

# MTA 2023 Preliminary Budget

## July Financial Plan 2023-2026



**Volume 1**  
**July 2022**



**Metropolitan Transportation Authority**

## OVERVIEW

### **MTA 2023 Preliminary Budget July Financial Plan 2023-2026 Volume 1**

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

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

**Volume 2** includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2023 Preliminary Budget and the Financial Plan for 2023 through 2026. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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# I. Introduction

## **Executive Summary**

The **2022 MTA July Financial Plan** (the “July Plan” or “Plan”), which includes the 2022 Mid-Year Forecast, the 2023 Preliminary Budget and a Financial Plan for the years 2023 to 2026, updates the 2022 February Financial Plan (the “February Plan”). Since 2010, MTA financial plans – developed in a disciplined, consistent, and transparent process – have included the impact of the continuous pursuit of operational efficiencies and recurring cost reductions which have been used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies and have provided funding for the capital program and enhanced maintenance. When sustainable, Plans have reflected added service, while at the same time have addressed long-term costs such as pensions, health care, paratransit, and debt service.

This Plan, however, as with all plans beginning with the 2020 July Plan, reflects the impact of the novel coronavirus (COVID-19) outbreak and the ensuing pandemic on the MTA Region, forcing the MTA to focus on financial survival while at the same time providing service needed to keep the region moving during the height of the pandemic, during the late-pandemic period, and as the region moves towards the eventual post-pandemic “new normal.”

### **The February Plan**

The February Plan projected annual balanced budgets through 2025. This balancing was only achieved with the awarding of \$10.5 billion in federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act of 2021 (ARPA), which was on top of the \$4 billion received in 2020 from the Coronavirus Aid, Relief and Economic Security (CARES) Act, the implementation of the four percent fare and toll rate increases proposed for 2023 and 2025, and the use of \$499 million in deficit borrowing proceeds. The federal funding, however, masked the structural imbalance of MTA’s finances. Without the fare and toll increases, ARPA and the use of deficit borrowing proceeds, 2025 would be \$2.7 billion out of balance. Even if the fare and toll increases were to be implemented in 2023 and 2025, 2025 would still be out of balance by \$2.2 billion without federal funding and the deficit borrowing proceeds. With federal funding expected to be exhausted in 2025, significant budget deficits loomed beyond 2025 if actions to address the structural imbalance are not implemented.

The February Plan also reflected additional funding resources dedicated in the 2022-2023 NYS Executive Budget of \$337 million in 2022 appropriated Metropolitan Mass Transportation Operating Assistance (MMTOA) and Petroleum Business Tax (PBT) subsidies for the MTA. Out-year projections of \$481 million in 2023, \$544 million in 2024 and \$565 million in 2025, based on estimates provided by the New York State, were also expected; over the Financial Plan period, these State subsidies total \$1.9 billion. With the appropriation of additional subsidy revenue, the proposed mid-2022 four percent fare rate increase – initially proposed for implementation in March 2021 and deferred in subsequent financial plans – was no longer considered and removed from the February Plan.

### **The July Plan**

Prior to the outbreak of the Omicron variant, the MTA region was taking significant strides towards the post-pandemic “new normal.” The rollout of COVID-19 vaccines, in combination with continued measures to control the spread of the virus, allowed businesses to reopen. New York

City public schools began the 2021-2022 school year in September with full in-person instruction, and Broadway theaters and other entertainment, sports, dining, and cultural venues began operating at capacity. Over the course of 2021, ridership and traffic volumes continued to gradually increase until close to year end, when Omicron took hold. November 2021 ridership, compared with the pre-pandemic level, was down 42% for subway, 37% for NYCT bus, 31% for MTA Bus, 55% for SIR, 44% for LIRR and 48% for MNR. In January 2022, ridership recovery had slipped, and ridership compared with the pre-pandemic level was down 53% for subway, 48% for NYCT bus, 42% for MTA Bus, 67% for SIR, 61% for LIRR and 65% for MNR. Ridership has gradually improved, and by April, subway and bus ridership had recovered to the November 2021 level—subway 42% below the pre-pandemic level, NYCT bus 38% below the pre-pandemic level and MTA Bus 31% below the pre-pandemic level, although SIR worsened to 61% below the pre-pandemic level—while the commuter railroads improved beyond November’s results, with LIRR 42% below the pre-pandemic level and MNR 41% below the pre-pandemic level.

Despite ridership levels that continue to remain significantly below pre-pandemic levels, MTA is providing service to accommodate both current riders and those who are expected to return to pre-pandemic travel routines. Subway and bus service are scheduled at 100 percent of pre-pandemic levels with expectations of meeting that schedule daily, while the LIRR is providing service at approximately 88 percent of its pre-pandemic level, and MNR is providing approximately 89 percent of pre-pandemic service.

As the impact of the pandemic started to become more entrenched (particularly following the emergence of the Omicron variant), MTA re-engaged with McKinsey & Co. to develop an updated post-pandemic recovery analysis. The new “midpoint” recovery percentages from the preliminary results of this analysis are incorporated in this July Plan for transit and commuter rail farebox revenue. Due to the full recovery with respect to bridge and tunnel traffic, toll revenue is forecast based on traffic at approximately 100% of pre-pandemic levels.

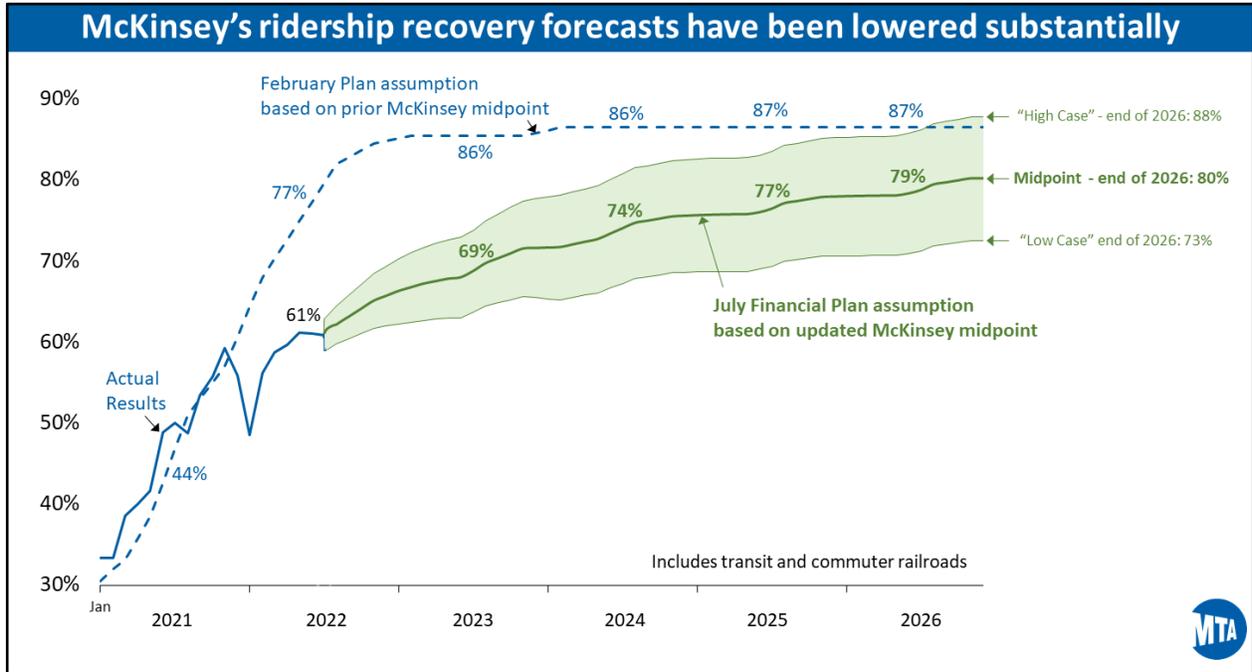
Actual revenue and ridership results through April was used in combination with these new McKinsey projections. Fare revenue through the first four months of 2022 was \$239 million below previous budgeted amounts, while toll revenue was \$58 million above budgeted amounts.

The updated McKinsey projections are centered around behavioral changes that began during the pandemic and the degree to which those changes become more permanent or longer lasting. Two scenarios were prepared – a “high case” and a “low case”.

The “high case” scenario is more optimistic regarding ridership recovery, where in-person work increases during the projection period from current levels for the sectors that have the ability for hybrid work arrangements. Loss of non-work trips from factors such as e-commerce, telehealth, etc. also declines over time. Additional consumer sentiment factors, such as COVID concerns and safety perception also decline over time. It should be noted that even under this “high case” scenario, a lower “new normal” in ridership is forecast reflecting the more permanent impact of these factors.

