

# 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  
2020-2023 Adopted Plan  
for the

**Metropolitan Transportation Authority**

March 9, 2020

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## Introduction

The Metropolitan Transportation Authority (MTA or Authority) is the largest transportation system in the United States, serving approximately 2.7 billion passengers each year. With an average subway weekday ridership of six million riders, it is one of the only public transportation systems in the world that runs 24 hours per day on every day of the year.

This report will discuss and examine issues and highlights within the MTA's current budget, outline challenges within the Plan, and provide an explanation on how the MTA is structured.

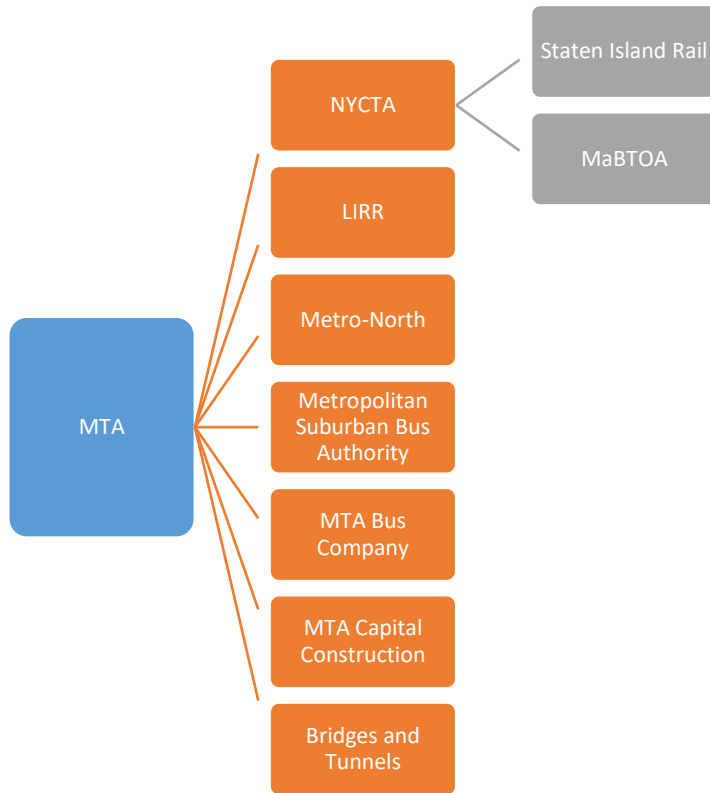
## MTA Structure

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.<sup>1</sup>

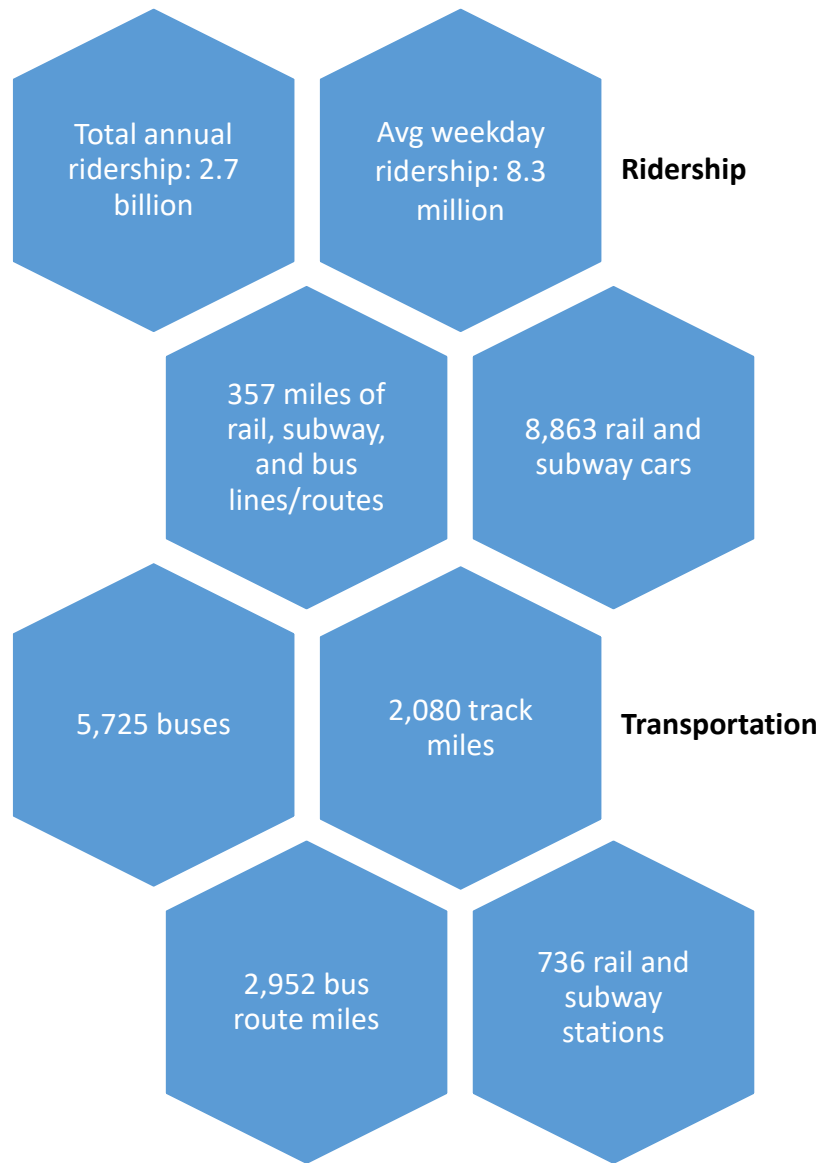
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<sup>1</sup> Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County to transition its bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA's calendar year 2019 and proposed 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 Budget Overview

The MTA’s budget is unique within the City’s budget process because it is a State-controlled agency and operates on a calendar year, rather than the City’s fiscal year. The MTA Board approved its Calendar Year 2020 Budget in December 2019, which means that the City’s Preliminary Budget does not impact the adoption of the Authority’s budget.

The 2020 Budget adopted by the MTA board includes a four-year financial plan for calendar years 2020 -2023. The Authority issued a Preliminary Budget in July 2019 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 2019. Highlights of the MTA proposed 2020-2023 Adopted Plan include biennial fare and toll increases of four percent in 2021 and 2023, maintained funding for prior Plan initiatives previously identified, including maintenance of the Subway Action Plan (SAP) and Phase 1 of Congestion Pricing/FHV fees, concentrated efforts to reduce fare evasion, gap-closing actions, carrying out a

State-mandated “Transformation Plan” to review the Authority’s operations and implement changes, and the assumption of a renegotiation of the Paratransit Contract with the City.

For Calendar Year 2020, expenses total approximately \$17 billion and are funded through a combination of revenues, including \$6.5 billion from farebox revenue.

### **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. However, 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.

