

New York City Council
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Report on the Calendar Year 2026
Adopted Budget and the 2026-2029 Financial
Plan of the Metropolitan Transportation Authority

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Calendar Year 2026 Adopted Plan

MTA Overview

The Metropolitan Transportation Authority (MTA or the Authority) is a public benefit corporation that operates separate from the City and State of New York. The MTA is not a City agency and therefore does not follow the same budget process or fiscal year as the City, it operates on a calendar year budget that is presented and adopted by the Authority's Board in December. . The MTA is made up of several subsidiaries which are also public benefit corporations that carry out the different services that are provided by the MTA. These subsidiaries include:

- New York City Transit (NYCT)
- Long Island Rail Road (LIRR)
- Staten Island Railway (SIR)
- MTA Bus Company (MTABC)
- Metro-North Railroad (MNR)
- Bridges and Tunnels (B&T)
- Grand Central Madison Operating Company

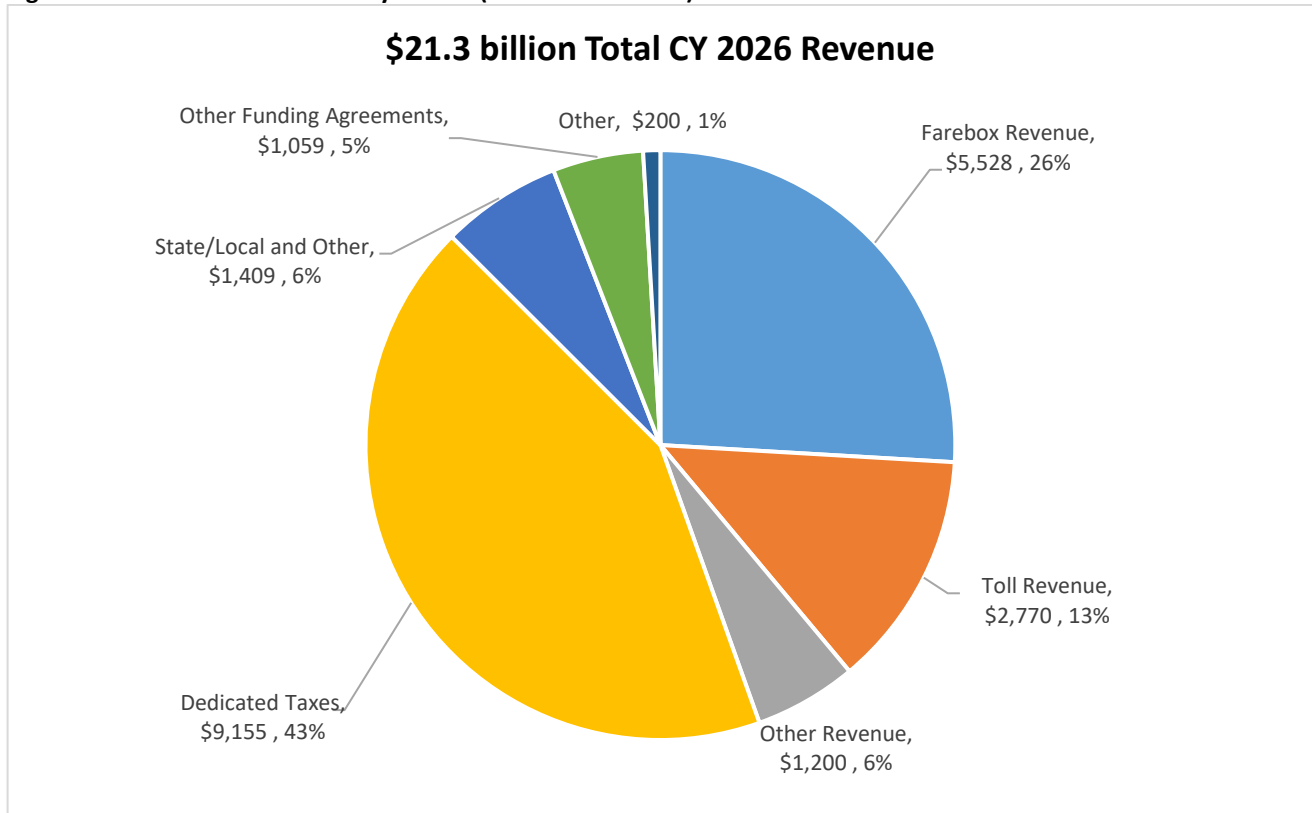
MTA Budget Overview

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. 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 (CPRB).

