

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Ydanis Rodriguez
Chair, Committee on Transportation



Report of the Finance Division on the
Calendar Year 2021 - 2024 Adopted Plan of the

Metropolitan Transportation Authority

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Finance Division

John Basile, Senior Financial Analyst

Chima Obichere, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director

Nathan Toth, Deputy Director
Paul Scimone, Deputy Director

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MTA's Adopted Budget Overview

Introduction

The Metropolitan Transportation Authority (MTA or Authority) is the largest transportation system in the United States. Prior to the COVID-19 global pandemic, the MTA served approximately 2.7 billion passengers annually, with an average subway weekday ridership of six million riders and was one of the only public transportation systems in the world that ran 24 hours per day on every day of the year. As will be discussed in this report, since the pandemic, MTA ridership has drastically declined, and the Authority has been forced to close the subway system each night to sanitize its stations and rolling stock.

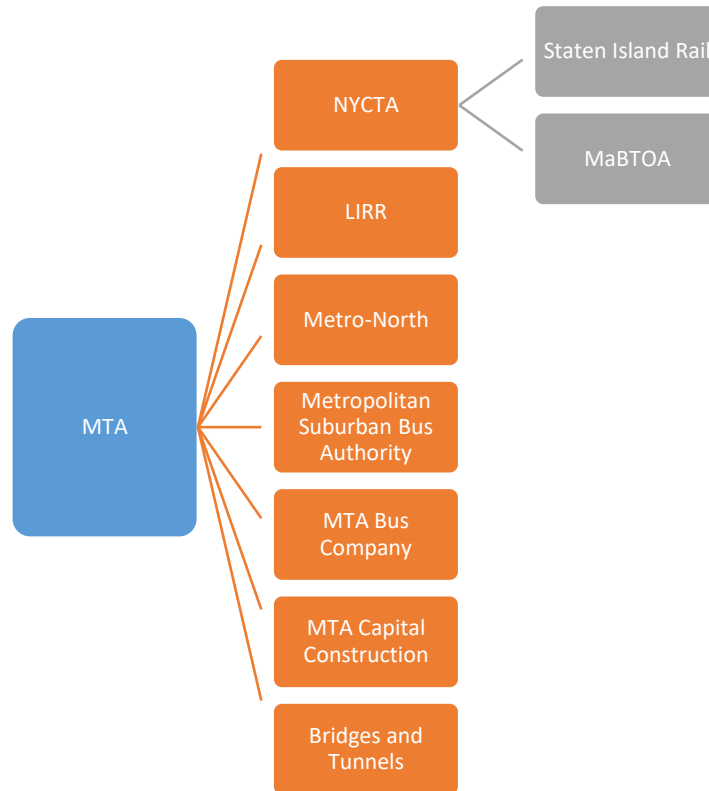
This report will discuss and examine issues and highlights within the MTA's current budget and outline challenges within the Plan, including how the MTA is responding to the COVID-19 pandemic.

MTA Structure

The MTA was established under the New York State Public Authorities Law in 1965 as a public benefit corporation. The Authority has responsibility for developing and implementing a unified public transportation policy for New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.

The Authority carries out these responsibilities through its subsidiary and affiliate entities that include the New York City Transit Authority (NYCTA) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); the Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNR); the Metropolitan Suburban Bus Authority (MSBA); the MTA Bus Company; and the MTA Capital Construction Company. Another affiliate of the MTA, the former Triborough Bridge and Tunnel Authority (TBTA), which is now called the MTA Bridges and Tunnels (B&T), is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. The revenues from all authorities and subsidiaries support the organization as a whole.¹

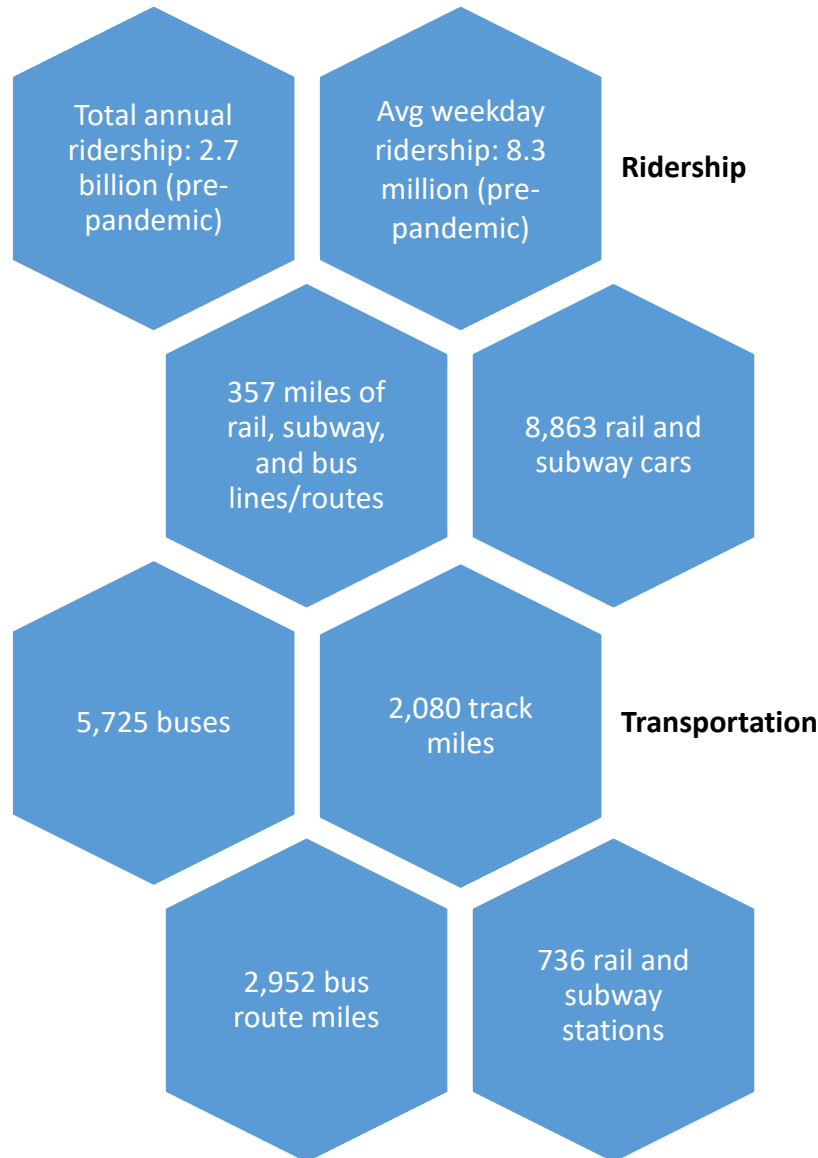
¹ Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County to transition its bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA's calendar year 2020 financial plans exclude it from all budget forecasts (revenue, expenses, cash, subsidies, and headcount).



Governance/MTA Board

The MTA Board consists of a Chairperson and 16 other voting members, two non-voting members, and four alternate non-voting members, all of whom are appointed by the Governor with the advice and consent of the State Senate. Members are appointed by the Governor, with four recommended by New York City's mayor and one each by the county executives of Nassau, Suffolk, Westchester, Dutchess, Orange, Rockland, and Putnam counties (the members representing the latter four cast one collective vote). The other voting members, including the Chairperson, cast one vote each (except in the event of a tie when the Chairperson is allowed one additional vote).