### **MTA Transformation Plan**

The Fiscal 2020 New York State Enacted Budget required a series of MTA reforms, including the legislated requirement to develop an organizational restructuring plan to remedy the institutional constriction which has evolved during the 51 years since the MTA was chartered. The MTA procured the services of a management consulting firm, AlixPartners, to review operations throughout the organization and to recommend changes to simplify and streamline internal processes, clarify roles and responsibilities across the Agencies, and solidify accountability so the MTA can work more efficiently to deliver safe and reliable service. The consolidation and efficiency targets are projected to generate savings, net implementation costs, of \$1.8 billion over five years, including \$11 million in 2019, \$230 million in 2020, \$488 million in 2021, \$535 million in 2022, and \$538 million in 2023.

### **Fare Evasion Deterrence**

MTA estimates that revenue loss from subway and bus fare evasion is about \$300 million annually. The MTA will invest \$62 million over the Plan period to deter fare evasion, which will be partially funded by a \$40 million grant from the Manhattan District Attorney’s forfeiture fund. Efforts are outlined below.

- The MTA is deploying 500 uniformed officers, which comprise New York Police Department officers, MTA Police Department officers, and MTA Bridges and Tunnels officers to patrol 50 subway stations and 50 bus routes where fare evasion and assaults occur at elevated levels. The additional officers will also support safety, security, and homeless outreach efforts.
- The MTA will ensure that enforcement does not target any specific demographic.
- The Authority will educate riders utilizing messaging, media, and automated announcements.
- To mitigate instances of fare avoidance, MTA will redesign subway station exit gates to mitigate instances of fare avoidance.
- The MTA will enhance surveillance capabilities by deploying fare array cameras at 50 stations and piloting the use of monitors at 10 stations.

## Maintains Prior Plan Investments

The Plan maintains major on-going investment initiatives, including the following.

- **Subway Action Plan (SAP).** In March 2018, the State’s Fiscal 2018-2019 Enacted Budget mandated that the City contribute funding to support the MTA Subway Action Plan. In total, the City contributed \$254 million in expense funds and \$164 million in capital funds, for a total of \$418 million in Fiscal 2019 to support the SAP program. The Subway Action Plan totals \$836 million, including \$508 million in operating funds and \$324 million in capital funds. Moving forward, SAP is being funded with revenue derived from the congestion pricing initiative imposed on for-hire vehicles (FHV).
- **The LIRR “Forward” Plan.** The Adopted Plan maintains funding efforts to upgrade switches and 370 track circuits; installation of high visibility safety delineators at 296 grade crossings; clear 180 miles of overgrown vegetation along the right-of-way; install 60 snow switches, 14 third-rail heaters, 80 utility poles and countdown clocks; replace key M7 door components; and augment station and car cleaning.
- **“Bus Plans” at NYCTA and MTA Bus.** The Adopted Plan maintains funding to support a redesign of the bus network and maps; pilot an increase in off-peak service frequency; increase bus lanes and enforcement cameras; upgrade security and technology; and evaluate the feasibility of transitioning to a zero-emission fleet.
- **MNR “Way Ahead”.** The Adopted Plan maintains plans to install energy storage system between Chappaqua and Mt. Kisco; replace/repair Upper Harlem Line transmission poles; install Help Point kiosks; augment security camera surveillance and countdown clocks; and replace center-door fleet seats and vestibule floors.

## Assumption of a Renegotiation of MTA’s Paratransit Contract with the City

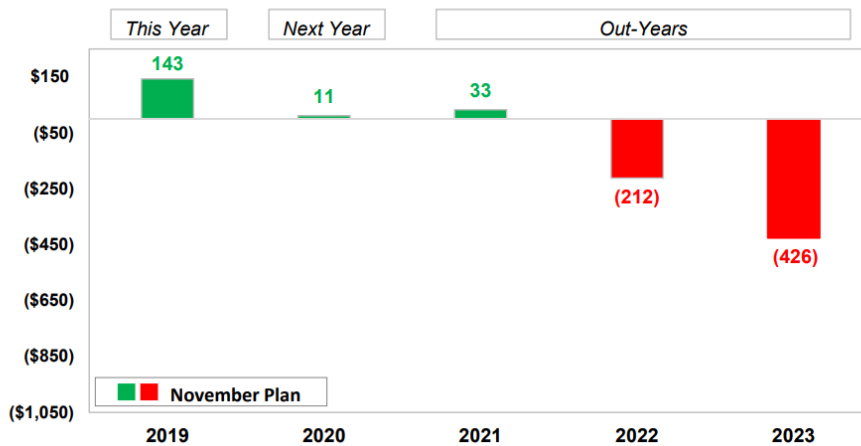
Pursuant to a 1993 agreement with the MTA, the City currently pays 33 percent of the “net operating expense” limited to no more than a 20 percent increase from the amount the City paid in the prior year. In the Adopted Budget, MTA points out that Paratransit registrants, ridership, and net operating deficits have significantly increased, growing from \$11 million in 1994 to \$549 million in 2019. Under the terms of the agreement, in 2019, the City will pay \$176.4 million and NYCTA will pay \$371.9 million. The MTA has proposed that the City and NYCTA renegotiate the terms of the Paratransit Service Agreement to a 50/50 split. Such a renegotiation would increase the City’s payment to the MTA by greater than \$100 million annually.

## Gap-Closing Actions

The Adopted Plan continues to maintain gap-closing actions implemented by the Authority since 2010, in an effort to minimize the amount of revenues needed both from government subsidies and fare and toll increases and to provide funding for the capital program. Through 2019, approximately \$2.5 billion in annual savings have been identified, growing to a total of nearly \$2.7 billion by Calendar Year 2023. Together, with the savings from the Transformation Plan, the annual savings will increase to \$3.1 billion by 2023. The Adopted Plan decreased prior Budget Reduction Program items, reducing previously identified savings by \$317 million over the Plan. In addition, the Authority is using one-time funding of \$165 million 2019 General Reserve no longer needed for 2019 and \$64 million in 2019 and \$30 million in 2020 committed to Capital to balance the operating budget.

Taken in total, the 2020 Adopted Budget remains balanced, after adjustments for prior year balances, with an anticipated net cash surplus of \$11 million. For the outyears, the Plan anticipates an end-of-year net surplus of \$33 million in 2021 and cash deficit balances of \$212 million in 2022 and \$426 million in 2023, as shown in the below chart.