The Authority's Adopted Budget for Calendar Year (CY) 2026 is **\$21.32 billion**, of which \$11.39 billion is allocated to NYCT/SIR. The largest portion of the MTA budget is for labor costs with a total allocation of \$12.93 billion (\$6.67 billion for payroll, \$922.0 million for overtime, \$3 billion for health and welfare, \$1.7 billion for pension, and \$619 million for other labor related costs). Other allocations are for non-labor and other expense adjustments (\$5.47 billion) and debt service (\$2.90 billion). Figure 1

provides a breakdown of the MTA revenue sources for CY 2026. Dedicated taxes are the largest single source of revenue, accounting for 43 percent, or \$9.16 billion, of total revenue.

Figure 1: MTA CY 2026 Revenue by Source (Dollars in Millions)



Source: Metropolitan Transportation Authority

Table 1 provides a breakdown of MTA’s actual spending for CY 2023, final estimate for CY 2024, the Adopted Budget for CY 2025, and planned spending for CY 2026-2028.

In City Fiscal 2025, the City’s operating subsidy contribution to the MTA totaled \$1.4 billion, which was comparable with the subsidy contribution in Fiscal 2024. This amount does not reflect the City’s 2025-2029 Capital Plan contribution of \$3 billion. According to the Independent Budget Office, the City’s annual contributions have increased steadily since 2020.¹ Even after adjusting for inflation, the City’s contributions from 2015 through 2019 were notably less than recent years. While multiple factors explain the recent uptick, this trend in part reflects a lag in spending on projects planned under the 2015-2019 Capital Program, and the increasing cost shift of Access-A-Ride paratransit services to the City. The City currently makes operating subsidy payments to the MTA for a variety of programs, including: the MTA Bus Company, Access-A-Ride paratransit services, free fares for schoolchildren, reduced fares for seniors and disabled riders, and maintenance associated with commuter rail stations within the City and the Staten Island Railway.

¹ Independent Budget Office, Gap in MTA Capital Plan Threatens to Further Increase City Contributions, February 2025 <https://www.ibo.nyc.ny.us/iboreports/gap-in-mta-capital-plan-threatens-to-further-increase-city-contributions-february-2025.pdf>