MTA Snapshot



MTA Budget Overview

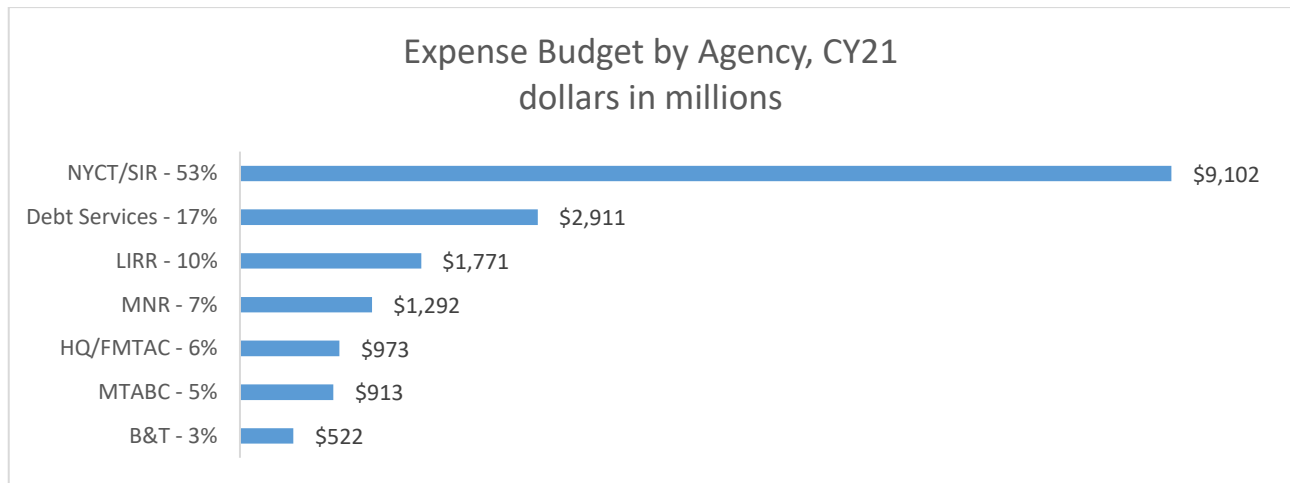
The MTA budget is unique within the City’s budget process because it is a State-controlled agency, unlike the City, it operates on a calendar year rather than a fiscal year. The MTA Board approved its 2021 Budget in December 2020, which means that the City’s Fiscal Year 2022 Adopted Budget will not impact the adoption of the Authority’s budget.

The 2021 Budget adopted by the MTA board includes a four-year financial plan for calendar years 2021 –2024 and reflects the fiscal challenges the Authority faces in the new era of the COVID-19 pandemic. The Authority issued a Preliminary Budget in July 2020 for public review and comment before issuing a Final Budget in late November that was presented to the MTA Board for a vote in December 2020. Highlights of the MTA 2021-2024 Adopted Plan include updates on COVID-19 related revenue losses, a funding request of \$8 billion in federal funding (in addition to the \$8.5 billion already

received through the federal CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act), and biennial fare and toll increases of four percent in 2021 and 2023.

For Calendar Year 2021, expenses total approximately \$17.6 billion and is funded through a combination of resources, including \$1.8 billion from farebox revenue, a decrease of 73 percent in farebox revenue compared to the \$6.5 billion projected in the Calendar Year 2020 Adopted Budget. This drastic decline in revenue is the direct result of the COVID-19 pandemic, which has significantly reduced MTA ridership. In addition, the MTA anticipates a decrease of \$1 billion, or approximately 16 percent, in local and state taxes and subsidies in 2021 when compared to the 2020 Adopted Budget. Overall, the Authority projects ending cash balances of \$1.8 billion in 2020 (including MLF borrowing of \$2.9 billion), \$29 million in 2021, with projected cash deficits of \$3.3 billion in 2022, \$2.3 billion in 2023, and \$2.2 billion in 2024.

Of the \$17.6 billion expense budget in Calendar Year 2021, \$9.1 billion, or 53 percent is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$2.9 billion (17 percent), and the LIRR at \$1.8 billion (10 percent). As shown in the chart, the MTA’s expense budget has increased by 6.6 percent or \$997 million between 2016 and 2021. Of that amount, \$9 billion, or 53 percent, is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$2.8 billion (17 percent), and the LIRR at \$1.8 billion (10 percent). As shown in the chart and table below, the MTA’s expense budget increased by 1.5 percent, or \$250 million between Calendar Year 2020 and Calendar Year 2021 and by 15.4 percent, or \$2.2 billion since Calendar Year 2016.



Note: includes Adjustments for Expenses totaling \$249 million and MTA General Reserve Adjustments of (\$160 million).

To help ease the financial strain of the COVID-19 pandemic, the MTA estimated that it would need approximately \$16 billion in new federal aid. Currently, the Adopted budget only assumes receipt of the \$8.5 billion of federal aid pledged to address MTA’s budget shortfalls in 2020 and 2021. As a result, the Calendar Year 2020 is balanced from receipt of \$2.9 billion borrowed through the Federal Reserve’s Municipal Liquidity Facility, and the assumption is that 2021 will be balanced with new federal aid. However, the MTA is required by statute to end Calendar Year 2021 on a self-sustaining and balanced basis. As such, in the absence of the requested federal funding, MTA may need to consider service reductions, wage freezes, fare and toll increases beyond the scheduled four percent increases, and/or deficit financing. In addition, the 2020-2021 New York State Enacted Budget authorizes deficit bonding up to \$10 billion and the MTA may use these proceeds to offset any COVID-19 related decreases in revenue or increases in operating costs.