  
**2020 Adopted Final Budget, out-year deficits**  
 (\$ in millions)



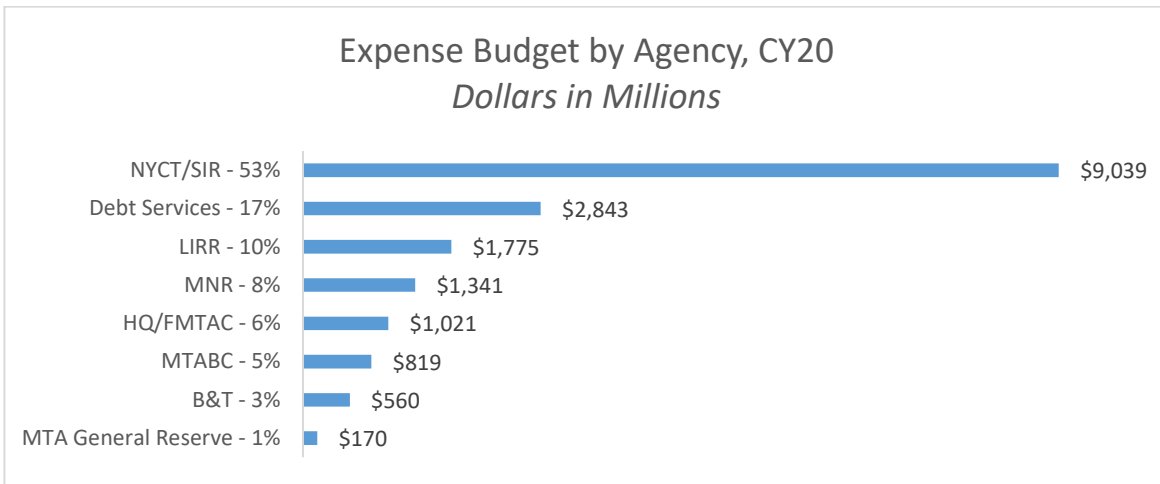
The MTA Calendar Year 2020 Adopted Operating Budget totals approximately \$17 billion. Of that amount, \$9 billion, or 53 percent, is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$2.8 billion (17 percent), and the LIRR at \$1.8 billion (10 percent). As shown in the chart and table below, the MTA’s expense budget has increased by 18 percent or \$2.6 billion between 2015 and 2020.

**Expense Budget by Agency, Calendar Year 2015- 2020 (Dollars in millions)**

Agency	2015	2016	2017	2018	2019	2020
NYCT/SIR	\$7,490	\$7,637	\$8,169	\$8,695	\$8,820	\$9,039
Debt Services	2,482	2,660	2,641	2,604	2,692	2,843
LIRR	1,492	1,485	1,524	1,620	1,687	1,775
MNR	1,191	1,251	1,288	1,339	1,332	1,341
HQ/FMTAC	467	738	777	785	906	1,021
MTABC	628	671	726	773	818	819
B&T	500	510	553	596	574	560
MTA General Reserve	140	150	155	160	165	170
<b>Total</b>	<b>\$14,390</b>	<b>\$15,102</b>	<b>\$15,833</b>	<b>\$16,572</b>	<b>\$16,994</b>	<b>\$16,991</b>

*Source: MTA 2019 Final Proposed Budget November Financial Plan 2020-2023 Vol 1 (includes below-the-line-adjustments)*





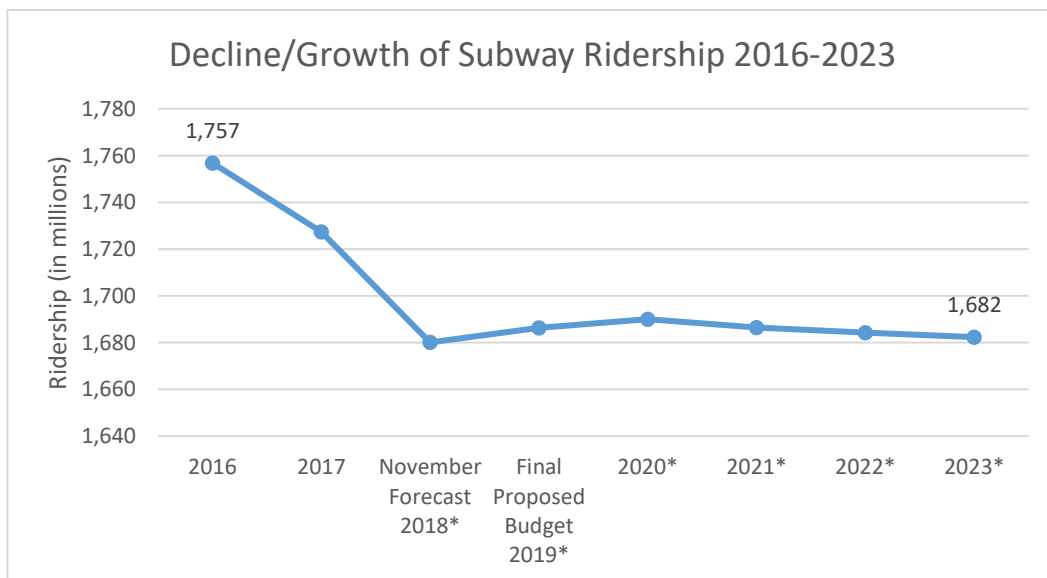
Source: MTA 2019 Final Proposed Budget November Financial Plan 2020-2023 Vol 1

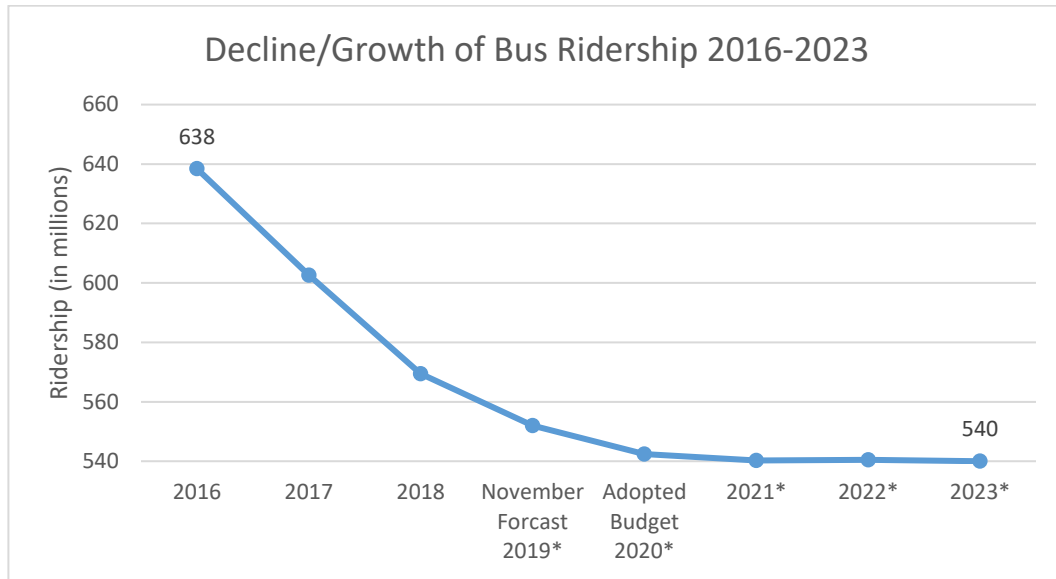
### Ridership Decline

Overall subway and bus ridership has been declining since 2016 (as illustrated in the table and charts below). Two-years ago, the MTA predicted that subway ridership would reach 2016 levels by 2019. However, the most recent Adopted Plan for Calendar Year 2020 indicates that ridership levels are not expected to reach 2016 levels by 2023. MTA buses are expected to decline 15 percent between 2016 and 2023, while paratransit use is expected to increase 49 percent. A continued decline in subway and bus ridership could potentially impact future fare revenue.