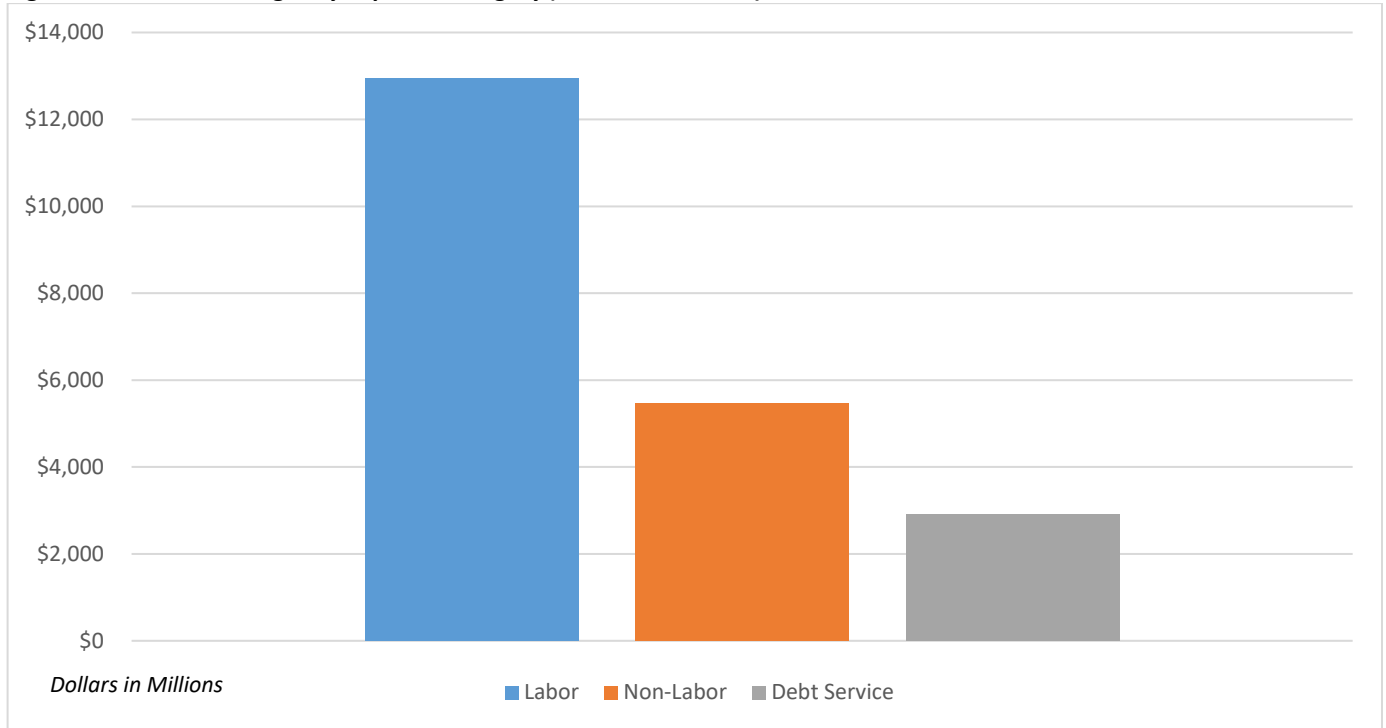
Table 1: February Financial Plan 2026-2029 MTA Consolidated Accrued Statement of Operations By Category
(Dollars in Millions)

Non-Reimbursable	2024 Actual	2025 November Forecast	Adopted Budget 2026	2027 Projected	2028 Projected	2029 Projected
Operating Revenue						
Farebox Revenue	\$4,997	\$5,226	\$5,528	\$5,621	\$5,685	\$5,692
Toll Revenue	2,572	2,585	2,770	2,797	2,816	2,828
Other Revenue	3,352	4,258	1,200	1,250	1,391	1,446
Capital & Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$10,920	\$12,069	\$9,498	\$9,668	\$9,892	\$9,966
Operating Expenses						
Labor Expenses	\$11,593	\$12,591	\$12,933	\$13,395	\$13,857	\$14,345
Non-Labor Expenses	5,126	5,061	5,251	5,471	5,575	5,743
Other Expenses Adjustment	14	16	14	14	14	15
General Reserve	195	200	210	220	230	240
Total Operating Expenses Before Non-Cash Liability Adj.	\$16,928	\$17,868	\$18,408	\$19,100	\$19,676	\$20,343
Depreciation	\$3,799	\$3,934	\$3,927	\$3,956	\$3,991	\$4,039
GASB 49 Environmental Remediation	52	6	6	6	6	6
GASB 68 Pension Expense Adjustment	(35)	(28)	(107)	(41)	(203)	(205)
GASB 75 OPEB Expense Adjustment	389	578	588	601	612	624
GASB 87 Lease Adjustment	39	40	39	37	36	34
GASB 96 Lease Adjustment	2	18	22	22	22	21
GASB 101 Lease Adjustment	0	20	20	21	21	22
Total Operating Expenses After Non-Cash Liability	\$21,174	\$22,436	\$22,903	\$23,702	\$24,161	\$24,884
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,247)	(\$4,568)	(\$4,495)	(\$4,601)	(\$4,485)	(\$4,542)
Debt Service (excluding Service Contract Bonds)	2,860	2,444	2,913	3,231	3,393	3,534
Total Expenses with Debt Service	\$19,787	\$20,312	\$21,321	\$22,332	\$23,069	\$23,876
Dedicated Taxes and State/Local Subsidies	\$9,930	\$10,932	\$11,826	\$11,186	\$11,439	\$11,740
Net Surplus/(Deficit) After Subsidies and Debt Service	\$1,062	(\$2,690)	(\$4)	(\$1,477)	(\$1,739)	(\$2,171)
Conversion to Cash Basis: GASB Account	0	0	0	0	0	0
Conversion to Cash Basis: All Other	(1,062)	(2,690)	(204)	770	843	1,071
Cash Balance Before Prior-Year Carryover	\$0	\$0	(\$200)	(\$548)	(\$653)	(\$795)
Below the Line Adjustments	\$0	\$0	\$0	(\$160)	(\$243)	(\$306)
Prior Year Carryover	1,166	0	0	0	0	0
Net Cash Balance	\$0	\$0	\$0	\$0	\$0	\$0