The “low case” scenario is more cautious regarding ridership recovery, where higher levels of remote work persist, non-work trips rebound more slowly, and other customer factors lead to slower return to transit over time.

The graph below illustrates the range of ridership forecasts for transit and the commuter railroads (and excluding B&T) based on the new McKinsey analysis (“High Case”, “Midpoint” and “Low Case”) as compared to the midpoint forecast from the prior McKinsey analysis.



As a result of the slower recovery and the lower “new normal” projections, updates to consolidated farebox revenue forecasts show lower consolidated fare and toll revenue by the following amounts:

2022	\$ (1,020)
2023	(1,043)
2024	(757)
2025	(619)
2026	(488)

The changes in farebox revenue also impact the additional farebox revenue expected to be generated from fare rate increases proposed in the Plan. Further, the revised ridership recovery projections affect estimates of City Subsidy for MTA Bus and SIR. These subsidy changes are also captured below-the-line in Volume 1 of this Plan.

Bridge and Tunnel traffic and associated toll revenue have returned to pre-pandemic levels, as anticipated in the late 2020 McKinsey “best case” scenario, and this is reaffirmed in McKinsey’s updated preliminary analysis.

Beyond the unfavorable impact from the latest preliminary McKinsey ridership recovery analysis, farebox revenue compared with the February Plan is expected to be lower through 2025 by \$319 million, reflecting the shortfall through April as well as lower Fare Media Liability at NYCT as MetroCard usage is replaced by OMNY market share increases. B&T toll revenue through 2025 is improved from the February Plan by \$213 million, reflecting higher toll revenue of \$30 million through April and changes in the mix of vehicles and payment methods used.

Minor changes in Agency baseline farebox and toll revenue levels increase the amount of revenue expected to be generated by \$10 million from the 2023 and 2025 proposed fare and toll increases. The latest McKinsey projections also impact the 2023 and 2025 proposed fare and toll increases, lowering the expecting revenue generated by \$127 million over the Plan period.

In addition to farebox and toll revenue, baseline Agency re-estimates include \$325 million in New Needs and other investment expenses through 2025. Major New Needs and other investments include the transfer of post-COVID cleaning functions being provided under contract to in-house forces, better alignment of responsibilities at the Rail Control Center, relocating the Jamaica Bus Terminal and office space currently located at 180 Livingston Plaza, and funding for additional Staten Island bus dispatchers and Eagle Teams for bus fare collection enforcement at NYCT; using laser cleaning technology to reduce rail sliding at SIR; expanded conductor training and the safety department, and added maintenance for the car fleet and facilities at the LIRR; increasing service to 89% of pre-pandemic levels, providing additional service and maintenance for Connecticut operations, and additional resources for operations support and training at MNR; installation of driver-protection barriers on express buses at MTA Bus; and the relocation of certain MTA PD facilities to improve functionality, investments in staffing resources, and safety initiatives for Grand Central Madison at MTA HQ.

Other Agency baseline re-estimates result in higher costs of \$242 million through 2025, with Electric Power, Fuel and Health and Welfare expenses higher by \$873 million and pension expenses and other re-estimate lower by \$631 million.

The net impact from debt service payable from the operating budget is debt service costs increasing by \$253 million. Although this net increase in debt service cost is primarily attributable to higher interest rates, it incorporates several adjustments in the July Plan related to debt service payable from the operating budget:

- (1) Gross debt service “above-the line” is lower by \$975 million because some of the debt issuance is now assumed to be paid directly from the Capital Lockbox and some of the debt issuance was done by the State directly.
- (2) By moving debt issuance to either the Capital Lockbox or to the State lowered reimbursement shown in the operating budget from such sources for debt service by \$(670) million.
- (3) Debt service related to bonding of the MLF note was moved below-the-line and is now re-estimated at \$(558) million.

These three adjustments result in an increase in the net debt service burden to the operating budget of the above mentioned \$(253) million.

Overall, subsidies are improved by \$54 million. Receipts from State and local subsidies and dedicated taxes have improved by \$27 million through 2025 compared with the February Plan, primarily reflecting year-to-date results. The transfer of capital lockbox receipts generated from the Mansion and Internet Marketplace Taxes into the operating budget is lower by \$318 million, reflecting lower coverage requirements for debt service expenses. Subsidies from New York City for MTA Bus and Staten Island Railway and from the Connecticut Department of Transportation for its share of Metro-North’s New Haven Line are favorable by \$344 million through 2025 to cover increases in deficits of those operations; this includes the impact due to the revised McKinsey projections on City Subsidies for MTA Bus and SIR.

Savings targets, anticipated to generate \$150 million in annual savings starting in 2022 and earmarked as “Transformation Savings” in the February Plan, have been replaced with a “Fiscal Baseline Reset” program, with all Agencies focused on developing efficiencies across the MTA. The July Plan projects annual savings of \$100 million from these efforts starting in 2023. Through 2025, this change reduces savings by \$300 million.

Reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency (FEMA) are expected to increase by \$210 million in this Plan due to the extension of the full coverage period through the end of June 2022 and followed by 90% coverage.

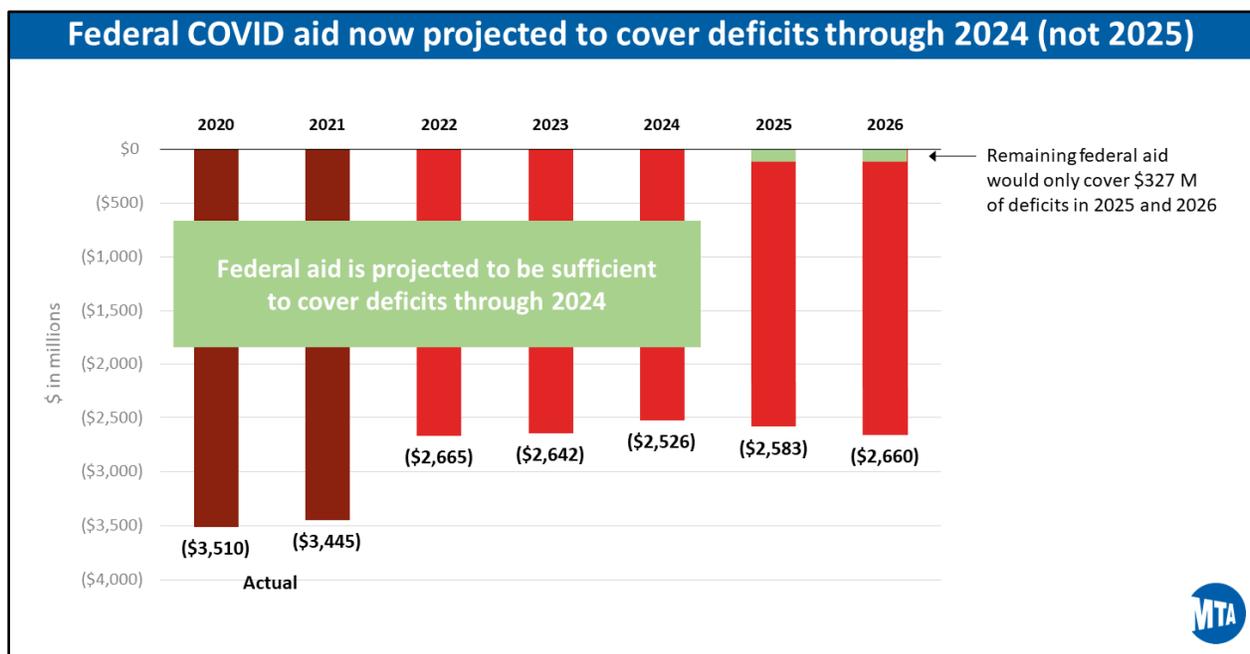
The timing of the use of formula based ARPA federal aid and the granting of discretionary ARPA funding, results in a favorable change from the February Plan of \$406 million through 2025. The July Plan also includes the use of the remaining \$201 million in federal funds in 2026.

The February Plan included the use of \$499 million in proceeds from deficit borrowing available through the Federal Reserve’s Municipal Liquidity Facility. While the use of deficit borrowing proceeds is not reflected in the July Plan, which is an unfavorable impact of \$499 million in 2025, the debt service associated with borrowing is included in the Plan as it was in the February Plan.