	MTA Ridership (in millions)							
	2016	2017	2018	November Forecast 2019*	Adopted Budget 2020*	2021*	2022*	2023*
Subway	1,756.8	1,727.4	1,680.1	1,686.3	1,690.0	1,686.5	1,684.3	1,682.4
Bus	638.4	602.6	569.4	552.0	542.4	540.3	540.5	539.9
Paratransit	8.9	8.9	9.9	10.9	11.5	12.1	12.7	13.3
<b>Total</b>	<b>2,404.1</b>	<b>2,338.9</b>	<b>2,259.4</b>	<b>2,249.2</b>	<b>2,243.9</b>	<b>2,238.9</b>	<b>2,237.5</b>	<b>2,235.6</b>

\*Projected, not actual





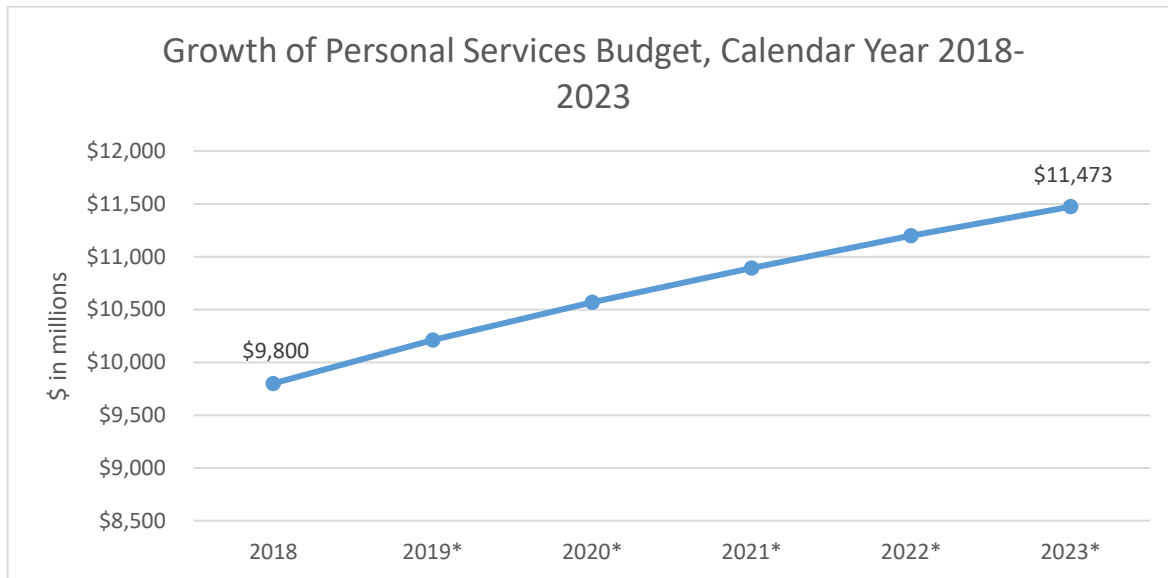
### Personal Services Costs

As highlighted by the charts below, Personal Services (PS) are estimated to cost \$10.6 billion in Calendar Year 2020 and will increase nine percent, to \$11.5 billion, by Calendar Year 2023. Overtime spending is projected to increase seven percent between Calendar Year 2020 and 2023. The projected overtime spending for Calendar Year 2020 is \$170 million or nearly 16 percent less when compared to overtime spending in 2018, reflecting the Authority’s efforts to curtail overtime spending.

Labor Expense	Personal Services, Calendar Year 2018-2023 (\$ in millions)					
	2018	2019*	2020*	2021*	2022*	2023
Payroll	\$5,211	\$5,334	\$5,525	\$5,610	\$5,744	\$5,833
Overtime	1,066	978	896	917	937	959
Health & Welfare	1,230	1,342	1,452	1,530	1,626	1,721
OPEB Current Payment	604	655	719	784	856	935
Pensions	1,336	1,495	1,467	1,481	1,425	1,373
Other-Fringe Benefits	881	898	940	986	1,027	1,062
Reimbursable Overhead	(528)	(490)	(431)	(415)	(417)	(410)
<b>Total</b>	<b>\$9,800</b>	<b>\$10,212</b>	<b>\$10,568</b>	<b>\$10,893</b>	<b>\$11,198</b>	<b>\$11,473</b>

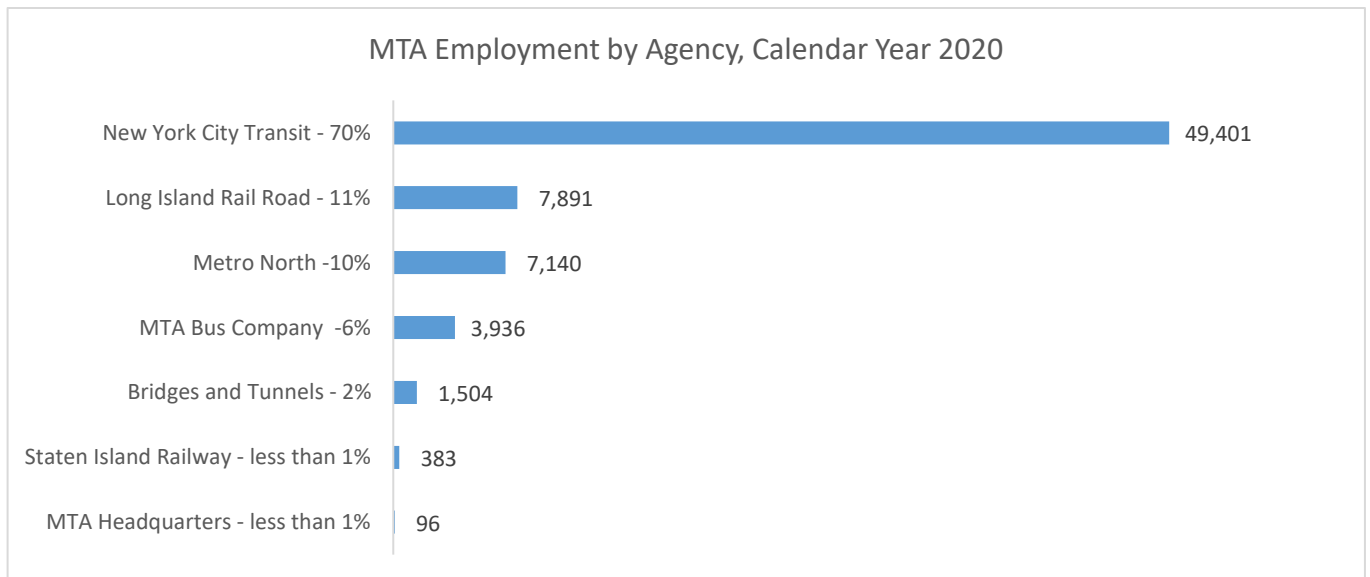
Note: Non-reimbursable expenses only

\*Projected, not actual



Note: Non-reimbursable expenses only  
 \*Projected, not actual

In Calendar Year 2020, the MTA projects a budgeted headcount of 70,513. NYCTA has 70.1 percent (49,401) of all MTA budgeted positions, followed by LIRR at 11.2 percent (7,891), and Metro North at 10.1 percent (7,140).



