled service- Scheduled service has been under budget the last three years.

Historically, B&T is under budget on overtime spending, however, the primary drivers of such overtime in the past three years include, but are not limited to:

- Wrecker driver
- Vacancies in schedules
- Medical (sick or injury on duty)
- Family Medical Leave (FMLA)
- Personal business
- Leave of absences
- Contractually provisioned overtime (granted by collective bargaining agreements (CBAs))

In 2020, B&T realized substantial overtime savings attributed to reorganization and scheduling efficiencies, as well as the deferral of non-critical maintenance work, due to the Covid-19 pandemic. Also, due to the pandemic, traffic volumes at B&T crossings were down, freeing up resources, allowing more tasks to be completed without the use of overtime.

9.3.2 Unscheduled Overtime

Unscheduled service – This category was under budget in two of the last three years and reflects the implementation of scheduling efficiencies and the effective management of resources.

Maintenance (Planned & Emergency) – Overtime used for planned program maintenance work, usually performed during hours that are deemed more practical in order to minimize roadway disruptions and overtime used to complete unplanned/emergency maintenance work resulting from a non-weather-related extraordinary events was brought well below budget in 2020. Progress in this area was attributable to tighter management controls and the Agency's effective management of resources during the pandemic.

Absentee/ Vacancy coverage – B&T experienced significant improvement in its budget performance in this category during 2020. Again, this was largely attributable to the Agency's efforts at managing its workforce during the pandemic. In prior years, the B&T experienced a large number of vacancies, which required staff to be assigned on overtime to complete required work.

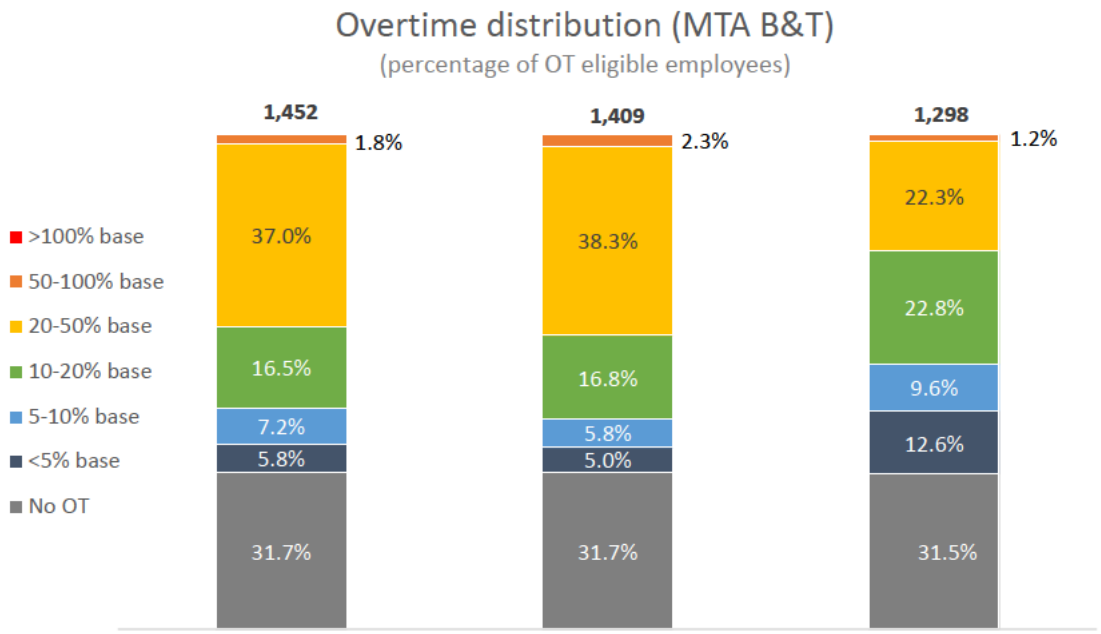
Weather – Two consecutive mild winters contributed to overtime spending in this category falling below budget in 2019 and 2020. B&T will continue to explore ways to minimize weather-related overtime expenses, even when storm events arise.

Other – The primary causes of overtime in this category relates to capital projects primarily due to adjustments for the 28-day payroll lag Reimbursable.

9.3.3 Reimbursable

The primary causes of such overtime in the past three years include, but are not limited to tunnel rehabilitation, tunnel fan motors, new roadway monitoring system, tunnel flood mitigation, and updating transmit readers.

9.4 Distribution of overtime



Most represented B&T employees go through an overtime equalization process, designed to ensure overtime pay is spread equitably throughout the organization. A list is generated based on the number of hours worked by represented employees, sorted from the least amount of hours worked to the most amount of hours worked for the current year. Based on this list, employees are offered the option to work overtime. If an employee declines, management will continue down the list until an employee accepts. This is done to ensure fair and equitable opportunities to work overtime across represented employees. As seen in the chart above, this process has assisted in keeping the overtime available spread consistently across B&T employees.

With the implementation of Open Road Cashless Tolling, B&T has transformed into a more efficient organization. B&T's operational needs have changed with the elimination of gated tolling plazas, which has removed staffing and labor needs in this area. Additionally, over the last four years B&T has seen numerous senior members of represented operations and maintenance forces retire, which coupled with the elimination of tolling plazas and the staffing needs associated with them, has increased operating efficiencies through rescheduling and redeployment of resources. Along with the tracking and monitoring of overtime assignments mentioned previously, B&T utilizes the built-in audit trail and other tools in the Kronos timekeeping system to verify payroll for represented employees, keeping overtime spending efficient.

B&T reviewed 2017-2020 top earners missed punches, edited punches, time and attendance standardized overtime codes, and overtime budget for discrepancies. Overtime is processed after preauthorization by a supervisor/ manager, and it is reconciled, approved, and signed-off by supervisor/ manager before payment is made. Employee data is reconciled, validated, and confirmed through Central Control (Timekeeping) Unit. All B&T overtime payments were validated and paid.

Conclusion

MTA management's renewed and continued focus on "controllable" overtime costs has generated significant improvements in managing overtime to budgeted levels. MTA-wide, overtime spending dropped dramatically in both 2019 and 2020 when compared to the prior year – 9% in 2019 and another 10% in 2020. Overall, total overtime spending declined from $1.4 billion in 2018 to $1.1 billion in 2020 – or by $244 million total. In addition, the MTA has made progress in bringing its annual overtime spending closer to the original budget projection. In 2018 the overage was $282 million (26%). It dropped to $202 million (19%) in 2019 and just $69 million (6%) in 2020.

Agency actions are expected to yield nearly $1 billion in controllable overtime cost reductions between 2020 and 2024. Additional work remains to fully implement the remaining Morrison & Foerster recommendations, automate existing control measures, migrate agencies to a cloud-based version of the timekeeping system, and integrate multiple timekeeping and payroll systems into a single standardized system. The MTA remains focused on advancing and completing these important initiatives as quickly and efficiently as possible, in addition to maintaining positive trends in controllable overtime spending.