Lastly, the February Plan included the repayment of a \$300 million line of credit. The July Plan reflects that no proceeds from the line of credit were ultimately needed to balance the budget, and as a result, there is no longer any unpaid balance related to the line of credit. This is a favorable improvement of \$300 million from the February Plan.

### The “Bottom Line”

In total, the cumulative impact of the changes since the February Plan is a balanced budget through 2024. The balanced budgets through 2024 are based on federal COVID relief funds that have already been awarded to MTA and are expected to be sufficient to cover projected underlying deficits through 2024. Unfunded deficits of approximately \$2.5 billion are projected in 2025 and 2026. This is illustrated in the following graph.



As illustrated, the federal funding covers the structural imbalance in MTA's finances, which is evident from the approximate \$2.5 billion deficits in 2025 and 2026, after all but \$327 million of federal aid is projected to be exhausted by the end of 2024. Without federal COVID relief funds, each year of the Plan would be in substantial deficit. In addition, the deficits would be higher without the assumed 4% fare and toll increases in 2023 and 2025 built into the Plan, where the annual deficit in 2026 would increase to approximately \$3 billion without such increases being implemented.

## **Risks to MTA's Financial Future**

Even with federal funding, the financial plan is out of balance, with ridership forecast to recover slowly over the plan period and remain substantially below pre-pandemic levels. Additional risks to the Plan include:

***Ridership improvements can fall short of projections.*** The Plan anticipates ridership recovery based on the midpoint between the new "high case" and "low case" McKinsey scenarios. Should ridership be lower than the new midpoint forecast, loss of projected revenue could be significant.

***Economy slows or falls into recession.*** The dedicated taxes MTA relies on to cover its operating budget are sensitive to economic downturns, and a significant decline in economic activity could reduce dedicated tax receipts.

***Inflation remains stubbornly high.*** The Plan assumes inflation reverts to about two percent annually from current levels.

Achieving long-term balance after the end of federal will require actions, including some, or all, of the following:

***Achieving affordable wage settlements.*** The MTA is committed to honoring the terms of its existing contracts and is committed to negotiating affordable wage settlements with its unions. At the conclusion of existing labor contracts, the Plan assumes annual wage increases of two percent.

***Implementation of biennial fare and toll increases in 2023 and 2025.*** Through 2026, the Plan assumes a combined \$1.49 billion in additional fare and toll revenue from the projected 2023 and 2025 fare and toll increases, net of subsidy changes.

***Finding and implementing innovative savings actions.*** The MTA must remain focused on existing cost control efforts, not only to avoid "backsliding" but find additional savings throughout the organization as part of a multifaceted approach to addressing the MTA's structural imbalance. With centralized departments in place to better serve agency operations, the focus of management has shifted to developing additional efficiencies across the organization, with further savings of \$400 million through 2026 targeted in the July Plan. It should be noted that many costs in the operating budget are outside of MTA's direct control (e.g., energy, health and welfare, and pension contributions).

***Working with MTA's funding partners to identify new recurring and sustainable funding sources.*** With substantially lower projected revenue from ridership and unavoidable expense

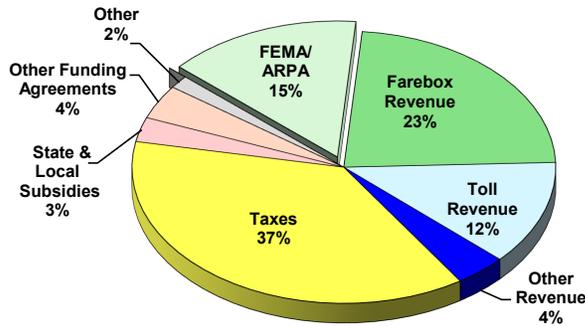
growth, particularly labor expenses, new and sustainable funding sources will be a critical part of solving the MTA's fiscal structural imbalance.

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## **II. MTA Consolidated Financial Plan**

**MTA 2023 Preliminary Budget**  
**Baseline Revenues and Expenses After Below-the-Line (BTL) Adjustments**  
**Non-Reimbursable**

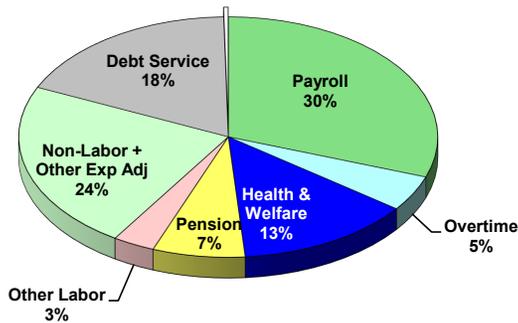
**Where the Dollars Come From ...**



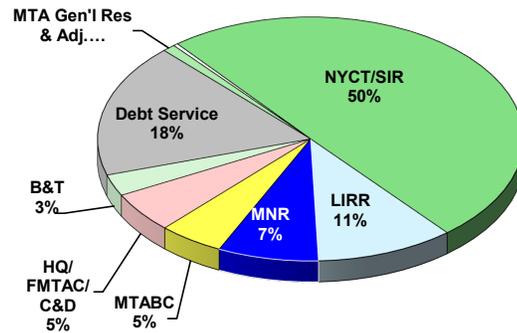
By Revenue Source (\$ in millions)	
Farebox Revenue	\$4,467
Toll Revenue	2,403
Other Revenue	758
Taxes	7,222
State and Local	564
Other Funding Agreements	788
Other <sup>1</sup>	298
FEMA/ARPA	2,877
<b>Total <sup>2</sup></b>	<b>\$19,379</b>

**Where the Dollars Go ...**

**By Expense Category**



**By MTA Agency**



By Expense Category <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,878
Overtime	921
Health & Welfare	2,614
Pension	1,378
Other Labor	625
<i>Total Labor</i>	<i>\$11,416</i>
Non-Labor + Other Exp Adj	4,574
Debt Service	3,456
BTL Adjustments for Expenses <sup>4</sup>	(68)
<b>Total <sup>2</sup></b>	<b>\$19,379</b>

By MTA Agency <sup>3</sup> includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,700
LIRR	2,044
MNR	1,490
MTABC	963
HQ/FMTAC/C&D	1,048
B&T	556
Debt Service	3,456
MTA Gen'l Res & Adjs	190
BTL Adjustments for Expenses <sup>4</sup>	(68)
<b>Total <sup>2</sup></b>	<b>\$19,379</b>

<sup>1</sup> Includes cash adjustments and prior-year carryover.

<sup>2</sup> Totals may not add due to rounding.

<sup>3</sup> Expenses exclude Depreciation, GASB 75 OPEB Adjustment, GASB 68 Pension Adjustment and Environmental Remediation.

<sup>4</sup> The "BTL Adjustments for Expenses" cannot be segmented by expense category or by Agency.

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

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023 - 2026**  
**MTA Consolidated Accrued Statement of Operations By Category**  
(\$ in millions)