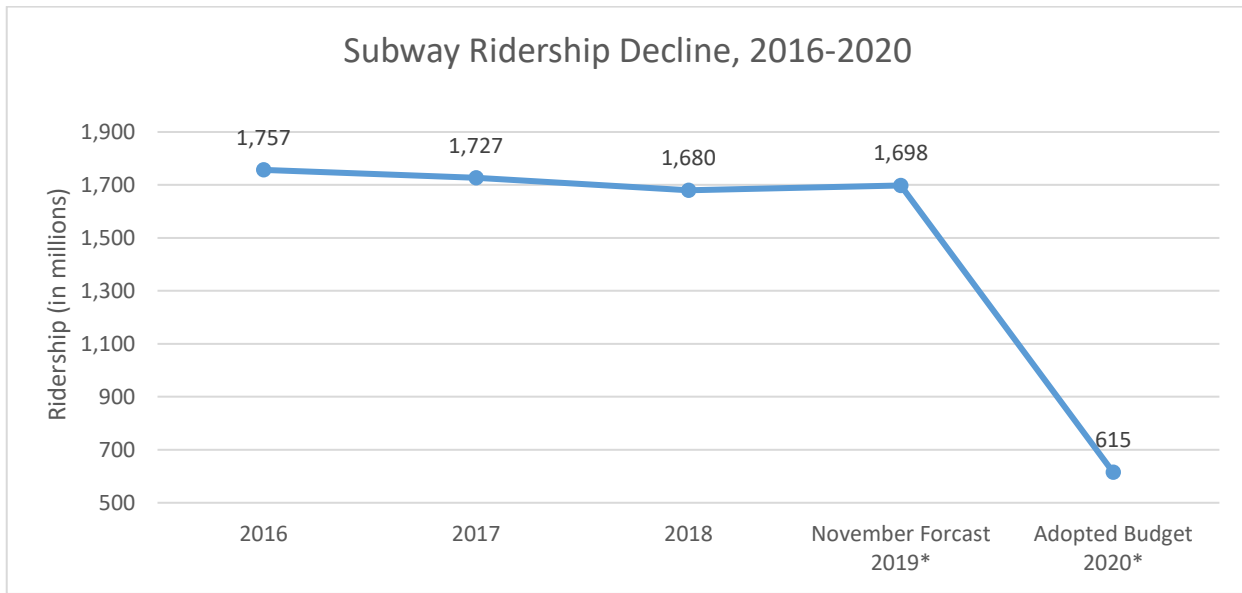
Major Authority Issues and Updates

COVID-19 Revenue Loss, Reduction of Service, and Response Overview. The MTA adopted its Calendar Year 2020 Budget and newest Capital Program in December 2019, four-months prior to the COVID-19 pandemic. This left the MTA in a precarious position, as the Authority's fiscal situation during budget adoption was completely different than it was during the unanticipated health crisis. The first case of COVID-19 in New York was reported on March 1, nine days before the City Council's scheduled budget hearing on the MTA's Adopted budget, which the Authority chose not to attend due to the pandemic. Days following the Committee on Transportation's hearing, the Governor and Mayor declared states of emergencies for the City and State, and the World Health Organization declared the virus a global pandemic.

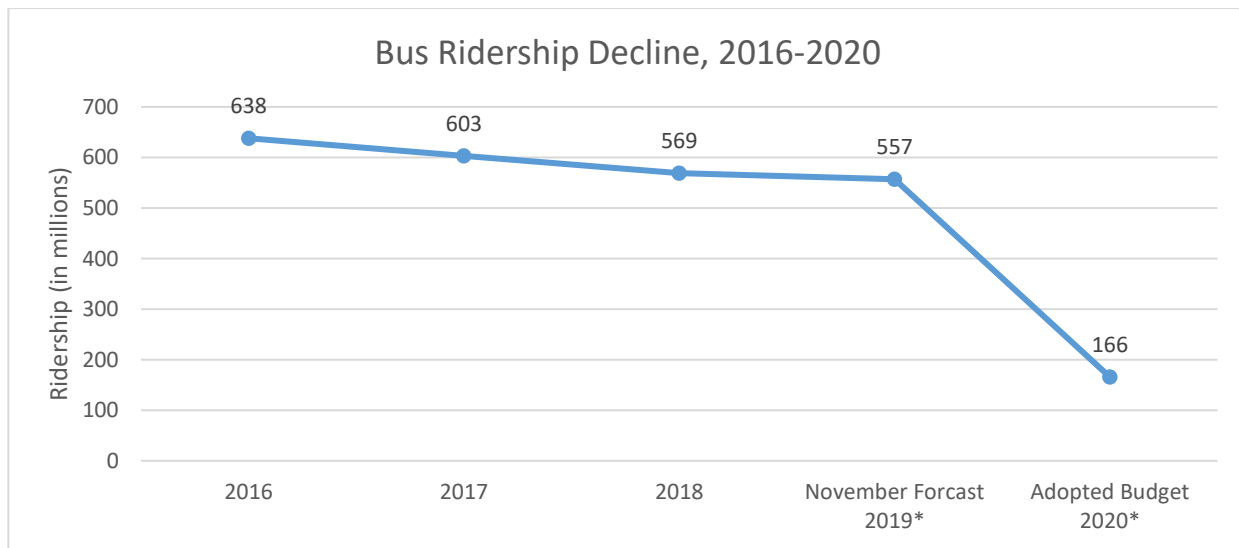
On March 24, 2020 the MTA Chairman, Patrick Foye, released an Op-Ed in the New York Times requesting \$4 billion in financial assistance from the Federal Government to make up revenue losses resulting from the decline in ridership due to COVID-19. At the time of his request, subway ridership had declined 76 percent, buses by 62 percent, MNR by 94 percent, and LIRR by 71 percent. As stated earlier, in a normal year, farebox revenue constitutes approximately 40 percent of the MTA's annual budget, or \$6.5 billion. In addition, the MTA anticipates losing a significant portion of the \$6 billion it receives from local and state taxes and subsidies. On March 27, 2020, Congress passed the CARES Act, which provided the MTA with \$4 billion in federal assistance.

By the last week of April 2020, ridership had decreased further: subway ridership was down 91 percent; LIRR ridership was down 97 percent; MNR ridership was down 95 percent, and; B&T traffic was down 57 percent. After March 20th, bus ridership was no longer counted because rear-door only boarding was instituted as a measure to improve bus driver safety. MTA began encouraging non-essential workers to stay home. As of April 17, 2020, Subway service on the B, C, W, Z, and 42 Street Shuttle had been suspended, extra L-service on nights and weekends had been suspended, many express trains were running local, Staten Island Railway service was reduced to an hourly schedule, and bus service was reduced.

On May 6, 2020 subway service was suspended overnight from 1 AM to 5 AM to allow for a complete disinfecting of the system, with bus and third-party alternative transportation services provided to essential workers during hours of closure. In July, MTA reported that such disinfecting efforts were projected to cost \$300 million in Calendar Year 2020. In May, the MTA also hired the McKinsey consulting firm to assess the effects of COVID-19 on the Authority. At the time, McKinsey assumed that MTA ridership would not recover until May 2022. However, a new report released by the firm estimates that MTA will only recover 80 to 92 percent of pre-pandemic ridership by the mid-2020s. McKinsey has estimated that the pandemic would "adversely impact MTA's finances by a net of \$16.2 billion through 2024. Operating revenues were projected to be down \$10.7 billion, subsidies \$6.9 billion lower, and expenses \$2.7 billion higher, partially offset by the receipt of \$4 billion from the CARES Act."



Source: MTA 2021 Final Proposed Budget – November Financial Plan Vol II



Source: MTA 2021 Final Proposed Budget – November Financial Plan Vol II

The MTA’s July Preliminary Plan included an assumption of an additional \$3.9 billion in federal funding from the Health and Economic Recovery Omnibus Emergency Solutions, or HEREOS, Act (in addition to the \$4 billion already received through the federal CARES Act). However, on August 26, 2020, the MTA Board convened a meeting to discuss its finances due to the failure of the U.S. Senate to pass the HEREOS Act during which the Authority relayed that its projected need in federal assistance has increased from \$3.9 billion to \$12 billion. The Board stated that failure to receive this funding could result in a 40 percent reduction in subway and bus service. Furthermore, upgrades to the subway signal system, a cornerstone of the MTA’s Capital Program, would be halted. Other hallmark capital upgrades, including East Side Access, expansion of the Second Avenue Subway, and accessibility upgrades, would be paused.

The MTA’s December Adopted Plan included an additional \$4.5 billion in federal aid from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). As of the February Plan, the cumulative deficit remains at \$7.87 billion. However, the \$1.9 trillion American Rescue Plan

includes \$30 billion in federal aid for transit, and the Authority remains optimistic that the package will provide the funding needed to close the MTA budget gap.