Source: Metropolitan Transportation Authority

Overall, the MTA's \$21.32 billion Adopted Budget for CY 2026 is divided between labor costs of \$12.93 billion, non-labor costs of \$5.47 billion, and debt service payments of \$2.9 billion. A detailed breakdown of the Adopted Budget by expense category is shown in Figure 2.

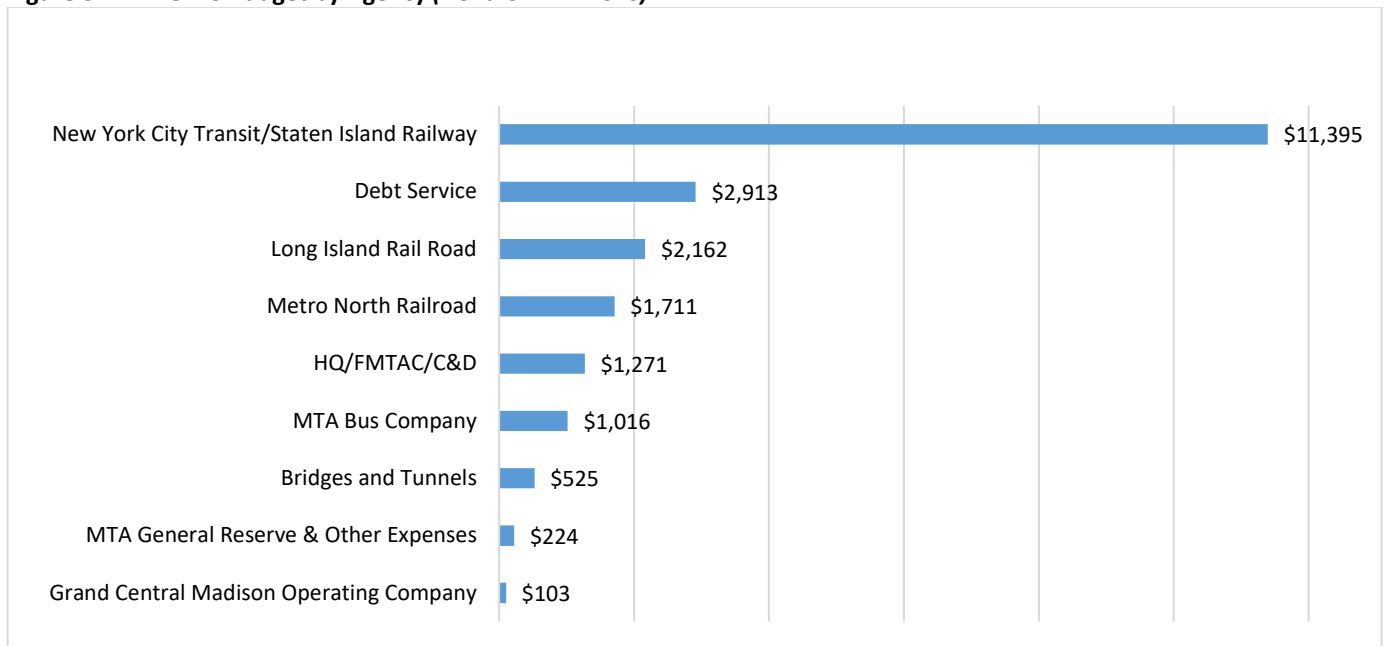
Figure 2: MTA CY26 Budget by Expense Category (Dollars in Millions)



Source: Metropolitan Transportation Authority

Of the \$21.32 billion expense budget for CY 2026, \$11.395 billion, the largest portion, 53.4 percent, is allocated for New York City Transit/Staten Island Railroad, followed by debt service at \$2.91 billion (13.7 percent), and the LIRR at \$2.16 billion (10.1 percent).