### 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

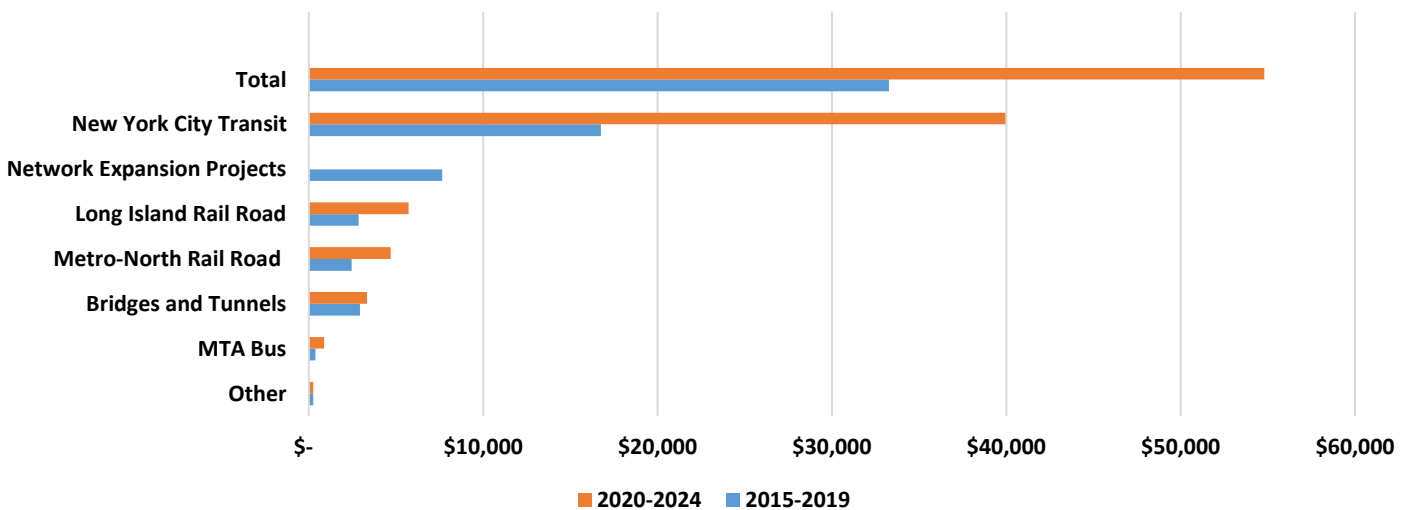
the CPRB by October 1, 2019. Although, the Board has up to 90 days to approve or reject the Program, the 2020-2024 Plan was approved by the CPRB on January 1, 2020.

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 Proposed Capital Program is \$21.5 billion greater than the \$33.3 billion 2015-2019 Capital Program, representing a 65 percent increase.

**2020-2024 MTA Proposed Capital Program**  
*Dollars in Millions*

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

**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).

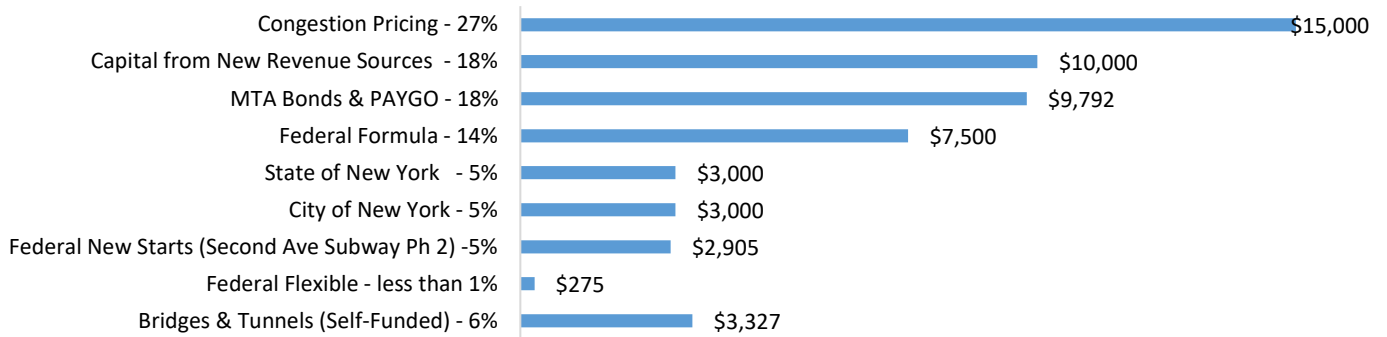
### 2020-2024 MTA Capital Program Funding Sources

*Dollars in Millions*

	Proposed 2020-2020
<b>Total 2020-2024 CPR Program costs</b>	<b>\$51,472</b>
<b>Funding Currently Projected</b>	
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
<b>Sub-total</b>	<b>\$51,472</b>
Bridges & Tunnels Self-Funded	3,327
<b>Total 2015-2019 Funds Available</b>	<b>\$54,799</b>
<b>Funding Gap</b>	<b>\$0</b>

*Note: Numbers may not total due to rounding*

**2020-2024 Proposed Capital Program by Funding Source**  
*Dollars in Millions*



- Congestion Pricing.** 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 requires that all congestion tolling revenue go towards funding MTA capital programs. The MTA anticipates to collect net revenue sufficient to generate \$15 billion for the MTA Capital Program from the tolling program.

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, recommended that congestion pricing charge passenger vehicles \$11.52 and trucks \$25.34, once per day, Monday through Friday, 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. The State Budget states that congestion tolling will not be applicable to taxis and for-hire vehicles already tolled under 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.

- Funding from New Revenue Sources.** The 2019-2020 State Enacted Budget includes authorizing legislation that provides two new revenue sources to the MTA. The new revenues are derived by eliminating a tax loophole that exempted third-party internet marketplace providers from collecting and remitting New York sales taxes on transactions conducted on their sites and by adding a new progressive tax on high end real estate (Mansion Tax). In addition, the legislation mandated that the MTA engage in reforms that change the ways it does business. Overall, the MTA is anticipated to collect net revenue sufficient to generate \$10 billion for the 2020-2024 Capital Program from these revenue sources.
- Federal Formula, Flexible, and Miscellaneous Funding.** The MTA is assuming federal formula funding of \$7.8 billion in the 2020-2024 Capital Plan, an increase of \$1 billion from the previous Capital Plan. In total, federal funding will make up approximately 20.7 percent of the 2020-2024 Capital Program funding. In contrast, the 2015-2019 Capital Plan consists of 24.1 percent of federal funding.