MTA has continued to disinfect and sanitize subway and buses and, following the urging of the City Council at a February 10, 2020 hearing, will reduce subway closure hours by two hours each night. At the same time, as of November, the Authority has distributed over 17 million masks to customers and employees as part of its “Maskforce” efforts to give free masks to those in need. Partially as a result of these efforts, MTA stated that over 90 percent of riders on MTA subway and buses are wearing masks. MTA has begun a voluntary COVID-19 screen program to protect employees and encourages all workers to take part in the program and participate in flu vaccinations.

Use of Congestion Pricing Dollars to offset COVID-19 Costs. The 2019-2020 State Enacted Budget authorized the MTA to establish a congestion tolling program in the City of New York. The congestion tolling zone would include any roadways, bridges, tunnels, approaches, or ramps that are located within, or enter into, the geographic area of Manhattan south of and including 60th Street. The State Budget bill, as originally passed, required that all congestion tolling revenue go towards funding the MTA capital programs. The MTA anticipates to collect net revenue sufficient to generate \$15 billion for the 2020-2024 Capital Program from the tolling program.

It’s important to note that the State Budget gives few details on how much drivers would be charged for entering the congestion tolling zone. However, the Fix NYC Advisory Panel Report, commissioned by Governor Andrew Cuomo and released in January 2018, recommends that congestion pricing charge passenger vehicles \$11.52 and trucks \$25.34, once per day, on weekdays, between the hours of 6 am and 8 pm. The panel also recommended exploring the extension of congestion pricing to include the weekend hours between 11 am and 9 pm. Under the State Budget pronouncement, this congestion tolling will not be applicable to taxis and for-hire vehicles which are already tolled under an existing FHV congestion pricing, emergency vehicles, and vehicles travelling on or through the Queens Midtown Tunnel, the Hugh Carey Tunnel, the Holland Tunnel, the Lincoln Tunnel, and the Henry Hudson Bridge.

To help offset revenue shortfalls due to the COVID-19 pandemic, outlined earlier in this report, the 2020-2021 State Enacted Budget authorizes the diversion of congestion revenue in Calendar Years 2020 and 2021 to offset any decreases in revenue, including, but not limited to, lost taxes, fees, charges, fares and tolls resulting from COVID-19 pandemic. It also authorizes the MTA to use congestion pricing revenue to offset increases in operating costs due in whole, or part, to COVID-19. Overall, it is unclear how this diversion in the use of congestion revenue will impact the Authority’s recently adopted Capital Plan, including former NYCTA President, Andy Byford’s Transformation Plan. However, it is worth noting that the infrastructure required to start congestion pricing is not yet in place as federal review of the plan is still pending. As such, the immediate effect of the authorized diversion of congestion pricing dollars on the Authority’s capital program has yet to be determined.

Borrowing to offset Debt. The 2020-2021 New York State Enacted Budget authorized the MTA to borrow up to \$10 billion in deficit financing through December 2022 to offset the 2020 budget deficit. The MTA plans to utilize the Federal Reserve’s Municipal Liquidity Facility (“MLF”), which was established by the Federal Reserve as a source of emergency financing for state and local governments and public entities to ensure they have access to credit during the COVID-19 Pandemic. The MTA has borrowed \$2.9 billion, the maximum it is allowed to borrow under the program because the terms of MLF financing are more favorable than similar alternatives in the municipal credit markets. The MTA expects to issue long-term bonds in 2023 to repay the MLF loan. As a result of the

\$2.9 billion MLF loan, the MTA’s budget reflects an end of year operating balance of \$1.8 billion at the end of 2020 that will be carried over into 2021 to reduce the 2021 deficit.

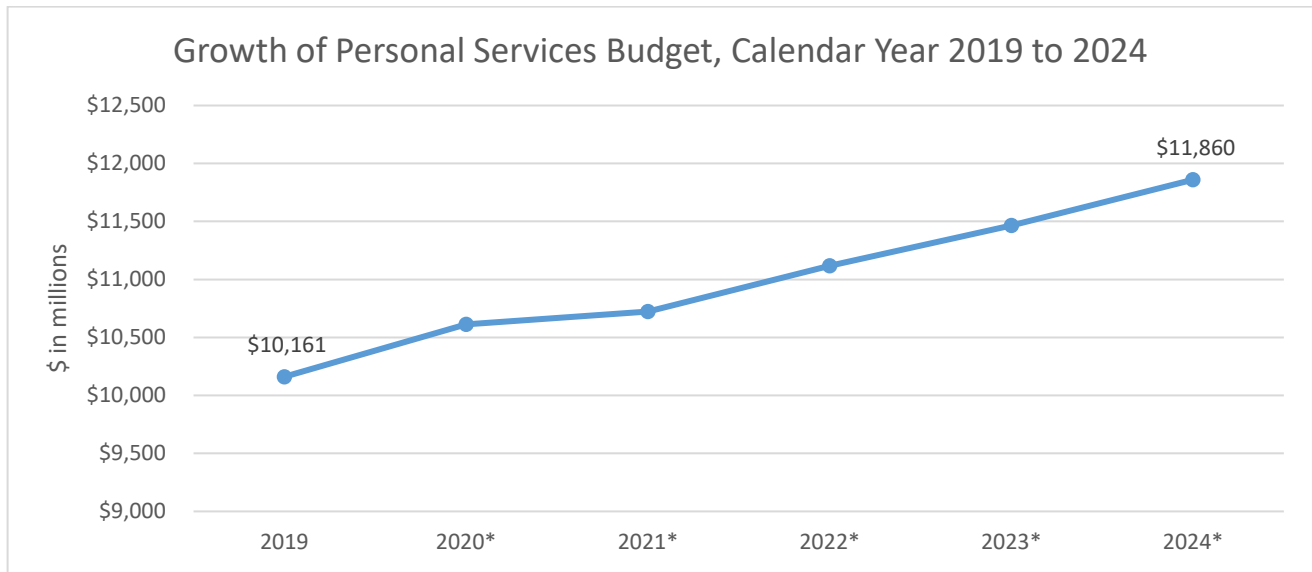
Deficit Reduction Options Assuming No New Federal Aid. In the absence of the requested federal funding, the MTA will have to consider enacting service reductions, permanent wage freezes, and fare increases beyond the scheduled four percent increases. Service reductions would generate an additional \$858 million in 2021, \$1.3 billion in 2022, \$696 million in 2023, and \$212 million in 2024. In total, the proposed service reductions for Calendar Year 2022 would impact 9,400 members of the MTA workforce. Such actions would result in service reductions of 40 percent on subways, NYCTA Buses, and MTA buses, as well as 50 percent reductions on Commuter Railroad services. However, with a new Administration in Washington and the proposed \$1.9 trillion American Rescue Plan, which includes \$30 billion for transit, it is more likely that majority of the planned service reduction would be averted if Congress enacts the stimulus package.