Figure 3: MTA CY26 Budget by Agency (Dollars in Millions)



Source: Metropolitan Transportation Authority

Table 2 provides a breakdown of non-reimbursable operating revenues for CY 2026-2029.

Table 2: Non-Reimbursable Operating Revenues for CY 2026-2029 (Dollars in Millions)

Non-Reimbursable Operating Revenues	2024	2025	2026	2027	2028	2029
	Actual	Final Estimate	Adopted Budget	Projected	Projected	Projected
Farebox Revenue	\$4,997	\$5,226	\$5,528	\$5,621	\$5,685	\$5,692
Toll Revenue	2,572	2,585	2,770	2,797	2,816	2,828
Other Revenue	3,352	4,258	1,200	1,250	1,391	1,446
Total	\$10,921	\$12,069	\$9,498	\$9,668	\$9,892	\$9,966

New York City Transit Authority

NYCTA, a subsidiary of the MTA, provides bus and subway service to New York City; it is responsible for the operation and maintenance of 5,780 vehicles in its bus fleet and 6,455 subway cars. In 2025, there were more than 3.9 million subway riders per weekday and an annual ridership of 1.67 billion. As seen in Table 3 NYCTA will be operating at a deficit of \$9 billion before operating subsidies in 2026 with total expenses of \$15.4 billion and total operating revenue of \$6.4 billion.

Operating Revenue Highlights:

- **Fare and Toll Increases Fare/Toll Increase, August 2025 (4 percent yield)** – An increase in fares and tolls, yielding a 4 percent overall increase in farebox and toll revenues, was implemented in August 2025 and is projected to generate an additional \$302.0 million in 2026, the first full year after implementation
- **Fare/Toll Increase, March 2027 (4 percent yield)** – An increase in fares and tolls, yielding a 4 percent overall increase in farebox and toll revenues, is assumed for implementation in March 2027 and is projected to generate an additional \$324.0 million in 2028 the first full year after implementation.
- **Paratransit Reimbursement.** Pursuant to a 1993 agreement with the MTA, the City 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 for the MTA’s provision of paratransit services. The MTA has pointed out that paratransit registrants, ridership, and net operating deficits have significantly increased. In 1994 the net operating deficit was \$11.0 million, by 2019 it had grown to \$549.0 million. Under the terms of the agreement, in 2019 the City paid \$176.4 million for paratransit services leaving NYCTA to pay \$371.9 million. In the 2020 Adopted Budget the MTA proposed that the City and NYCTA renegotiate the terms of the Paratransit Service Agreement to initiate a 50/50 split. The State Fiscal 2021 Budget imposed a mandate requiring the City to pay fifty percent of the MTA’s paratransit costs which was increased to 80 percent in the State Fiscal 2024 Budget and was renewed for another two years through State Fiscal 2026 Budget. Keeping the City’s contribution level at 80 percent in the 2026-2027 Enacted budget will require further legislative approval. The 2026 Adopted MTA Budget assumes a total City reimbursement of \$629.1 million in CY2026 for paratransit services.
- **Payroll Mobility Tax and MTA Aid.** In the 2023-2024 State Budget the Payroll Mobility Tax (PMT) was increased from 0.34 percent to 0.60 percent for New York City businesses with annual payroll over \$437,500.² The final estimated receipts from Payroll Mobility Tax and MTA

² Employers: metropolitan commuter transportation mobility tax (MCTMT), New York State Department of Finance <https://www.tax.ny.gov/bus/mctmt/emp.htm>

Aid totaled \$3.53 billion in 2024, an increase of \$803 million from 2023. The MTA 2026 Adopted Budget anticipates PMT and MTA Aid receipts to grow from \$3.7 billion this year to \$4.0 billion by 2028.