	Actual 2021	Mid-Year Forecast 2022	Preliminary Budget 2023	2024	2025	2026
<b>Non-Reimbursable</b>						
<b>Operating Revenues</b>						
Farebox Revenue	\$3,048	\$3,836	\$4,326	\$4,701	\$4,821	\$4,960
Toll Revenue	2,170	2,315	2,323	2,332	2,335	2,338
Other Revenue	4,706	650	758	797	808	830
Capital and Other Reimbursements	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$9,924</b>	<b>\$6,801</b>	<b>\$7,407</b>	<b>\$7,830</b>	<b>\$7,964</b>	<b>\$8,128</b>
<b>Operating Expenses</b>						
<b>Labor:</b>						
Payroll	\$5,214	\$5,648	\$5,878	\$6,046	\$6,184	\$6,343
Overtime	965	908	921	919	946	966
Health and Welfare	1,405	1,609	1,738	1,853	1,974	2,107
OPEB Current Payments	722	794	876	952	1,035	1,124
Pension	1,410	1,369	1,378	1,314	1,261	1,205
Other Fringe Benefits	816	1,001	1,054	1,104	1,155	1,207
Reimbursable Overhead	(372)	(449)	(428)	(435)	(431)	(434)
<b>Total Labor Expenses</b>	<b>\$10,160</b>	<b>\$10,880</b>	<b>\$11,416</b>	<b>\$11,752</b>	<b>\$12,125</b>	<b>\$12,518</b>
<b>Non-Labor:</b>						
Electric Power	\$430	\$628	\$631	\$606	\$610	\$623
Fuel	163	281	253	231	224	209
Insurance	26	43	68	100	124	156
Claims	426	433	449	458	469	483
Paratransit Service Contracts	346	424	475	505	527	561
Maintenance and Other Operating Contracts	765	910	875	877	890	873
Professional Services Contracts	499	756	594	599	602	610
Materials and Supplies	486	729	773	783	798	800
Other Business Expenses	200	245	239	243	252	252
<b>Total Non-Labor Expenses</b>	<b>\$3,341</b>	<b>\$4,451</b>	<b>\$4,357</b>	<b>\$4,402</b>	<b>\$4,497</b>	<b>\$4,568</b>
<b>Other Expense Adjustments:</b>						
Other	\$21	\$26	\$28	\$23	\$23	\$23
General Reserve	(335)	185	190	195	200	205
<b>Total Other Expense Adjustments</b>	<b>(\$314)</b>	<b>\$211</b>	<b>\$218</b>	<b>\$218</b>	<b>\$223</b>	<b>\$228</b>
<b>Total Expenses Before Non-Cash Liability Adjs.</b>	<b>\$13,187</b>	<b>\$15,542</b>	<b>\$15,991</b>	<b>\$16,372</b>	<b>\$16,844</b>	<b>\$17,315</b>
Depreciation	\$3,159	\$3,194	\$3,210	\$3,257	\$3,306	\$3,354
GASB 75 OPEB Expense Adjustment	1,075	1,402	1,451	1,450	1,446	1,439
GASB 68 Pension Expense Adjustment	(917)	(64)	(51)	(145)	(71)	(122)
Environmental Remediation	37	6	6	6	6	6
<b>Total Expenses After Non-Cash Liability Adjs.</b>	<b>\$16,541</b>	<b>\$20,080</b>	<b>\$20,607</b>	<b>\$20,940</b>	<b>\$21,531</b>	<b>\$21,992</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,354)	(\$4,538)	(\$4,616)	(\$4,569)	(\$4,687)	(\$4,677)
Debt Service	2,787	3,062	3,456	3,388	3,569	3,510
<b>Total Expenses with Debt Service</b>	<b>\$15,974</b>	<b>\$18,604</b>	<b>\$19,447</b>	<b>\$19,759</b>	<b>\$20,413</b>	<b>\$20,825</b>
Dedicated Taxes & State and Local Subsidies	\$7,679	\$8,617	\$8,847	\$8,991	\$9,194	\$9,344
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>\$1,628</b>	<b>(\$3,187)</b>	<b>(\$3,192)</b>	<b>(\$2,939)</b>	<b>(\$3,255)</b>	<b>(\$3,352)</b>
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	(961)	600	298	266	100	296
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$668</b>	<b>(\$2,586)</b>	<b>(\$2,894)</b>	<b>(\$2,673)</b>	<b>(\$3,155)</b>	<b>(\$3,057)</b>
Below the Line Adjustments	\$0	\$1,420	\$2,894	\$2,673	\$698	\$599
Prior Year Carryover Balance	499	1,166	0	0	0	0
<b>Net Cash Balance</b>	<b>\$1,166</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,457)</b>	<b>(\$2,458)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023 - 2026**  
**Plan Adjustments**  
(\$ in millions)

	Actual 2021	Mid-Year Forecast 2022	Preliminary Budget 2023	2024	2025	2026
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$668</b>	<b>(\$2,586)</b>	<b>(\$2,894)</b>	<b>(\$2,673)</b>	<b>(\$3,155)</b>	<b>(\$3,057)</b>
<b>Fare and Toll Increases:</b>						
<i>Fare/Toll Increase, March 2023 (4% Yield)</i>		\$0	\$221	\$270	\$263	\$269
<i>Subsidy Impacts - Fare/Toll Increase, March 2023</i>		0	(12)	(8)	(8)	(8)
<i>Fare/Toll Increase, March 2025 (4% Yield)</i>		0	0	0	239	286
<i>Subsidy Impacts- Fare/Toll Increase, March 2025</i>		<u>0</u>	<u>0</u>	<u>0</u>	<u>(12)</u>	<u>(9)</u>
<b>Subtotal:</b>		<b>\$0</b>	<b>\$208</b>	<b>\$263</b>	<b>\$482</b>	<b>\$539</b>
<b>MTA Initiatives:</b>						
<i>Fiscal Baseline Reset</i>		<u>\$0</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<b>Subtotal:</b>		<b>\$0</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>
<b>MTA Re-estimates:</b>						
<i>Grand Central Madison</i>		<u>(\$19)</u>	<u>(\$32)</u>	<u>(\$32)</u>	<u>(\$33)</u>	<u>(\$33)</u>
<b>Subtotal</b>		<b>(\$19)</b>	<b>(\$32)</b>	<b>(\$32)</b>	<b>(\$33)</b>	<b>(\$33)</b>
<b>Other:</b>						
<i>FEMA COVID Reimbursement</i>		\$0	\$235	\$235	\$235	\$0
<i>ARPA Federal Aid Usage</i>		1,498	2,642	2,526	126	201
<i>City Subsidy Revision (MTA Bus/SIR) due to ARPA</i>		(59)	(260)	(240)	(23)	(19)
<i>Debt Service for Deficit Borrowing</i>		<u>0</u>	<u>0</u>	<u>(178)</u>	<u>(190)</u>	<u>(190)</u>
<b>Subtotal:</b>		<b>\$1,439</b>	<b>\$2,618</b>	<b>\$2,343</b>	<b>\$148</b>	<b>(\$8)</b>
<b>TOTAL ADJUSTMENTS</b>		<b>\$1,420</b>	<b>\$2,894</b>	<b>\$2,673</b>	<b>\$698</b>	<b>\$599</b>
<i>Prior Year Carryover Balance</i>	\$499	\$1,166	\$0	\$0	\$0	\$0
<b>Net Cash Surplus/(Deficit)</b>	<b>\$1,166</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,457)</b>	<b>(\$2,458)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023 - 2026**  
**Cash Receipts and Expenditures**  
(\$ in millions)

	Actual 2021	Mid-Year Forecast 2022	Preliminary Budget 2023	2024	2025	2026
<b>Cash Receipts and Expenditures</b>						
<b>Receipts</b>						
Farebox Revenue	\$3,079	\$3,826	\$4,321	\$4,696	\$4,816	\$4,955
Other Revenue	4,048	1,363	777	817	830	853
Capital and Other Reimbursements	1,831	2,457	2,075	2,051	2,061	2,088
<b>Total Receipts</b>	<b>\$8,958</b>	<b>\$7,646</b>	<b>\$7,174</b>	<b>\$7,565</b>	<b>\$7,706</b>	<b>\$7,897</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$5,651	\$6,346	\$6,400	\$6,572	\$6,860	\$6,880
Overtime	1,132	1,120	1,097	1,094	1,126	1,156
Health and Welfare	1,451	1,666	1,789	1,905	2,026	2,159
OPEB Current Payments	701	782	865	940	1,023	1,112
Pension	1,486	1,489	1,453	1,393	1,343	1,290
Other Fringe Benefits	1,178	1,160	1,044	1,080	1,127	1,157
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
<b>Total Labor Expenditures</b>	<b>\$11,599</b>	<b>\$12,563</b>	<b>\$12,649</b>	<b>\$12,984</b>	<b>\$13,505</b>	<b>\$13,753</b>
<b>Non-Labor:</b>						
Electric Power	\$433	\$637	\$639	\$614	\$618	\$629
Fuel	152	278	250	229	222	207
Insurance	5	58	68	94	127	152
Claims	239	315	309	316	326	338
Paratransit Service Contracts	344	422	473	503	525	559
Maintenance and Other Operating Contracts	689	885	804	805	790	773
Professional Services Contracts	544	913	639	610	632	644
Materials and Supplies	639	854	871	898	907	910
Other Business Expenses	177	222	211	222	237	246
<b>Total Non-Labor Expenditures</b>	<b>\$3,222</b>	<b>\$4,582</b>	<b>\$4,264</b>	<b>\$4,291</b>	<b>\$4,384</b>	<b>\$4,458</b>
<b>Other Expenditure Adjustments:</b>						
Other	\$12	\$90	\$124	\$81	\$84	\$88
General Reserve	(335)	185	190	195	200	205
<b>Total Other Expenditure Adjustments</b>	<b>(\$323)</b>	<b>\$275</b>	<b>\$314</b>	<b>\$276</b>	<b>\$284</b>	<b>\$293</b>
<b>Total Expenditures</b>	<b>\$14,498</b>	<b>\$17,420</b>	<b>\$17,227</b>	<b>\$17,551</b>	<b>\$18,173</b>	<b>\$18,504</b>
<b>Net Cash Balance before Subsidies and Debt Service</b>	<b>(\$5,539)</b>	<b>(\$9,774)</b>	<b>(\$10,054)</b>	<b>(\$9,987)</b>	<b>(\$10,467)</b>	<b>(\$10,607)</b>
Dedicated Taxes & State and Local Subsidies	\$8,295	\$9,503	\$9,759	\$9,845	\$9,952	\$10,102
Debt Service	(2,089)	(2,315)	(2,599)	(2,532)	(2,640)	(2,551)
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$668</b>	<b>(\$2,586)</b>	<b>(\$2,894)</b>	<b>(\$2,673)</b>	<b>(\$3,155)</b>	<b>(\$3,057)</b>
Adjustments	\$0	\$1,420	\$2,894	\$2,673	\$698	\$599
Prior-Year Carryover Balance	499	1,166	0	0	0	0
<b>Net Cash Balance</b>	<b>\$1,166</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,457)</b>	<b>(\$2,458)</b>