Fare Increase of Four Percent. The Adopted Plan includes biennial fare increases of four percent net in 2021 and 2023 (two percent increases in both years). The annualized yield of the increase is projected to be \$326 million and \$340 million, respectively in 2021 and 2023. Exact details on the new fare increases, such as its effect on single ride and unlimited monthly fares, were not disclosed by the Authority in the 2020 Adopted Budget Plan. In 2019, a similar fare increase was implemented that kept the base fare at \$2.75, eliminated monthly bonuses, and increased the price of 7 – and 30-Day MetroCards by \$1 and \$6, respectively. However, at the January 2021 MTA Board Meeting, Chairman Foye stated that the MTA would delay enacting the planned subway and bus fare hike by “several months” as planned. As of the time of this writing, the MTA Board has only approved a seven percent across the board toll increases for vehicles crossing the Authority’s nine bridges and tunnels. The implementation date for the new toll rate is set for April 2021.

Personal Services Costs

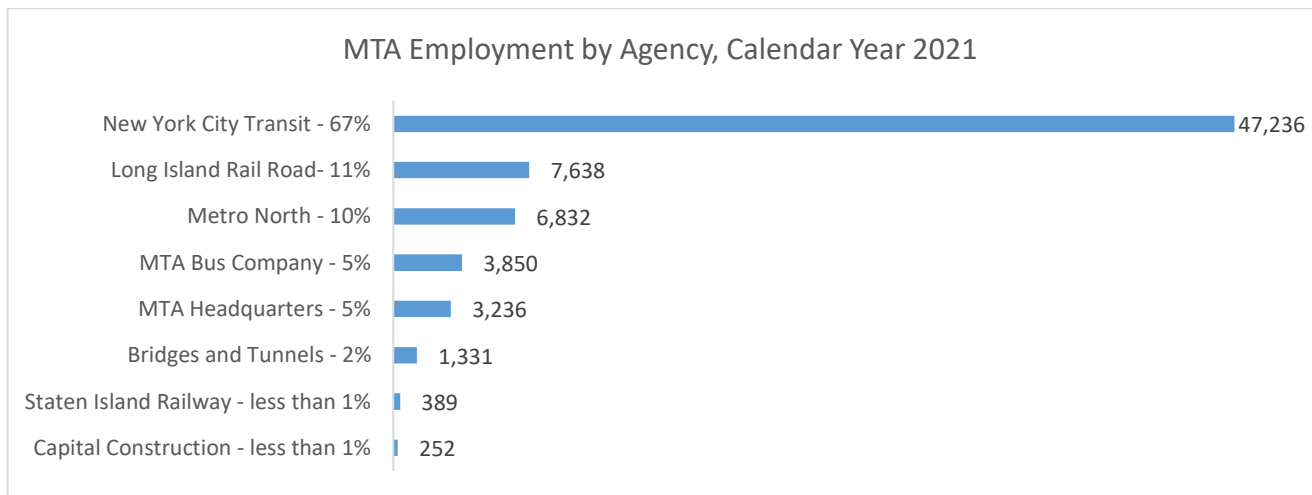
As highlighted by the charts below, Personal Services (PS) are estimated to cost \$10.7 billion in Calendar Year 2021 and will increase 11 percent, to \$11.9 billion, by Calendar Year 2024. Overtime spending is projected to increase 12 percent between Calendar Year 2020 and 2024. The Calendar Year 2020 budgeted overtime spending is \$170 million or nearly 16 percent less when compared to overtime spending in 2018, reflecting the Authority’s efforts to curtail overtime spending. However, the Calendar Year 2021 budget largely negates these efforts, as overtime spending is expected to increase.

Personnel Services, Calendar Year 2019-2024 (\$ in millions)						
Labor Expense	2019	2020*	2021*	2022*	2023*	2024*
Payroll	\$5,311	\$5,402	\$5,433	\$5,592	\$5,703	\$5,856
Overtime	974	971	917	910	930	950
Health & Welfare	1,339	1,398	1,564	1,662	1,758	1,872
OPEB Current Payment	666	692	797	863	935	1,013
Pensions	1,493	1,531	1,443	1,451	1,452	1,450
Other-Fringe Benefits	848	990	998	1,056	1,095	1,135
Reimbursable Overhead	(470)	(370)	(430)	(417)	(409)	(416)
Total	\$10,161	\$10,614	\$10,723	\$11,117	\$11,465	\$11,860



Source: MTA 2021 Adopted Budget – February Financial Plan 2021-2024

In Calendar Year 2021, the MTA projects a budgeted headcount of 70,764. NYCTA has 67 percent (47,236) of all MTA budgeted positions, followed by LIRR at 11 percent (7,638), and Metro North at 10 percent (6,832).



Source: MTA 2021 Adopted Budget – February Financial Plan 2021-2024

MTA 2020-2024 Capital Program

State law requires the MTA to submit to the New York State Capital Program Review Board (CPRB), for its approval, successive five-year capital programs for the Transit System and MTA Staten Island Railway and the Commuter System. MTA Bridges and Tunnels (MTA B&T) and MTA Bus undertake their own capital planning that is not subject to the CPRB approval. However, while not required to do so by statute, the MTA has consistently included five-year capital programs for the two entities in its submissions to the CPRB. By law, the MTA must submit its 2020-2024 Capital Program proposal to the CPRB by October 1, 2019. Although, the Board has up to 90 days to approve or reject the Program, the 2020-2024 Plan was approved by the CPRB on January 1, 2020.

On September 25, 2019, the MTA submitted a proposal for the 2020-2024 Capital Program to the MTA Board, totaling \$54.8 billion. Of the total spending, including for network expansion, \$39.9 billion, or 73 percent, is allocated to New York City Transit, followed by Long Island Railroad at \$5.7

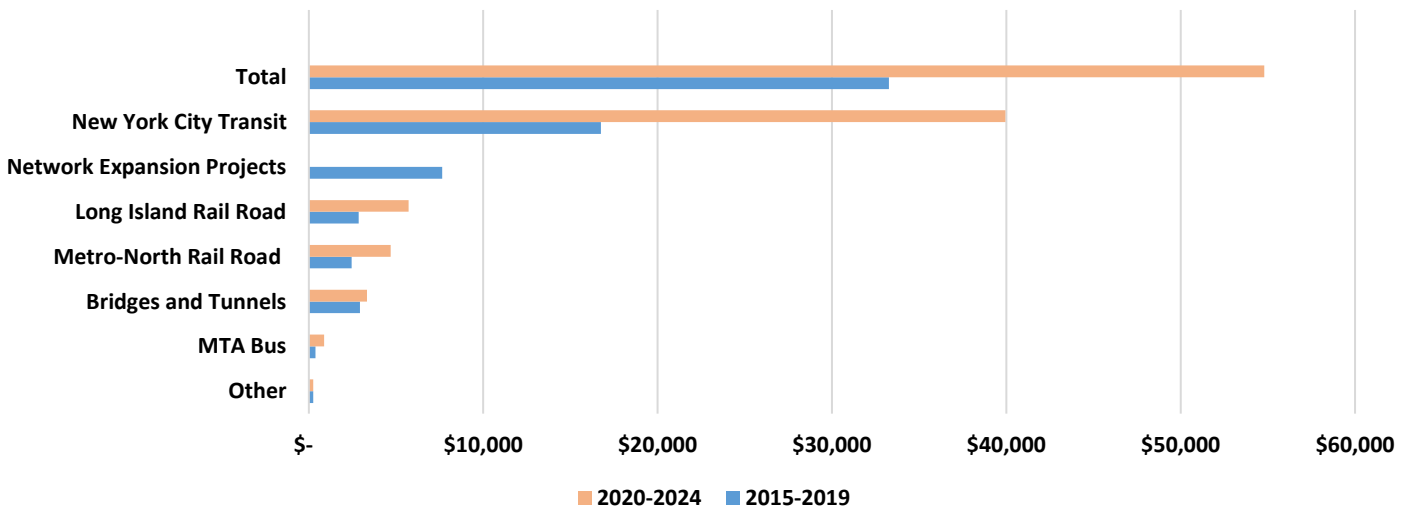
billion (10 percent), Metro-North Railroad at \$4.7 billion (9 percent), Bridges and Tunnels at \$3.3 billion (6 percent), MTA Bus at \$871 million (1.6 percent), and Other at \$254 million (less than one percent). Overall, the 2020-2024 Capital Program is \$21.5 billion greater than the \$33.3 billion 2015-2019 Capital Program, an increase of 65 percent.