- **Casino Revenue.** The MTA anticipates it will collect \$1 billion per year starting in CY 2026 from casino revenue. The New York State Gaming Facility Location Board unanimously voted in favor of three casino bids, including the Bally's casino proposal in the Bronx and the Metropolitan Park and Resorts World developments in Queens.

Table 3: MTA New York City Transit - Accrual Statement of Operations by Category (Dollars in Millions)

Non-Reimbursable and Reimbursable	2025 Final Estimate	2026 Adopted Budget	2027 Projected	2028 Projected	2029 Projected
Operating Revenue					
Farebox	\$3,677.1	\$3,908.4	\$3,983.7	\$4,039.7	\$4,040.6
Other Revenue	4,003.2	948.2	985.6	1,120.3	1,170.1
Capital & Other Reimbursement.	1,366.9	1,500.7	1,444.3	1,425.1	1,436.6
Total Operating Revenue	\$9,047.1	\$6,357.3	\$6,413.5	\$6,585.1	\$6,647.3
Operating Expenses					
Labor Expenses	\$9,450.0	\$9,766.3	\$10,014.8	\$10,369.5	\$10,749.5
Non-Labor Expenses	3,028.7	3,038.4	3,131.9	3,160.9	3,281.7
Other Expenses Adjustments	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$12,478.8	\$12,804.8	\$13,146.7	\$13,530.4	\$14,031.1
Depreciation	\$2,413.0	\$2,437.0	\$2,437.0	\$2,437.0	\$2,437.0
OPEB Liability Adjustment	0	0	0	0	0
GASB 68 Pension Expense Adjustment	(66.0)	(66.0)	(66.0)	(66.0)	(66.0)
GASB 75 OPEB Expense Adjustment	173.0	173.0	173.0	173.0	173.0
GASB 101 Compensated Absences	15.0	15.0	15.5	15.9	16.4
GASB 87 Lease Adjustment	31.0	31.0	31.0	31.0	31.0
Environmental Remediation	0	0	0	0	0
Total Expenses	\$15,044.8	\$15,394.8	\$15,737.1	\$16,121.3	\$16,622.5
Net Surplus/(Deficit)	(\$5,997.6)	(\$9,037.5)	(\$9,323.6)	(\$9,536.2)	(\$9,975.3)

Source: Metropolitan Transportation Authority

MTA 2025-2029 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 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 submitted its 2025-2029 Capital Plan proposal to the CPRB by October 1, 2024. The Board had up to 90 days to approve or reject the capital program. The 2025-2029 Plan was vetoed by New York State Assembly Speaker Heastie and New York State Senate Majority Leader Stewart-Cousins on December 24, 2024. In a letter to MTA Chairman Janno Lieber, the legislative leaders cited revenue concerns that left an unfunded \$33 billion gap without an identified funding stream. Governor Kathy Hochul on May 9, 2025 signed legislation to fully fund the Metropolitan Transportation Authority's (MTA) \$68.4 billion CY 2025-2029 Capital Plan with a mix of local, state, federal and reappropriated MTA funding sources, as well as increased Payroll Mobility Tax (PMT) revenue. The Plan was subsequently resubmitted later that May and approved by the CPRB in June 2025.

Overview and Process

The MTA’s CY 2025-2029 Capital Plan (Capital Plan) totals \$68.4 billion. The Capital Plan is 24.8 percent larger than the MTA’s 2020-2024 Capital Plan, which totaled \$54.8 billion. The vast majority of funding in the Capital Plan is allocated to maintain a state of good repair across the system. The only expansion project detailed in the Capital Plan is the Interborough Express (IBX) project, which would connect Bay Ridge, Brooklyn, to Jackson Heights, Queens. The capital plan also calls for \$6 billion to be spent on improvements to Metro-North, including replacement of outdated rolling stock, upgrades to aging station platforms and investments at the most vulnerable locations during extreme weather. Another \$6 billion is allocated for the Long Island Railroad, which will fund rolling stock replacements, power system improvements and accessibility upgrades.