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**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023-2026**  
**MTA Consolidated July Financial Plan Compared with February Financial Plan**  
**Cash Reconciliation after Below-the-Line Adjustments**  
(\$ in millions)

	Favorable/(Unfavorable)			
	2022	2023	2024	2025
<b>FEBRUARY FINANCIAL PLAN 2022-2025</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Agency Baseline Re-estimates</b>	<b>(\$1,140)</b>	<b>(\$1,202)</b>	<b>(\$724)</b>	<b>(\$483)</b>
Revenue				
Farebox Revenue	(1,020)	(1,067)	(777)	(655)
Toll Revenue	58	55	59	41
Rates and Related Assumptions <sup>1</sup>				
Electric Power	(120)	(114)	(84)	(75)
Fuel	(77)	(59)	(43)	(32)
Health & Welfare (including retirees)	(40)	(73)	(78)	(78)
Pensions	46	99	187	276
Other Baseline Re-estimates (including Timing) <sup>2</sup>	13	(44)	12	42
<b>New Needs/Investments</b>	<b>(\$27)</b>	<b>(\$104)</b>	<b>(\$117)</b>	<b>(\$77)</b>
Maintenance <sup>3</sup>	38	(3)	(33)	(15)
Safety & Security	(4)	(9)	(3)	(4)
Service/Service Support	(26)	(52)	(49)	(49)
All Other New Needs	(35)	(41)	(33)	(9)
<b>B&amp;T Adjustments</b>	<b>(\$77)</b>	<b>(\$64)</b>	<b>(\$75)</b>	<b>(\$64)</b>
B&T Net Baseline Impacts <sup>4</sup>	(77)	(64)	(75)	(64)
<b>Debt Service (Cash)</b>	<b>\$56</b>	<b>\$112</b>	<b>\$257</b>	<b>\$195</b>
<b>Subsidies (Cash)</b>	<b>\$348</b>	<b>\$301</b>	<b>\$222</b>	<b>\$147</b>
Petroleum Business Tax (PBT) Receipts	(22)	0	0	0
Real Estate Taxes	172	(10)	(10)	(10)
Payroll Mobility Tax (PMT)	40	0	0	0
MTA Aid	(46)	0	0	0
For-Hire Vehicle (FHV) Surcharge	(51)	(61)	(42)	(22)
Lockbox Revenues to fund Debt Service	(46)	(58)	(95)	(120)
Forward Energy Contracts Program	55	23	0	0
City Subsidy for MTA Bus	60	271	221	167
City Subsidy for Staten Island Railway	(9)	23	21	24
CDOT Subsidy for Metro-North Railroad	30	35	44	38
B&T Surplus Transfer	166	73	78	66
Other Subsidies and Subsidy Adjustments	(1)	4	4	4
<b>Below-the-Line (BTL) Adjustments</b>	<b>(\$322)</b>	<b>\$957</b>	<b>\$438</b>	<b>(\$2,175)</b>
<b>Fare/Toll Increases:</b>				
Fare/Toll Increase - March 2023 (4% Yield)	0	(31)	(28)	(36)
Fare/Toll Increase - March 2025 (4% Yield)	0	0	0	(26)
Subsidy Impacts - Fare/Toll Increase, March 2023	0	1	1	14
Subsidy Impacts - Fare/Toll Increase, March 2025	0	0	0	(12)
<b>MTA Initiatives:</b>				
Fiscal Baseline Reset	(150)	(50)	(50)	(50)
<b>MTA Re-estimates:</b>				
State Aid for the 2015-19 Capital Program	(37)	(38)	(38)	(38)
Repayment of Revolving Line of Credit	300	0	0	0
Grand Central Madison	0	0	0	0
<b>Other:</b>				
FEMA COVID Reimbursement	(330)	70	235	235
ARPA Federal Aid Usage	(46)	1,266	736	(1,550)
City Subsidy Revision (MTA Bus/SIR) due to ARPA	(59)	(260)	(240)	(23)
Debt Service for Deficit Borrowing	0	0	(178)	(190)
Proceeds from MLF Deficit Bonding	0	0	0	(499)
<b>Prior Year Carryover</b>	<b>\$1,163</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>JULY FINANCIAL PLAN 2023-2026</b>				
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,457)</b>

*Totals may not add due to rounding.*

- <sup>1</sup> Rates and Related Assumptions do not include Health & Welfare and Pension expenses for NYCT's COVID Cleaning Initiative and Eagle Teams new needs which are captured within the Maintenance and Service/Service Support lines, respectively, and for Electric Power and Fuel expenses for MNR's Service Increase to 89% new need which are captured within the Service/Service Support line.
- <sup>2</sup> In addition to timing, includes OTPS and reimbursable adjustments, operating capital, adjusted COVID-related expenditures, and cash adjustments.
- <sup>3</sup> Favorable results for 2022 are primarily due to savings of \$31 million (switch from third-party contractor to in-house forces for COVID cleaning at NYCT) and the rescheduling of SMS at NYCT and M3 life extension at the LIRR.
- <sup>4</sup> While B&T Operating Surplus Transfer is captured as a subsidy, B&T's baseline impacts are captured in individual reconciliation categories in the Agency Baseline Adjustments above. To avoid duplication, B&T's baseline impacts are eliminated within this line. Included within this B&T Net Baseline Impacts are reversals for higher toll revenue and favorable OTPS adjustments which are captured above.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023 - 2026**  
**Consolidated Subsidiaries**  
**Cash Basis**  
(\$ in Millions)