2020-2024 MTA Capital Program

Dollars in Millions

Program	2020-2024
Core Capital Program	
New York City Transit	\$39,944
Long Island Rail Road	5,714
Metro-North Rail Road	4,689
MTA Bus	871
Other	254
Core Subtotal	\$51,472
Bridges and Tunnels	3,327
Total 2020-2024 Capital Program	\$54,799

The 2020-2024 Capital Program is \$21.5 billion more than the 2015-2019 Capital Program



Where the Funding Will Come From

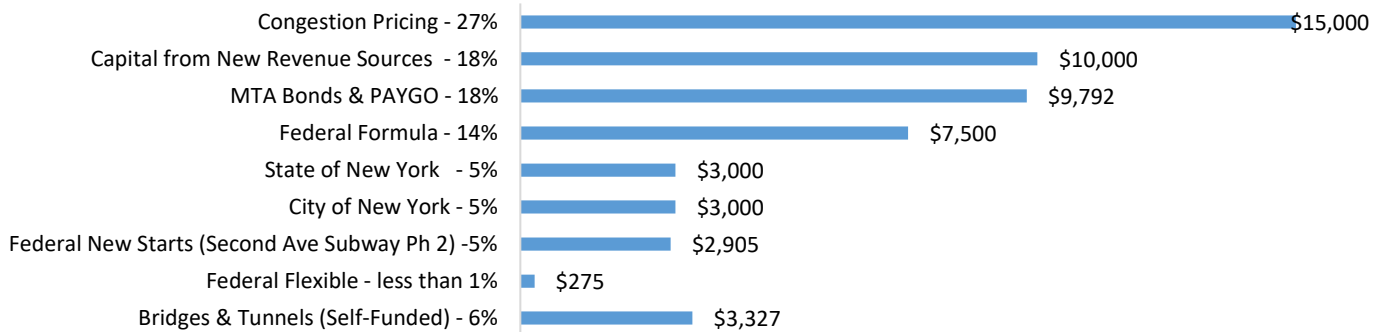
The MTA 2020-2024 Capital Program will be funded from various revenue streams, including congestion pricing estimated at \$15 billion (27 percent), federal funding of \$10.7 billion (19 percent), capital from new revenue sources (progressive tax on high end real estate and the elimination of the internet tax advantage) of \$10 billion (18 percent), bonds (borrowing) and PAYGO of \$9.8 billion (18 percent), B&T Self-Funding of \$3.3 billion (six percent), State funding of \$3 billion (five percent), and City funding of \$3 billion (five percent).

2020-2024 MTA Capital Program Funding Sources
Dollars in Millions

	Proposed 2020-2020
Total 2020-2024 CPR Program Costs	\$51,472
Funding Currently Projected	
Congestion Pricing	\$15,000
Capital from New Revenue Sources	10,000
MTA Bonds & PAYGO	9,792
Federal Formula	7,500
State of New York	3,000
City of New York	3,000
Federal New Starts (Second Ave Subway Phase 2)	2,905
Federal Flexible	275
Subtotal	\$51,472
Bridges & Tunnels Self-Funded	3,327
Total 2015-2019 Funds Available	\$54,799
Funding Gap	\$0

Note: Numbers may not total due to rounding

2020-2024 Capital Program by Funding Source
Dollars in Millions



- Congestion Pricing and COVID-19.** As outlined earlier in the report, in response to MTA’s revenue shortfalls resulting from COVID-19, the 2020-2021 State Enacted Budget authorized the MTA to use revenue derived from congestion pricing in Calendar Years 2020 and 2021 to offset decreases in revenue, including, but not limited to, lost taxes, fees, charges, fares and tolls resulting from the COVID-19 pandemic. The Enacted Budget also includes authorization to use congestion pricing revenue to offset increases in operating costs due in whole, or part, to COVID-19. Overall, it is unclear how this funding diversions will impact the Authority’s recently adopted Capital Plan, which relies heavily on congestion pricing to fund 27 percent of the Program costs.

MTA Financial Operations

The MTA adheres to financial planning and budgeting practices that require the preparation of four-year financial plans covering the existing and future calendar years. Unlike the City, the MTA operates on a calendar year rather than a fiscal year. The financial plan includes provision for capital spending (including debt service) authorized by the Capital Programs of the related entities, including those Capital Programs approved by the Capital Programs Review Board.

MTA Financial Plan 2021-2024

MTA Consolidated Statement of Operations – Including MTA Bus Company

Non-Reimbursable	2019 Actual	2020 Final Estimate	Adopted Budget 2021	2022 Projected	2023 Projected	2024 Projected
Operating Revenue						
Farebox	\$6,351	\$2,393	\$1,746	\$3,461	\$4,566	\$5,088
Toll Revenue	2,071	1,419	1,396	1,962	2,127	2,130
Other Revenue	706	4,621	736	813	846	739
Capital & Other Reimburse.	-	-	-	-	-	-
Total Operating Revenue	\$9,128	\$8,434	\$3,878	\$6,235	\$9,408	\$8,158
Operating Expenses						
Labor Expenses	\$10,161	\$10,614	\$10,723	\$11,117	\$11,465	\$11,860
Non-Labor Expenses	3,642	3,643	3,814	4,083	4,143	4,235
Other Expenses Adjustment	149	94	37	26	28	23
General Reserve	-	170	(160)	185	185	205
Total Operating Expenses Before Non-Cash Liability Adj.	\$13,952	\$14,340	\$14,414	\$15,412	\$15,821	\$16,323
Depreciation	\$2,870	\$2,849	\$2,923	\$2,992	\$3,067	\$3,125
OPED Liability Adjustment	877	1,607	1,760	1,860	1,966	2,032
GASB 68 Pension Expense Adjustment	13	(237)	(311)	(300)	(241)	(348)
Environmental Remediation	42	6	6	6	6	6
Total Operating Expenses After Non-Cash Liability	\$17,752	\$18,566	\$18,792	\$19,969	\$20,618	\$21,138
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,801)	(\$4,226)	(\$4,378)	(\$4,557)	(\$4,798)	(\$4,815)
Debt Service (excluding Service Contract Bonds)	2,630	2,734	2,911	3,176	3,682	3,723
Total Operation Expense with Debt Service	\$16,582	\$17,075	\$17,325	\$18,588	\$19,503	\$20,045
Dedicated Taxes and State/Local Subsidies	\$7,290	\$6,689	\$7,682	\$7,245	\$7,489	\$7,616
Net Surplus/Deficit After Subsidies and Debt Service	(\$164)	(\$1,951)	(\$5,764)	(\$5,108)	(\$4,474)	(\$4,271)
Conversion to Cash Basis: GASB Account	\$-	\$-	\$-	\$-	\$-	\$-
Conversion to Cash Basis: All Other	277	654	95	324	361	247
Cash Balance Before Prior-Year Carryover	\$251	(\$301)	(\$811)	(\$1,125)	(\$1,511)	(\$2,027)
Adjustments	\$-	\$73	\$679	\$1,146	\$1,266	\$1,601
Prior Year Carryover	121	372	143	11	33	-
Net Cash Balance	\$485	\$514	\$5	(\$3,129)	(\$2,441)	(\$2,403)