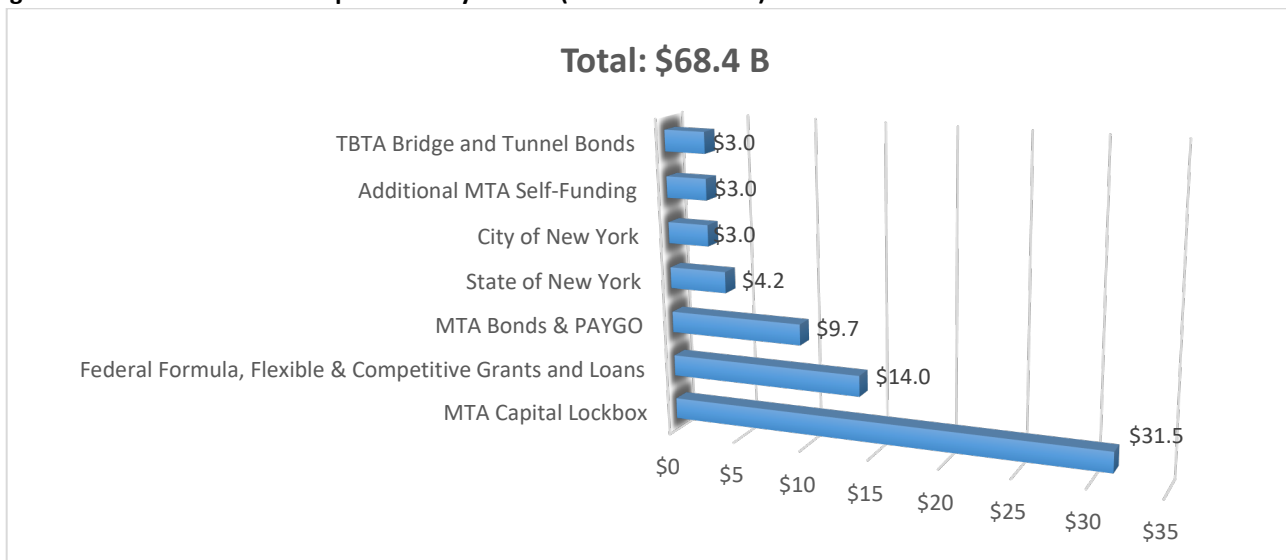
Table 4: MTA Proposed 2025-2029 Capital Plan by Agency (Dollars in Millions)

Transit System	Allocation
New York City Transit, Staten Island Railway, MTA Bus	\$47,840
Long Island Rail Road	6,005
Metro-North Railroad	6,005
Interagency	300
Major Projects & Expansion	5,250
Sub-Total of Allocations Subject to CPRB Approval	\$65,400
Bridges and Tunnels	3,000
Total 2025-2029 Capital Plan	\$68,400

Source: MTA 2025-2029 Proposed Capital Plan

As shown in Figure 4 the largest portion of financing for the Capital Plan is \$31.5 billion from the MTA capital lockbox. The next largest source of funds is \$14.0 billion of federal funding. However, this funding is dependent on the re-authorization of the 2021 Infrastructure Investment and Jobs Act after CY 2026, and would need to continue throughout the five year duration of the MTA program despite a shift in priorities by the new federal administration.

Figure 4: MTA CY 2025-2029 Capital Plan by Source (Dollars in Billions)



Source: MTA 2025-2029 Capital Plan

The MTA assumed \$4.2 billion in State funding and \$3.0 billion in City funding for the Capital Plan.