	Actual 2021	Mid-Year Forecast 2022	Preliminary Budget 2023	2024	2025	2026
<b>MMTOA, PBT &amp; Real Estate Taxes</b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$2,247.5	\$2,601.0	\$2,763.4	\$2,763.4	\$2,763.4	\$2,763.4
Petroleum Business Tax (PBT)	584.6	596.9	619.4	620.3	620.3	620.3
Mortgage Recording Tax (MRT)	647.6	626.7	633.0	649.0	674.7	684.8
MRT Transfer to Suburban Counties	(13.3)	(20.9)	(11.6)	(12.0)	(12.4)	(12.4)
MTA Bus Debt Service	(12.3)	(12.3)	(12.3)	(12.3)	(12.6)	(14.5)
Interest	0.3	0.3	0.3	0.3	0.3	0.3
Urban Tax	429.3	652.9	500.1	537.1	576.8	592.6
Other Investment Income	0.3	0.3	0.3	0.3	0.3	0.3
	<b>\$3,883.8</b>	<b>\$4,444.9</b>	<b>\$4,492.5</b>	<b>\$4,546.0</b>	<b>\$4,610.8</b>	<b>\$4,634.8</b>
<b>PMT and MTA Aid</b>						
Payroll Mobility Tax (PMT)	\$1,713.2	\$1,781.6	\$1,785.9	\$1,829.8	\$1,874.3	\$1,916.6
Payroll Mobility Tax Replacement Funds	293.1	244.3	244.3	244.3	244.3	244.3
MTA Aid	263.3	258.9	310.5	310.9	311.2	311.2
	<b>\$2,269.7</b>	<b>\$2,284.8</b>	<b>\$2,340.7</b>	<b>\$2,385.0</b>	<b>\$2,429.7</b>	<b>\$2,472.0</b>
<b>For-Hire Vehicle (FHV) Surcharge</b>						
Subway Action Plan Account	\$235.8	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0	0.0	0.0
Outerborough Transportation Account (OBTA)	0.0	41.4	50.0	50.0	50.0	50.0
Less: OBTA Projects	0.0	(41.4)	(50.0)	(50.0)	(50.0)	(50.0)
General Transportation Account	0.0	0.0	28.7	47.6	67.5	69.6
	<b>\$235.8</b>	<b>\$300.0</b>	<b>\$328.7</b>	<b>\$347.6</b>	<b>\$367.5</b>	<b>\$369.6</b>
<b>Bus Lane Violations (General Transportation Account)</b>	<b>\$4.4</b>	<b>\$2.9</b>	<b>\$2.9</b>	<b>\$2.9</b>	<b>\$2.9</b>	<b>\$2.9</b>
<b>Capital Program Funding from Lockbox Revenues</b>						
Central Business District Tolling Program (CBDTP)	\$0.0	\$0.0	\$250.0	\$1,000.0	\$1,000.0	\$1,000.0
Real Property Transfer Tax Surcharge (Mansion Tax)	374.5	414.7	311.7	320.6	332.8	335.7
Internet Marketplace Tax	344.9	325.6	328.9	331.1	334.4	337.8
Less: Transfer Lockbox Revenues to Committed to Capital	(717.0)	(728.4)	(849.3)	(1,590.7)	(1,563.2)	(1,513.5)
	<b>\$2.3</b>	<b>\$11.9</b>	<b>\$41.3</b>	<b>\$61.0</b>	<b>\$104.0</b>	<b>\$159.9</b>
<b>State and Local Subsidies</b>						
State Operating Assistance	\$225.5	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	184.9	187.9	187.9	187.9	187.9	187.9
Station Maintenance	178.5	182.2	185.7	189.5	193.7	198.2
	<b>\$588.9</b>	<b>\$558.0</b>	<b>\$561.5</b>	<b>\$565.4</b>	<b>\$569.6</b>	<b>\$574.1</b>
<b>Other Subsidy Adjustments</b>						
NYCT Charge Back of MTA Bus Debt Service	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)
Forward Energy Contracts Program - Gain/(Loss)	14.4	69.6	23.0	0.1	0.0	0.0
Fuel Hedge Collateral	(40.0)	0.0	0.0	0.0	0.0	0.0
MNR Repayment of 525 North Broadway	0.0	(4.9)	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	(367.3)	(120.2)	(114.1)	(108.8)	(103.8)	(99.0)
	<b>(\$404.4)</b>	<b>(\$67.0)</b>	<b>(\$102.6)</b>	<b>(\$120.2)</b>	<b>(\$115.3)</b>	<b>(\$110.5)</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$6,580.6</b>	<b>\$7,535.6</b>	<b>\$7,664.9</b>	<b>\$7,787.6</b>	<b>\$7,969.2</b>	<b>\$8,102.8</b>
<b>Other Funding Agreements</b>						
City Subsidy for MTA Bus Company	\$455.3	\$533.6	\$802.5	\$768.1	\$756.9	\$793.6
City Subsidy for Staten Island Railway	18.6	24.4	76.5	75.9	75.8	82.0
CDOT Subsidy for Metro-North Railroad	312.8	256.7	235.2	242.2	248.9	263.4
	<b>\$786.7</b>	<b>\$814.6</b>	<b>\$1,114.2</b>	<b>\$1,086.2</b>	<b>\$1,081.6</b>	<b>\$1,139.0</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>\$7,367.3</b>	<b>\$8,350.3</b>	<b>\$8,779.1</b>	<b>\$8,873.8</b>	<b>\$9,050.8</b>	<b>\$9,241.8</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	\$928.0	\$1,152.6	\$979.5	\$971.4	\$900.8	\$860.1
	<b>\$928.0</b>	<b>\$1,152.6</b>	<b>\$979.5</b>	<b>\$971.4</b>	<b>\$900.8</b>	<b>\$860.1</b>
<b>TOTAL SUBSIDIES</b>	<b>\$8,295.3</b>	<b>\$9,502.9</b>	<b>\$9,758.6</b>	<b>\$9,845.2</b>	<b>\$9,951.7</b>	<b>\$10,101.8</b>

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

	2022	2023	2024	2025
<b>MMTOA, PBT and Real Estate Taxes</b>				
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT)	(21.8)	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	(14.1)	(4.5)	(4.5)	(4.5)
Interest	(5.1)	(5.1)	(5.1)	(5.1)
Urban Tax	190.8	0.0	0.0	0.0
Other Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$149.8</b>	<b>(\$9.5)</b>	<b>(\$9.5)</b>	<b>(\$9.5)</b>
<b>PMT and MTA Aid</b>				
Payroll Mobility Tax (PMT)	\$40.5	\$0.0	\$0.0	\$0.0
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0
MTA Aid	<u>(46.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>(\$5.6)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>For-Hire Vehicle (FHV) Surcharge</b>				
Subway Action Plan Account	\$0.0	\$0.0	\$0.0	\$0.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0
Outerborough Transportation Account (OBTA)	(8.6)	0.0	0.0	0.0
Less: OBTA Projects	8.6	0.0	0.0	0.0
General Transportation Account	<u>(51.3)</u>	<u>(61.0)</u>	<u>(42.1)</u>	<u>(22.2)</u>
	<b>(\$51.3)</b>	<b>(\$61.0)</b>	<b>(\$42.1)</b>	<b>(\$22.2)</b>
<b>Bus Lane Violations (General Transportation Account)</b>				
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Capital Program Funding from Lockbox Revenues</b>				
Central Business District Tolling Program (CBDTP)	\$0.0	(\$750.0)	\$0.0	\$0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	107.4	0.0	0.0	0.0
Internet Marketplace Tax	6.6	6.6	6.7	6.7
Less: Transfer Lockbox Revenues to Committed to Capital	<u>(159.5)</u>	<u>685.6</u>	<u>(101.2)</u>	<u>(126.6)</u>
	<b>(\$45.6)</b>	<b>(\$57.8)</b>	<b>(\$94.6)</b>	<b>(\$119.9)</b>
<b>State and Local Subsidies</b>				
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0
Station Maintenance	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
	<b>\$1.2</b>	<b>\$1.2</b>	<b>\$1.2</b>	<b>\$1.2</b>
<b>Other Subsidy Adjustments</b>				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	55.2	22.9	0.1	0.0
MNR Repayment of 525 North Broadway	(2.4)	2.4	2.4	2.4
Committed to Capital Program Contributions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$52.8</b>	<b>\$25.4</b>	<b>\$2.5</b>	<b>\$2.4</b>
<b>Subtotal: Taxes &amp; State and Local Subsidies</b>	<b>\$101.3</b>	<b>(\$101.7)</b>	<b>(\$142.4)</b>	<b>(\$147.9)</b>
<b>Other Funding Agreements</b>				
City Subsidy for MTA Bus Company	\$59.8	\$271.3	\$221.0	\$167.1
City Subsidy for Staten Island Railway	(8.6)	23.5	21.5	24.0
CDOT Subsidy for Metro-North Railroad	<u>30.2</u>	<u>34.6</u>	<u>43.8</u>	<u>37.9</u>
	<b>\$81.4</b>	<b>\$329.3</b>	<b>\$286.3</b>	<b>\$229.0</b>
<b>Subtotal, including Other Funding Agreements</b>	<b>\$182.7</b>	<b>\$227.6</b>	<b>\$143.9</b>	<b>\$81.1</b>
<b>Inter-agency Subsidy Transactions</b>				
B&T Operating Surplus Transfer	<u>\$165.7</u>	<u>\$73.2</u>	<u>\$77.8</u>	<u>\$66.0</u>
	<b>\$165.7</b>	<b>\$73.2</b>	<b>\$77.8</b>	<b>\$66.0</b>
<b>TOTAL SUBSIDIES</b>	<b>\$348.5</b>	<b>\$300.8</b>	<b>\$221.7</b>	<b>\$147.1</b>

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**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2023-2026**  
**Debt Affordability Statement after Below-the-Line Adjustments <sup>(1)</sup>**  
 \$ in millions