- **Federal New Starts.** The 2020-2024 Capital Program includes \$2.9 billion in federal new starts funding for Phase 2 of Second Avenue Subway project. This proposed new starts funding is subject to further discussion with the Federal Transit Administration (FTA), Congressional appropriations, and a future Plan amendment to make available the additional local funding required for the new starts application process.
- **MTA Bonds and Pay As You Go (PAYGO) Capital.** The proposed plan includes \$9.8 billion in new MTA bonding capacity and PAYGO to support the 2020-2024 Capital Program projects. PAYGO capital leverages new debt service capacity until it is fully exhausted by the debt service needs of the Authority's bonds. The State Fiscal 2020-2021 Executive Budget includes Article VII proposal to increase MTA statutory bonding capacity from its current \$55.5 billion to \$90.1 billion through 2024.
- **State Capital Funds.** The Capital Plan includes \$3 billion in capital funding from the State to support the Program.
- **New York City Funds.** The MTA 2020-2024 Capital Plan assumes that the City will contribute \$3 billion to fund the Plan. As of the Preliminary Plan the City has not yet added this funding.
- **Bridges and Tunnels Self-Funding.** The MTA plans to use \$3.3 billion in TBTA bonds and PAYGO capital to self-fund its bridges and tunnels capital spending.

## How the Money Will Be Spent

**NYCTA Subway and SI Railway.** The Authority's Capital Plan includes a \$37.3 billion investment in NYCTA subways and the SI Railway. The funding includes \$7.1 billion to implement modernized signaling system along 11 subway lines, \$5.2 billion for new elevators/ramps at up to 66 stations, \$6.1 billion for 1,900 new subway cars, \$4.1 billion for repairs at 175 subway stations including 65 replacement escalators and 78 replacement elevators, and \$2.6 billion for 60 miles of replacement subway tracks and 20 miles of Continuous Welded Rail (CWR) installation.

**NYCTA Buses and MTA Bus.** The Authority's 2020-2024 Capital Plan includes \$3.5 billion investment in NYCTA buses and MTA Buses, including \$2.3 billion to replace 2,200 buses (39 percent of the entire fleet), \$109 million to improve customer experience, including on-board digital information screens to provide real-time service information and additional Traffic Signal Priority (TSP), \$217 million to expand bus fleet by over 175 vehicles, and \$880 million to reconstruct Jamaica Depot and replace maintenance equipment.

**Long Island Rail Road (LIRR).** The Authority's 2020-2024 Capital Plan includes \$5.7 billion in LIRR funding, including \$364 million to upgrade signals and communications equipment, \$1 billion for track improvements, \$487 million to purchase 160 new electric cars, 20 coaches, and 10 locomotives, and \$910 million for station improvements, including up to seven additional ADA-accessible stations.

**Metro-North Railroad (MNR).** The Authority's 2020-2024 Capital Plan includes \$4.7 billion in MNR funding, including \$895 million for improvements to the Grand Central Terminal Train shed and Park Avenue Tunnel and Viaduct, \$184 million for improvements on the Harlem Line, \$483 million to begin replacement of 140 M-3 electric cars, \$187 million for improvements on the West of Hudson line, and \$621 million for station improvements, including accessibility improvements at up to four stations.

**Bridges & Tunnels (B&T).** The Authority's 2020-2024 Capital Plan includes \$3.3 billion for Bridges and Tunnels. Of that amount, \$1.1 billion is for the Verrazzano-Narrows Bridge, \$719 million is for the RFK Bridge, \$99 million is for the Hugh L Carey (formerly Battery Park Tunnel) and Queens Midtown Tunnels, \$135 million is for the Henry Hudson Bridge, and \$241 million is for the Throgs Neck Bridge.

## Capital Budget Highlights and Issues

**Funding Sources.** While the MTA's 2020-2024 Capital Program affirms a way towards modernization of the system, including funding for former NYCTA President Andy Byford's Fast Forward Plan, it is worth noting that State and federal funding represents a significantly lower share of the Plan's total funding when compared to the 2015-2019 Capital Program. Currently, federal and State funding make up 24.1 percent and 28.5 percent of the 2015-2019 Capital Program, respectively (not including B&T, which is self-funded). Under the new proposed plan, the State will only contribute 5.8 percent (not including congestion pricing) and the federal government will provide 20.7 percent. While congestion pricing was passed by the State, a substantial share of the anticipated revenue will come from City residents and businesses.

In addition, Mayor de Blasio has been reluctant to fund the requested \$3 billion in City funding until the State first commits to spending the funding it expects from congestion pricing. The Mayor has also been hesitant to fund the capital program after a forensic audit of the Capital Plan by an independent contractor, Crowe LLP, concluded that the MTA did not give the public enough time to review the Plan and that cost estimates were "significantly deficient".



### 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. As stated earlier, 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 2020-2023

#### MTA Consolidated Statement of Operations – Including MTA Bus Company

Non-Reimbursable	2018 Actual	2019 November Forecast	Adopted Budget 2020	2021 Projected	2022 Projected	2023 Projected
Operating Revenue						
Farebox	\$6,155	\$6,346	\$6,436	\$6,427	\$6,439	\$6,448
Toll Revenue	1,976	2,078	2,118	2,126	2,125	2,127
Other Revenue	643	689	682	708	724	739
Capital & Other Reimburse.	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>\$8,774</b>	<b>\$9,113</b>	<b>\$9,237</b>	<b>\$9,261</b>	<b>\$9,288</b>	<b>\$9,314</b>
Operating Expenses						
Labor Expenses	\$9,799	\$10,211	\$10,568	\$10,893	\$11,198	\$11,471
Non-Labor Expenses	3,611	3,805	3,901	3,909	3,945	4,045
Other Expenses Adjustment	129	158	86	41	28	29
General Reserve	-	165	170	175	180	185
<b>Total Operating Expenses Before Non-Cash Liability Adj.</b>	<b>\$13,539</b>	<b>\$14,339</b>	<b>\$14,725</b>	<b>\$15,019</b>	<b>\$15,352</b>	<b>\$15,730</b>
Depreciation	\$2,805	\$2,777	\$2,843	\$2,909	\$2,977	\$3,052
OPED Liability Adjustment	1,048	1,457	1,628	1,749	1,823	1,898
GASB 68 Pension Expense Adjustment	(373)	(221)	(272)	(343)	(318)	(242)
Environmental Remediation	106	6	6	6	6	6
<b>Total Operating Expenses After Non-Cash Liability</b>	<b>\$17,125</b>	<b>\$18,358</b>	<b>\$18,930</b>	<b>\$19,340</b>	<b>\$19,840</b>	<b>\$20,444</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,585)	(\$4,020)	(\$4,205)	(\$4,320)	(\$4,488)	(\$4,714)
Debt Service (excluding Service Contract Bonds)	2,541	2,664	2,837	3,140	3,457	3,848
<b>Total Operation Expense with Debt Service</b>	<b>\$16,081</b>	<b>\$17,002</b>	<b>\$17,562</b>	<b>\$18,160</b>	<b>\$18,809</b>	<b>\$19,578</b>
Dedicated Taxes and State/Local Subsidies	\$7,177	\$7,286	\$7,454	\$7,637	\$7,887	\$8,067
<b>Net Surplus/Deficit After Subsidies and Debt Service</b>	<b>(\$128)</b>	<b>(\$603)</b>	<b>(\$4,871)</b>	<b>(\$1,261)</b>	<b>(\$1,633)</b>	<b>(\$2,197)</b>
Conversion to Cash Basis: GASB Account	\$-	\$-	\$-	\$-	\$-	\$-
Conversion to Cash Basis: All Other	379	302	60	136	122	170
<b>Cash Balance Before Prior-Year Carryover</b>	<b>\$251</b>	<b>(\$301)</b>	<b>(\$811)</b>	<b>(\$1,125)</b>	<b>(\$1,511)</b>	<b>(\$2,027)</b>
Adjustments	\$-	\$73	\$679	\$1,146	\$1,266	\$1,601
Prior Year Carryover	121	372	143	11	33	-
<b>Net Cash Balance</b>	<b>\$372</b>	<b>\$143</b>	<b>\$11</b>	<b>\$33</b>	<b>(\$212)</b>	<b>(\$426)</b>