Numbers may not total due to rounding

Source: MTA 2021 Final Proposed Budget February Financial Plan 2021-2024

New York City Transit Authority

The NYCTA, a subsidiary of the MTA, provides bus and subway service to New York City. The NYCTA is responsible for providing safe, clean, and reliable public transportation services to all persons traveling within the City. The NYCTA employs approximately 47,236 workers who are responsible for the operation and maintenance of 5,725 buses and 6,400 subway cars. Prior to the COVID-19 pandemic, approximately 2.4 billion people rode the City's buses and subways each year.

NYCTA Financial Plan 2021-2024 (Dollars in Millions)

Non-Reimbursable	2019 Actual	2020 Final Estimate	2021 Adopted Budget	2022 Projected	2023 Projected	2024 Projected
Operating Revenue						
Farebox	\$4,594	\$1,777	\$1,262	\$2,496	\$3,287	\$3,655
Other Revenue	467.216	3,224	511.585	564.531	\$588.406	\$674.051
Capital & Other Reimbursement.	0	0	0	0	0	0
Total Operating Revenue	\$5,061	\$5,000	\$1,773	\$3,061	\$3,876	\$4,329
Operating Expenses						
Labor Expenses	6,757	7,059	7,042	7,322	7,574	7,861
Non-Labor Expenses	2,102	1,806	1,994	2,186	2,287	2,359
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$8,859	\$8,866	\$9,036	\$9,509	\$9,861	\$10,220
Depreciation	1,994	1,928	1,978	2,029	2,082	2,136
Other Post Employment Benefit Liab Adj.	0	0	0	0	0	0
GASB 75 OPEB Expense Adjustment	580	1,346	1,472	1,557	1,643	1,699
GASB 68 Pension Expense Adjustment	(27)	(303)	(309)	(309)	(309)	(309)
Environmental Remediation	28	0	0	0	0	0
Total Operating Expenses	\$11,433	\$11,836	\$12,178	\$12,786	\$13,277	\$13,746
Net Operating Surplus/(Deficit) Before Debt Service	(\$6,372)	(\$6,836)	(\$10,404)	(\$9,725)	(\$9,402)	(\$9,418)
Debt Service	\$1,576	\$1,590	\$1,633	\$1,740	\$1,969	\$1,975
Net Operating Surplus/(Deficit) Including Debt Service	(\$7,948)	(\$8,426)	(\$12,037)	(\$8,000)	(\$11,371)	(\$11,393)
Dedicated Tax, State & Local subsidies	4,834	3,914	4,496	4,235	4,202	4,193
Deficit after Projected Subsidies	(3,114)	(\$4,512)	(\$7,541)	(\$3,765)	(\$7,169)	(\$7,200)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	2,575	2,971	3,141	3,277	3,416	3,526
Net Cash Surplus/(Deficit) 2	(\$539)	(\$1,541)	(\$2,133)	(\$488)	(\$3,753)	(\$3,674)

Source: MTA 2021 Adopted Budget – 2021-2024 February Financial Plan

Budget. As approved by the MTA Board, the NYCTA Operating Budget (reimbursable and non-reimbursable) before depreciation and other post-employment benefits is approximately \$9 billion for Calendar Year 2021. Of that amount, approximately \$7 billion is for labor costs and \$2 billion is for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$2 billion and other post-employment benefit expenses of \$1.5 billion, including pension expenses reduction adjustment of \$309 million. The budget funds 47,236 positions, of which 4,316 are reimbursable with capital funds, 42,712 are non-reimbursable, and 154 are full-time equivalent.

Operating Revenue/Expense Projections. The NYCTA projects \$1.8 billion in operating revenues for Calendar Year 2021, primarily derived from farebox revenues of \$1.3 billion and other revenues of \$511.6 million. These funds will support the NYCTA's proposed reimbursable and non-reimbursable expenditures of \$9 billion, excluding debt service, depreciation, and other post-employment benefits, in 2021.

Transit Tax Revenue. The NYCTA is funded, in part, with tax revenues from the Metropolitan Mass Transportation Operating Assistance Account (Metro Account), the Petroleum Business Tax (PBT), the

Urban Mass Transportation Operating Account (Urban Account), and Investment Income. The revenues from these accounts are projected to total \$2.2 billion in 2021, which is \$318 million greater than the Final 2020 estimate and \$227 million less than in 2019. The decrease between 2021 and 2019 reflects the impact of the COVID-19 pandemic on NYCTA's transit tax revenue. The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT).

Payroll Mobility Tax and MTA Aid. The Payroll Mobility Tax and MTA Aid going to NYCTA are projected to be \$1.2 billion in Calendar Year 2021, a \$350 million increase from the Final 2020 estimate of \$1.9 billion in 2020 and a \$202 million decrease from the \$1.4 billion tax revenue collected in 2019. In 2012, the State Legislature passed a law granting the City authorization to establish a "Hail accessible interborough licenses" (HAIL licenses) for livery cabs to provide hail services in certain underserved areas of the City. After overcoming legal challenges, the law was implemented during the second half of 2013, and is anticipated to result in increased MTA Aid revenue for the Authority as the City phases in the additional vehicles.

Paratransit. Pursuant to a 1993 agreement with the MTA, the City has historically paid 33 percent of the "net operating expenses" limited to no more than a 20 percent increase from the amount the City paid in the prior year. The MTA has pointed out that Paratransit registrants, ridership, and net operating deficits have significantly increased, growing from \$11 million in 1994 to \$549 million in 2019. Under the terms of the agreement, in 2019 for instance, the City paid \$176.4 million leaving NYCTA to pay \$371.9 million. As such, in last year's Adopted Budget the MTA proposed that the City and NYCTA renegotiate the terms of the Paratransit Service Agreement to a 50/50 split. In April, 2020, the State 2020-2021 Enacted Budget imposed a mandate requiring the City to pay fifty percent of the MTA's paratransit costs. While this change does not affect the MTA's budget, such a change impacts the City's budget by more than \$100 million annually. Total paratransit expenses are expected to be \$426.3 million in Calendar Year 2020 and \$508.6 million in Calendar Year 2021, offset by \$159 million and \$231.7 million from the City's reimbursement in 2020 and 2021, respectively.

State Subsidies. For Calendar Year 2021, the State's subsidy to the NYCTA's budget is expected to be \$184.8 million. Of this amount, \$25 million is for school fare reimbursement and \$158.1 million is to match City operating assistance. This funding does not include State dedicated tax revenues to NYCTA of more than \$3.4 billion (including the Payroll Mobility Tax) expected in 2021.