Forecasted Debt Service and Borrowing Schedule	Notes	2021 ACTL	2022	2023	2024	2025	2026
Combined MTA/TBTA Forecasted Debt Service Schedule	1, 2, 3	\$2,787.4	\$3,062.0	\$3,455.9	\$3,387.6	\$3,569.0	\$3,510.0
Forecasted New Long-Term Bonds Issued	4	-	2,449.2	1,233.9	702.8	1,460.2	1,466.4
Forecasted Debt Service by Credit <sup>9</sup>	Notes	2021 ACTL	2022	2023	2024	2025	2026
Transportation Revenue Bonds							
Pledged Revenues	5	\$10,936.2	\$12,423.7	\$12,882.6	\$13,468.2	\$13,527.1	\$13,770.1
Debt Service	10	1,649.5	1,686.3	1,712.3	1,731.2	1,693.0	1,544.9
Debt Service as a % of Pledged Revenues		15%	14%	13%	13%	13%	11%
Dedicated Tax Fund Bonds							
Pledged Revenues	6	\$584.6	\$596.9	\$619.4	\$620.3	\$620.3	\$620.3
Debt Service	10	388.4	403.0	409.1	408.6	403.6	396.8
Debt Service as a % of Pledged Revenues		66%	68%	66%	66%	65%	64%
Payroll Mobility Tax Bonds							
Pledged Revenues	7	\$1,976.6	\$2,040.6	\$2,096.4	\$2,140.8	\$2,185.5	\$2,227.8
Debt Service	10	47.9	257.3	512.9	407.5	523.0	525.7
Debt Service as a % of Pledged Revenues		2%	13%	24%	19%	24%	24%
Triborough Bridge and Tunnel Authority General Revenue Bonds							
Pledged Revenues	8	\$1,726.1	\$1,771.9	\$1,757.9	\$1,765.2	\$1,755.7	\$1,749.3
Debt Service	10	592.4	591.5	671.8	680.9	749.7	804.0
Debt Service as a % of Total Pledged Revenues		34%	33%	38%	39%	43%	46%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds							
Pledged Revenues	9	\$1,133.7	\$1,180.4	\$1,086.1	\$1,084.4	\$1,006.0	\$945.3
Debt Service	10	102.1	103.3	103.1	93.7	91.7	75.7
Debt Service as a % of Total Pledged Revenues		9%	9%	9%	9%	9%	8%
Triborough Bridge and Tunnel Authority 2nd Subordinate Revenue Bonds							
Pledged Revenues	11	\$1,031.6	\$1,077.1	\$983.0	\$990.6	\$914.3	\$869.6
Debt Service	10	-	7.5	12.9	18.5	20.9	12.9
Debt Service as a % of Total Pledged Revenues		0%	1%	1%	2%	2%	1%
Debt Service Secured by Lockbox Revenues	12						
Debt Service	10	\$0.0	\$6.8	\$28.4	\$42.5	\$83.1	\$147.1
2 Broadway Certificates of Participation							
Lease Payments		\$7.0	\$6.4	\$5.5	\$4.7	\$3.9	\$3.0
Cumulative Debt Service (Excluding State Service Contract Bonds)	Notes	2021 ACTL	2022	2023	2024	2025	2026
<b>Total Debt Service before Below-the-Line Adjustments:</b>	1, 2, 3	<b>\$2,787.4</b>	<b>\$3,062.0</b>	<b>\$3,455.9</b>	<b>\$3,387.6</b>	<b>\$3,569.0</b>	<b>\$3,510.0</b>
Fare and Toll Revenues before Below-the-Line Adjustments		\$5,217.5	\$6,151.0	\$6,649.3	\$7,033.3	\$7,156.4	\$7,297.9
Total Debt Service as a % of Fare/Toll Revenue		53.4%	49.8%	52.0%	48.2%	49.9%	48.1%
Operating Revenues (including Fare/Toll Revenues) and Subsidies		\$17,602.6	\$15,417.4	\$16,254.1	\$16,820.6	\$17,158.0	\$17,472.6
Total Debt Service as a % of Operating Revenues and Subsidies		15.8%	19.9%	21.3%	20.1%	20.8%	20.1%
Non-Reimbursable Expenses with Non-Cash Liabilities		\$16,540.4	\$20,080.3	\$20,606.8	\$20,940.3	\$21,530.7	\$21,992.0
Total Debt Service as % of Non-reimbursable Expenses		16.9%	15.2%	16.8%	16.2%	16.6%	16.0%
<b>Total Debt Service <u>after</u> Below the Line Adjustments:</b>	14	<b>\$2,787.4</b>	<b>\$3,062.0</b>	<b>\$3,455.9</b>	<b>\$3,565.8</b>	<b>\$3,758.9</b>	<b>\$3,700.0</b>
<i>Fare and Toll Revenues after Below the Line Adjustments</i>	14	\$5,217.5	\$7,649.5	\$9,747.4	\$10,064.7	\$8,019.9	\$8,054.9
<i>Total Debt Service as a % of Fare and Toll Revenue after BTL Adjustments</i>		53.4%	40.0%	35.5%	33.7%	44.5%	43.6%
<i>Operating Revenues and Subsidies after Below the Line Adjustments</i>	14	\$17,602.6	\$16,856.8	\$19,080.3	\$19,604.1	\$17,978.4	\$18,193.8
<i>Total Debt Service as a % of Operating Rev/Subsidies after BTL Adjs.</i>		15.8%	18.2%	18.1%	17.3%	19.9%	19.3%
<i>Non-reimbursable Expenses after Below the Line Adjustments</i>	14	\$16,540.4	\$20,099.5	\$20,538.8	\$20,872.6	\$21,463.3	\$21,924.6
<i>Total Debt Service as a % of Non-Reimbursable Exp after BTL Adjs.</i>		16.9%	15.2%	16.8%	16.2%	16.6%	16.0%
Lockbox Revenues to Fund Certain PMT Bonds Issued for the 2020-24 CP	13	2.3	(2.3)	-	-	-	-
Lockbox Revenues to Fund Interest on TBTA 2nd Subordinate BAN Interest	13	-	7.5	12.9	18.5	20.9	12.9
Debt Service Secured by Lockbox Revenues	12	-	6.8	28.4	42.5	83.1	147.1
<b>Total Debt Service Less State Operating Aid, Debt Service Supported by Lockbox Revenues (Net Debt Service to be Paid by Operating Budget)</b>	12, 13	<b>\$2,785.0</b>	<b>\$3,050.1</b>	<b>\$3,414.6</b>	<b>\$3,504.8</b>	<b>\$3,654.9</b>	<b>\$3,540.1</b>
<b>Operating Revenues and Subsidies Less Lockbox Revenues</b>		<b>\$17,600.2</b>	<b>\$16,844.8</b>	<b>\$19,039.0</b>	<b>\$19,543.1</b>	<b>\$17,874.3</b>	<b>\$18,033.9</b>
<b>Total Debt Service as a % of Operating Revenue/Subsidies Less Lockbox Revenues</b>		<b>15.8%</b>	<b>18.1%</b>	<b>17.9%</b>	<b>17.9%</b>	<b>20.4%</b>	<b>19.6%</b>

Notes on the following page are integral to this table.

- <sup>1</sup> Floating rate notes assumed at the variable rate assumption plus the current fixed spread to maturity.
- <sup>2</sup> Synthetic fixed-rate debt assumed at swap rate; floating rate notes assumed at swap rate plus the current fixed spread to maturity.
- <sup>3</sup> All debt service numbers reduced by Build America Bonds (BAB) subsidy.
- <sup>4</sup> All bonds to be issued assume 30-year level debt service with the principal amortized over the life of the bonds, with the following exceptions: PMT Bonds for MTA Bond funded portion of the 2020-24 capital program (\$9,792 million portion), which are 30-year bonds, amortized on a level debt service basis over 20 years, from year 11 to year 30.
- <sup>5</sup> Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; funds contributed to the General Transportation Account of the NYC Transportation Assistance Fund; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds, and the Payroll Mobility Tax Obligation Resolution Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.
- <sup>6</sup> Dedicated Tax Fund pledged revenues as shown above consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; in addition, while not reflected in the DTF pledged revenue figures above, the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Transportation Operating Assistance Account for the benefit of the MTA are also pledged. After the payment of debt service on the MTA Dedicated Tax Fund Bonds, these subsidies are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTQA.
- <sup>7</sup> Payroll Mobility Tax Obligations pledged revenues consist of Payroll Mobility Tax and Aid Trust Account Receipts.
- <sup>8</sup> Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- <sup>9</sup> Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- <sup>10</sup> A debt service schedule for each credit is attached as addendum hereto.
- <sup>11</sup> Triborough Bridge and Tunnel Authority Second Subordinate (2nd SUB) Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue and Subordinate Revenue Bonds.
- <sup>12</sup> Debt service secured by lockbox revenues. Lockbox revenues consist of sales tax revenues, mansion tax and CBDTP revenues.
- <sup>13</sup> Certain PMT and TBTA 2nd SUB debt service to be paid by Lockbox revenues.
- <sup>14</sup> These totals incorporate the Plan's Below-the-Line Adjustments.