Numbers may not total due to rounding

Source: MTA 2020 Final Proposed Budget November Financial Plan 2020-2023 Vol 2

## 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 49,401 workers who are responsible for the operation and maintenance of 5,725 buses and 6,400 subway cars. About 2.4 billion people ride the City's buses and subways each year.

### NYCTA Financial Plan 2020-2023 (Dollars in Millions)

Non-Reimbursable and Reimbursable	2018 Actual	2019 Final Estimate	2020 Adopted Budget	2021 Projected	2022 Projected	2023 Projected
Operating Revenue						
Farebox	\$4,447	\$4,582	\$4,647	\$4,630	\$4,634	\$4,630
Other Revenue	446.146	472.116	468.873	485.194	498.519	510.713
Capital & Other Reimbursement	1,492	1,383	1,333	1,247	1,233	1,230
<b>Total Operating Revenue</b>	<b>\$6,384</b>	<b>\$6,437</b>	<b>\$6,450</b>	<b>\$6,362</b>	<b>\$6,365</b>	<b>\$6,371</b>
Operating Expenses						
Labor Expenses	7,845	8,106	8,142	8,259	8,463	8,660
Non-Labor Expenses	2,163	2,214	2,169	2,177	2,224	2,308
Other Expenses Adjustments	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$10,008</b>	<b>\$10,319</b>	<b>\$10,310</b>	<b>\$10,436</b>	<b>\$10,687</b>	<b>\$10,967</b>
Depreciation	1,958	1,878	1,928	1,978	2,029	2,082
Other Post Employment Benefit Liab Adj.	0	0	0	0	0	0
GASB 75 OPEB Expense Adjustment	706	1,084	1,346	1,472	1,557	1,643
GASB 68 Pension Expense Adjustment	(335)	(296)	(303)	(309)	(309)	(309)
Environmental Remediation	84	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$12,422</b>	<b>\$12,985</b>	<b>\$13,281</b>	<b>\$13,578</b>	<b>\$13,964</b>	<b>\$14,384</b>
<b>Net Operating Surplus/(Deficit) Before Debt Service</b>	<b>(\$6,037)</b>	<b>(\$6,548)</b>	<b>(\$6,831)</b>	<b>(\$7,215)</b>	<b>(\$7,599)</b>	<b>(\$8,013)</b>
<b>Debt Service</b>	<b>\$1,289</b>	<b>\$1,332</b>	<b>\$1,336</b>	<b>\$1,376</b>	<b>\$1,446</b>	<b>\$1,525</b>
<b>Net Operating Surplus/(Deficit) Including Debt Service</b>	<b>(\$7,326)</b>	<b>(\$7,880)</b>	<b>(\$8,168)</b>	<b>(\$8,591)</b>	<b>(\$9,045)</b>	<b>(\$9,538)</b>
Dedicated Tax, State & Local subsidies	4,798	4,577	4,382	4,353	4,426	4,423
<b>Deficit after Projected Subsidies</b>	<b>(\$2,528)</b>	<b>(\$3,303)</b>	<b>(\$3,786)</b>	<b>(\$4,238)</b>	<b>(\$4,619)</b>	<b>(\$5,115)</b>
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	2,414	2,666	2,971	3,141	3,193	3,416
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$114)</b>	<b>(\$637)</b>	<b>(\$815)</b>	<b>(\$1,097)</b>	<b>(\$1,426)</b>	<b>(\$1,699)</b>

Source: MTA 2020 Final Proposed Budget November Financial Plan 2020-2023 Vol 2

- Budget.** As approved by the MTA Board, the NYCTA Operating Budget (reimbursable and non-reimbursable) before depreciation and other post-employment benefits is approximately \$10.3 billion for Calendar Year 2020. Of that amount, approximately \$8.1 billion is for labor costs and \$2.2 billion is for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$1.9 billion and other post-employment benefit expenses of \$1.3 billion, including pension expenses reduction adjustment of \$303.2 million. The budget funds 49,197 positions, of which 5,285 are reimbursable with capital funds and 44,116 are non-reimbursable.
- Operating Revenue/Expense Projections.** The NYCTA projects \$6.4 billion in operating revenues for Calendar Year 2020, primarily derived from farebox revenues of \$4.6 billion, capital and other reimbursements of \$1.3 billion, and other revenues of \$469 million. These funds will support the NYCTA's proposed reimbursable and non-reimbursable expenditures of \$10.3 billion, excluding debt service, depreciation, and other post-employment benefits, in 2020.
- 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 \$2.4 billion in 2020, which is \$12.2 million greater than the November 2019 forecast. 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 2020, a \$147.2 million decrease from the estimated \$1.3 billion in 2019. This is due to lower year-to-date revenue receipts and slower projected growth in wage and salary disbursements for the remainder of the year, and lower Urban Tax revenues due to slightly unfavorable commercial real estate transactions in the City. 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 an agreement between the City and the MTA, the NYCTA assumed operating responsibility for all paratransit services required under the federal Americans with Disability Act of 1990. The City reimburses the NYCTA for 33 percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit expenses are expected to be \$489 million in Calendar Year 2020, offset by \$210 million from City reimbursements.
- **State Subsidies.** For Calendar Year 2020, the State’s subsidy to the NYCTA’s budget is expected to be \$183.1 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 \$4.1 billion (including the Payroll Mobility Tax) expected in 2020.
- **For-Hire Vehicle Surcharge.** For Calendar Year 2020, NYCTA anticipates to receive \$359.8 million from For-Hire Vehicle Surcharge. First enacted in 2019, this surcharge authorizes congestion pricing for For-Hire Vehicles in Manhattan south of 96<sup>th</sup> Street.
- **The City’s Contribution.** For Calendar Year 2020, 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; \$210 million for paratransit reimbursement; \$158.1 million to match State Operating Assistance; \$455.6 million for MTA bus subsidy; \$47.2 million City subsidy for SIRTOA; \$99.6 million for the maintenance and operation of LIRR and Metro North Railroad stations in the City; \$11.8 million for E-Z Pass Payments for City vehicles; and \$3.5 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 2020-2023 (Dollars in Millions)**