20-Year Needs Assessment Snapshot

Along with every new five year Capital Plan the MTA outlines a comprehensive strategy for the investments needed to rebuild and improve the existing system, and to expand and enhance the transit network in the 20-Year Needs Assessment. Aging infrastructure is one of the major risks identified in the MTA's 20-Year Needs Assessment report. The 20-Year Needs Assessment also identified climate change as a growing risk to the transit system. Coastal flooding, rainstorms, heat waves, and other extreme weather events threaten MTA's infrastructure and ability to provide service safely. Finally, the report made the case that the MTA needs to meet evolving rider needs, including making stations more accessible and upgrading technology to improve communication and comfort for riders. Below are highlights of the top risks identified in the 20-Year Needs Assessment:

- 69 percent of the subway system uses 100+ year old signaling
- 81 percent of New York City Transit power substations are in poor or marginal condition
- 95 percent of structure supports and framing of the Grand Central Artery are in poor or marginal condition
- 53 percent of stations along Metro-North's Harlem line have platforms in poor or marginal condition
- 80 Long Island Rail Road Bridges and viaducts need significant repairs
- 75 percent of all Long Island Railroad tunnels are in poor or marginal condition

Capital Projects Overview

The MTA's 2025-2029 Capital Plan is almost entirely focused on maintaining a state of good repair across its system. Approximately 90 percent of the Capital Plan is allocated to updating transit stations, replacing substations, shoring up rolling stock, and maintaining aging signals and infrastructure. The only expansion plan detailed in the Capital Plan is the IBX. Major plan highlights include:

- \$10.9 billion for 2,000 new railcars (R211's)
- \$9.0 billion to repair deteriorating elevated train tracks and tunnel structures
- \$7.8 billion to address aging infrastructure and outdated technology at transit stations
- \$7.1 billion in new accessibility work, including elevators and ramps for at least 60 subway stations and six railroad stations.
 - According to the MTA, the total percentage of fully accessible stations will rise to approximately 50 percent after the 60 new station renovations included in the Capital Plan are completed
- \$5.4 billion to modernize aging subway signals
- \$4.0 billion to upgrade the MTA's aging electrical systems
- \$2.75 billion to begin work on the IBX and light rail transit (LRT)
- \$1.1 billion to install modern fare gates to mitigate fare evasion

Federal Funding and the Second Avenue Subway

The Second Avenue Subway is an MTA Capital project that will provide a subway line with 16 new stations extending from 125th Street and Lexington Avenue in Manhattan to Hanover Square, and will link MTA New York City Transit facilities with Metro-North Railroad at 125 St., and provide connections to buses. Acquisition of public and private real estate interests along the project route will be necessary for the overall construction and operation of the project. The first phase of the

Second Avenue Subway project extended the Q line up to 96th Street, creating new stations at 72nd Street and 86th Street. Phase 1 was completed and service in January 2017.

The Biden Administration committed \$3.4 billion to the Second Avenue Subway project as part of the Capital Investment Grant program, which is close to half of the \$7 billion project cost. In October 2025, the federal government announced a pause on funding for the Second Avenue Subway project to review contracts related to diversity, equity, and inclusion. In February 2026, the MTA sent a letter to the United States Department of Transportation regarding \$58.7 million of federal money for the Phase 2 project of the Second Avenue subway, which would extend the Q line into East Harlem. The MTA claimed invoices submitted between October 2025 and January 2026 were never paid, and that at some point they were locked out of the federal payment system altogether. As of March 2026, the MTA plans to award contracts aimed at extending the Second Avenue Q train line to East 125th Street. The withheld funds could affect disbursements and ultimately the timely completion of the project. The current schedule for Phase 2 targets completion and the start of revenue service is September 2032.

MTA Construction and Development

MTA Construction and Development Company (MTA C&D) is a subsidiary public benefit corporation of the MTA, formed in July 2003 to project manage the MTA's capital improvement projects in the New York metropolitan area, and to plan and execute the agency's five-year Capital Plan. Completions by MTA C&D reflect the total value of projects that reached contractual completion. Completions usually include capital projects that began four to six years earlier. As shown in Figure 5 in CY 2025 MTA C&D completed a total of \$6.7 billion in capital projects including completing the transition of the subway system to OMNY Tap and Ride, ADA upgrades on the subway and commuter rails, and the MTA's new railcar acceptance and testing facility in Brooklyn.

Figure 5: MTA C&D CY 2025 Completions (Dollars in Millions)