For-Hire Vehicle Surcharge. For Calendar Year 2021, NYCTA anticipates receiving \$271.3 million from the For-Hire Vehicle Surcharge, a decrease of \$65.1 million when compared to the 2019 amount. This is a reflection of the continued impact of COVID-19's effect on taxicab ridership. First enacted in 2019, this surcharge authorizes congestion pricing for For-Hire Vehicles in Manhattan south of 96th Street.

The City's Contribution. For Calendar Year 2021, the City's contribution to the MTA, excluding capital commitments, is approximately \$1 billion. Estimated City subsidies include the following: \$45 million for the NYCTA school fare subsidy; \$15.5 million for the elderly and disabled subsidy; \$231.7 million for paratransit reimbursement; \$184.8 million to match State Operating Assistance; \$782 million for MTA bus subsidy; \$63.6 million City subsidy for SIRTOA; \$182 million for the maintenance and operation of LIRR and Metro North Railroad stations in the City; \$12 million for E-Z Pass Payments for City vehicles; and \$3 million for Transit Police.

The MTA Bus Company (MTABC)

The MTABC was created in September 2004 pursuant to an agreement between the City of New York and the MTA to consolidate the operations of seven private franchise bus companies. The purpose of the takeover was to improve the quality and efficiency of bus service formerly provided by the private bus franchise operators. The agreement calls for the City to pay MTABC the difference between the actual cost of operating the bus routes and all revenues and subsidies received by the MTABC and allocable to the operation of the bus routes. As a result, the costs of MTABC operations are fully reimbursable by the City to the MTA.

MTA Bus Financial Plan 2021-2024 (Dollars in Millions)

Non-Reimbursable	2019 Actual	2020 Final Estimate	2021 Adopted Budget	2022 Projected	2023 Projected	2024 Projected
Operating Revenue						
Farebox	\$224.8	\$73.2	\$59.8	\$119.3	\$157.7	\$175.8
Other Revenue	17.2	353.4	21.2	22.0	22.2	23.8
Capital & Other Reimbursement.	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenue	\$242.1	\$426.6	\$81.0	\$141.3	\$179.9	\$199.5
Operating Expenses						
Labor Expenses	615.1	638.0	654.1	684.0	680.9	687.7
Non-Labor Expenses	218.6	249.5	259.1	259.7	258.2	263.7
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses Before Depreciation, OPEB & ER 1	\$833.7	\$887.5	\$913.2	\$943.6	\$939.1	\$951.2
Depreciation	\$44.7	\$54.3	\$54.8	\$56.2	\$56.2	\$56.2
Other Post Employment Benefit Liab Adj.	0.0	0.0	0.0	0.0	0.0	0.0
GASB 75 OPEB Expense Adjustment	0.0	58.1	69.9	80.0	89.6	92.6
GASB 68 Pension Expense Adjustment	-51.8	50.9	44.0	44.3	52.4	37.6
Environmental Remediation	1.7	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	\$931.8	1,050.8	1,081.9	1,124.1	1,137.3	1,137.7
Net Operating Surplus/(Deficit) Before Debt Service	(\$689.7)	(\$624.2)	(\$1,000.9)	(\$982.7)	(\$957.4)	(\$938.2)
Debt Service	\$5.8	\$10.8	\$27.7	\$34.0	\$47.6	\$48.3
Net Operating Surplus/(Deficit) Including Debt Service	(\$695.5)	(\$635.0)	(\$1,028.6)	(\$1,016.7)	(\$1,005.0)	(\$986.5)
Dedicated Tax, State & Local subsidies	\$667.6	\$361.9	\$530.1	\$813.9	\$728.5	\$716.7
Deficit after Projected Subsidies	(27.9)	(\$273.1)	(\$498.5)	(\$202.8)	(\$276.5)	(\$269.8)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$98.1	\$163.3	\$168.7	\$180.5	\$198.2	\$186.3
Net Cash Surplus/(Deficit) 2	\$70.2	(\$109.8)	(\$329.8)	(\$22.3)	(\$78.3)	(\$83.5)

Source: MTA 2021 Adopted Budget – 2021-2024 February Financial Plan

MTA Staten Island Railway (SIR)

The SIR operates and maintains 63 subway cars over 14.3 route miles and 28.6 miles of mainline track that serves 22 stations located primarily on the south shore of Staten Island.

MTA Staten Island Railway (SIR) Financial Plan 2021 – 2024

Non-Reimbursable	2019 Actual	2020 Final Estimate	2021 Adopted Budget	2022 Projected	2023 Projected	2024 Projected
Operating Revenue						
Farebox	\$6.7	\$2.4	\$1.8	\$3.5	\$4.6	\$5.1
Other Revenue	2.7	25.4	2.4	2.4	2.4	2.7
Capital & Other Reimbursement.	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenue	\$9.4	\$27.8	\$4.2	\$5.9	\$7.0	\$7.9
Operating Expenses						
Labor Expenses	\$46.6	\$52.1	\$53.1	\$51.6	\$52.7	\$55.2
Non-Labor Expenses	11.0	16.1	13.1	13.2	13.5	14.0
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses Before Depreciation, OPEB & ER 1	\$57.6	\$68.1	\$66.2	\$64.9	66.2	69.3
Depreciation	\$11.6	\$12.0	\$12.0	\$12.0	\$17.5	17.5
Other Post Employment Benefit Liab Adj.	0.0	0.0	0.0	0.0	0.0	0.0
GASB 75 OPEB Expense Adjustment	5.8	5.5	6.5	4.7	4.9	5.1
GASB 68 Pension Expense Adjustment	0.3	(0.1)	(1.1)	(1.1)	(1.2)	(1.2)
Environmental Remediation	(0.1)	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	\$75.2	85.5	83.6	80.5	87.4	90.1
Net Operating Surplus/(Deficit) Before Debt Service	(\$65.0)	(\$57.8)	(\$79.4)	(\$74.5)	(\$80.4)	(\$82.8)
Debt Service	\$0.7	\$3.9	\$10.3	\$15.7	\$21.3	\$21.5
Net Operating Surplus/(Deficit) Including Debt Service	(\$65.7)	(\$61.7)	(\$89.7)	(\$90.2)	(\$101.7)	(\$104.3)
Dedicated Tax, State & Local subsidies	\$53.0	\$44.4	\$45.9	\$69.2	\$72.3	\$78.1
Deficit after Projected Subsidies	(\$12.7)	(\$17.3)	(\$43.8)	(\$21.0)	(\$29.4)	(\$26.2)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$17.6	\$17.4	\$17.4	\$15.6	\$21.2	\$21.4
Net Cash Surplus/(Deficit) 2	\$4.9	\$0.1	(\$26.4)	(\$5.4)	(\$8.2)	(\$4.8)

Source: MTA 2021 Final Proposed Budget November Financial Plan 2021-2024 Vol 2

Operating Revenue/Expense Projections. The SIR's operating revenue for Calendar Year 2021 is projected to be \$4.2 million, which includes farebox revenue of \$1.8 million and other operating revenue of \$2.4 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation and other post-employment benefits of \$66.2 million. These expenses include \$53.1 million in labor costs and \$13.1 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$12 million and \$6.5 million respectively. In addition, there is a pension expense reduction adjustment of \$1.1 million.