<b>Non-Reimbursable and Reimbursable</b>	<b>2018 Actual</b>	<b>2019 Final Estimate</b>	<b>2020 Adopted Budget</b>	<b>2021 Projected</b>	<b>2022 Projected</b>	<b>2023 Projected</b>
Operating Revenue						
Farebox	\$220.9	\$221.8	\$225.2	\$224.3	\$224.4	\$224.1
Other Revenue	18.7	20.3	20.3	21.2	22.0	22.2
Capital & Other Reimbursement.	6.2	5.9	5.6	5.6	5.8	5.8
<b>Total Operating Revenue</b>	<b>\$245.8</b>	<b>\$248.1</b>	<b>\$251.1</b>	<b>\$251.2</b>	<b>\$252.3</b>	<b>\$252.1</b>
Operating Expenses						
Labor Expenses	\$583.8	\$590.7	\$600.6	\$608.5	\$633.3	\$624.6
Non-Labor Expenses	202.5	246.9	223.5	232.0	237.5	235.6
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$786.3</b>	<b>\$837.6</b>	<b>\$824.1</b>	<b>\$840.6</b>	<b>\$870.8</b>	<b>\$860.2</b>
Depreciation	\$53.0	\$54.3	\$54.3	\$54.8	\$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	42.1	100.2	100.2	100.2	103.3	103.3
GASB 68 Pension Expense Adjustment	-14.1	110.7	46.1	36.3	36.6	45.5
Environmental Remediation	0.2	0.0	0.0	0.0	0.0	0.0
<b>Total Operating Expenses</b>	<b>\$867.6</b>	<b>\$1,102.8</b>	<b>\$824.1</b>	<b>\$840.6</b>	<b>\$870.8</b>	<b>\$860.2</b>
<b>Net Operating Surplus/(Deficit) Before Debt Service</b>	<b>(\$621.8)</b>	<b>(\$854.8)</b>	<b>(\$573.0)</b>	<b>(\$589.4)</b>	<b>(\$618.5)</b>	<b>(\$608.1)</b>
<b>Debt Service</b>	<b>\$9.7</b>	<b>\$12.7</b>	<b>\$29.1</b>	<b>\$42.2</b>	<b>\$53.9</b>	<b>\$63.5</b>
<b>Net Operating Surplus/(Deficit) Including Debt Service</b>	<b>(\$631.4)</b>	<b>(\$867.4)</b>	<b>(\$602.0)</b>	<b>(\$631.6)</b>	<b>(\$672.4)</b>	<b>(\$671.6)</b>
Dedicated Tax, State & Local subsidies	\$463.2	\$633.5	\$561.8	\$542.2	\$555.2	\$579.5
<b>Deficit after Projected Subsidies</b>	<b>(\$168.2)</b>	<b>(\$233.9)</b>	<b>(\$40.2)</b>	<b>(\$89.4)</b>	<b>(\$117.2)</b>	<b>(\$92.1)</b>
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$81.3	\$265.2	\$200.6	\$191.2	\$196.1	\$205.0
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$86.9)</b>	<b>\$31.3</b>	<b>\$160.3</b>	<b>\$101.9</b>	<b>\$78.8</b>	<b>\$112.9</b>

Source: MTA 2019 Final Proposed Budget November Financial Plan 2020-2023 Vol 2

## MTA Staten Island Railway (SIR)

The SIR operates and maintains 63 subway cars over a 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 2018 – 2021

Non-Reimbursable and Reimbursable	2018 Actual	2019 Final Estimate	2020 Adopted Budget	2021 Projected	2022 Projected	2023 Projected
Operating Revenue						
Farebox	\$6.9	\$6.9	\$6.7	\$6.6	\$6.6	\$6.6
Other Revenue	2.6	2.5	2.5	2.5	2.5	2.5
Capital & Other Reimbursement.	3.6	5.2	7.0	6.2	6.3	6.4
<b>Total Operating Revenue</b>	<b>\$13.1</b>	<b>\$14.6</b>	<b>\$16.1</b>	<b>\$15.3</b>	<b>\$15.4</b>	<b>\$15.5</b>
Operating Expenses						
Labor Expenses	\$50.5	\$54.4	\$57.3	\$54.5	\$55.2	\$55.9
Non-Labor Expenses	12.7	15.3	11.8	10.6	11.3	11.0
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$63.2</b>	<b>\$69.7</b>	<b>\$69.1</b>	<b>\$65.2</b>	<b>\$66.4</b>	<b>\$67.0</b>
Depreciation	\$12.3	\$12.0	\$12.0	\$12.0	\$12.0	\$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	3.0	7.5	7.5	7.5	7.5	7.5
GASB 68 Pension Expense Adjustment	(2.4)	0.5	(0.1)	(1.1)	(1.1)	(1.2)
Environmental Remediation	2.0	0.0	0.0	0.0	0.0	0.0
<b>Total Operating Expenses</b>	<b>\$78.1</b>	<b>\$89.7</b>	<b>\$88.5</b>	<b>\$83.6</b>	<b>\$84.8</b>	<b>\$90.8</b>
<b>Net Operating Surplus/(Deficit) Before Debt Service</b>	<b>(\$65.0)</b>	<b>(\$75.1)</b>	<b>(\$72.4)</b>	<b>(\$68.3)</b>	<b>(\$69.4)</b>	<b>(\$75.2)</b>
<b>Debt Service</b>	<b>\$1.1</b>	<b>\$3.1</b>	<b>\$12.7</b>	<b>\$24.0</b>	<b>\$34.1</b>	<b>\$41.7</b>
<b>Net Operating Surplus/(Deficit) Including Debt Service</b>	<b>(\$66.0)</b>	<b>(\$78.2)</b>	<b>(\$85.1)</b>	<b>(\$92.3)</b>	<b>(\$103.5)</b>	<b>(\$116.9)</b>
Dedicated Tax, State & Local subsidies	\$63.7	\$53.1	\$54.1	\$65.0	\$71.7	\$82.9
<b>Deficit after Projected Subsidies</b>	<b>(\$2.3)</b>	<b>(\$25.1)</b>	<b>(\$31.0)</b>	<b>(\$27.3)</b>	<b>(\$31.8)</b>	<b>(\$34.0)</b>
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$14.9	\$20.0	\$19.4	\$18.4	\$18.4	\$23.8
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$12.6</b>	<b>(\$5.1)</b>	<b>(\$11.6)</b>	<b>(\$8.9)</b>	<b>(\$13.4)</b>	<b>(\$10.2)</b>

Source: MTA 2020 Final Proposed Budget November Financial Plan 2020-2023 Vol 2

**Operating Revenue/Expense Projections.** The SIR's operating revenue for Calendar Year 2020 is projected to be \$16.1 million, which includes farebox revenue of \$6.7 million and other operating revenue of \$2.47 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation and other post-employment benefits of \$69.12 million. These expenses include \$57.34 million in labor costs and \$11.79 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$12 million and \$7.5 million respectively. In addition, there is a pension expense reduction adjustment of \$900,000.