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### **III. Plan Adjustments**

## **Plan Adjustments**

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

### **Fare/Toll Increases**

Fare and Toll Increase in March 2023 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2023 and is projected to generate a \$270 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$221 million in 2023, \$270 million in 2024, \$263 million in 2025, and \$269 million in 2026. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts from 2023 Fare/Toll Increases” (10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited), the net increase to the MTA is \$210 million in 2023, \$263 million in 2024, \$256 million in 2025, and \$262 million in 2026. Compared with the February Plan, net projections are unfavorable by \$30 million in 2023, \$27 million in 2024 and \$36 million in 2025. These unfavorable changes are primarily driven by lower utilization assumptions based on the new 2022 McKinsey ridership recovery projections.

Fare and Toll Increase in March 2025 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2025 and is projected to generate a \$286 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$239 million in 2025 and \$286 million in 2026. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts from 2025 Fare/Toll Increases”, the net increase to the MTA is \$228 million in 2025 and \$278 million in 2026. Compared with the February Plan, net projections are unfavorable by \$24 million in 2025. These unfavorable changes are primarily driven by lower utilization assumptions based on the new 2022 McKinsey ridership recovery projections.

## MTA Consolidated Utilization

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

		Mid-Year Forecast	Preliminary Budget			
		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>Fare Revenue</b>						
Long Island Rail Road	Baseline	\$444.696	\$540.606	\$595.587	\$621.175	\$645.042
	2023 Yield Increase	\$0.000	\$18.732	\$23.762	\$23.062	\$24.013
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$21.284	\$25.909
		<b>\$444.696</b>	<b>\$559.337</b>	<b>\$619.349</b>	<b>\$665.521</b>	<b>\$694.963</b>
Metro-North Railroad <sup>1</sup>	Baseline	\$414.855	\$488.516	\$532.471	\$539.612	\$545.842
	2023 Yield Increase	\$0.000	\$9.138	\$11.662	\$11.023	\$11.204
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$10.029	\$11.924
		<b>\$414.855</b>	<b>\$497.654</b>	<b>\$544.133</b>	<b>\$560.664</b>	<b>\$568.970</b>
MTA Bus Company <sup>2</sup>	Baseline	\$146.663	\$159.830	\$172.350	\$177.955	\$184.100
	2023 Yield Increase	\$0.000	\$5.522	\$6.876	\$6.607	\$6.853
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$6.080	\$7.395
		<b>\$146.663</b>	<b>\$165.352</b>	<b>\$179.226</b>	<b>\$190.641</b>	<b>\$198.347</b>
New York City Transit <sup>3</sup>	Baseline	\$2,825.124	\$3,132.103	\$3,395.010	\$3,476.763	\$3,579.693
	2023 Yield Increase	\$0.000	\$106.983	\$134.669	\$128.786	\$133.261
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$118.048	\$143.782
		<b>\$2,825.124</b>	<b>\$3,239.086</b>	<b>\$3,529.679</b>	<b>\$3,723.597</b>	<b>\$3,856.736</b>
Staten Island Railway <sup>2</sup>	Baseline	\$4.287	\$5.439	\$5.534	\$5.518	\$5.519
	2023 Yield Increase	\$0.000	\$0.188	\$0.221	\$0.205	\$0.205
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$0.188	\$0.222
		<b>\$4.287</b>	<b>\$5.627</b>	<b>\$5.754</b>	<b>\$5.911</b>	<b>\$5.946</b>
<b>Total Farebox Revenue</b>	Baseline	\$3,835.626	\$4,326.493	\$4,700.951	\$4,821.023	\$4,960.194
	2023 Yield Increase	\$0.000	\$140.563	\$177.190	\$169.683	\$175.536
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$155.630	\$189.232
		<b>\$3,835.626</b>	<b>\$4,467.057</b>	<b>\$4,878.141</b>	<b>\$5,146.335</b>	<b>\$5,324.962</b>
<b>Toll Revenue</b>						
Bridges & Tunnels <sup>4</sup>	Baseline	\$2,315.385	\$2,322.793	\$2,332.317	\$2,335.350	\$2,337.687
	2023 Yield Increase	\$0.000	\$80.124	\$93.293	\$93.414	\$93.507
	2025 Yield Increase	\$0.000	\$0.000	\$0.000	\$83.780	\$97.248
		<b>\$2,315.385</b>	<b>\$2,402.917</b>	<b>\$2,425.610</b>	<b>\$2,512.544</b>	<b>\$2,528.442</b>
<b>TOTAL FARE &amp; TOLL REVENUE</b>						
	Baseline	\$6,151.010	\$6,649.286	\$7,033.268	\$7,156.373	\$7,297.881
	2023 Yield/d Increase	\$0.000	\$220.688	\$270.483	\$263.097	\$269.043
	2025 Yield/d Increase	\$0.000	\$0.000	\$0.000	\$239.409	\$286.479
		<b>\$6,151.010</b>	<b>\$6,869.974</b>	<b>\$7,303.750</b>	<b>\$7,658.879</b>	<b>\$7,853.404</b>

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

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

<sup>3</sup> New York City Transit utilization figures include Paratransit and Fare Media Liability.

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

## **Below-the-Line Adjustments – July Financial Plan**

The following below-the-line actions were proposed during the February Plan and remain below-the-line in the July Plan, with adjustments where noted:

Fiscal Baseline Reset – The February Plan included “Transformation Savings” targets, anticipated to generate \$150 million in annual savings starting in 2022. This has been replaced with a “Fiscal Baseline Reset” program, with all Agencies focused on developing efficiencies across the MTA. The July Plan projects annual savings of \$100 million from these efforts starting in 2023. Through 2025, this change reduces savings by \$300 million.

Grand Central Madison – The terminal and right-of-way operating, maintenance, safety and security expense for the East Side Access “Mega” project remains below the line in the July Plan with no change from February.

FEMA COVID Reimbursement – Reimbursement of direct COVID-related expenses through the Federal Emergency Management Agency (FEMA) are expected to increase by \$210 million in this Plan due to the extension of the full coverage period through the end of June 2022 and followed by 90% coverage.

American Rescue Plan Act (ARPA) Federal Aid Usage – The timing of the use of formula based ARPA federal aid, and the granting of discretionary ARPA funding, results in a favorable change from the February Plan of \$406 million through 2025. The July Plan also includes the use of the remaining \$201 million in federal funds in 2026.

The following below-the-line adjustments are new proposals in the July Plan:

City Subsidy Revision (MTA Bus/SIR) due to ARPA – City Subsidies for MTA Bus and SIR will be lower by \$59 million in 2022, \$261 million in 2023, \$241 million in 2024 and \$24 million in 2025 with ARPA federal funding reducing MTA Bus and SIR operating deficits.

Debt Service for Deficit Borrowing – The debt service associated with long-term deficit financing, to replace the Federal Reserve’s Municipal Liquidity Facility, is being moved below-the-line. This will result in debt service expenses now being shown below the line of \$178 million in 2024 and \$190 million in 2025.

The following below-the-line actions were proposed during the February Plan and have been removed from the July Plan:

State Aid for the 2015-19 Capital Plan – The February Plan included \$152 million to cover a portion of the State’s \$7.3 billion funding commitment for the 2015-2019 Capital Program, and there was corresponding State Aid of \$152 million below-the-line to cover the expense. The State is self-financing this portion of the 2015-2019 Capital Program, and, in addition to the reduction in debt service, the state aid to cover the debt service has also been removed from this Plan.

Repayment of Revolving Bank Line of Credit – The February Plan included the repayment of \$300 million in 2022 towards the line of credit. The July Plan reflects that no proceeds from the line of credit were ultimately needed to balance the budget, and as a result, there is no longer any unpaid balance related to the line of credit. This is a favorable improvement of \$300 million from the February Plan.

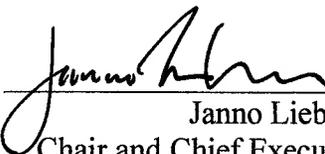
Proceeds of MLF Deficit Bonding – The February Plan included the use of \$499 million in proceeds from deficit borrowing available through the Federal Reserve’s Municipal Liquidity Facility. While the use of deficit borrowing proceeds is not reflected in the July Plan, which is an unfavorable impact of \$499 million in 2025, the debt service associated with borrowing is included in the Plan as it was in the February Plan.

## **IV. Appendix**

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

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

Metropolitan Transportation Authority

By:   
\_\_\_\_\_  
Janno Lieber  
Chair and Chief Executive Officer

Dated: 7.13.22

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## **V. Other**

## **The MTA Budget Process**

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

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

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

### **July Plan**

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

### **November Plan**

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

### **December Adopted Budget**

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

### **February Plan**

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