

# The Council of the City of New York

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Report on the Fiscal Year 2015 Executive Budget for the  
**Metropolitan Transportation Authority**  
May 15, 2014

## Executive Budget Highlights

- The Calendar Year (CY) 2014 operating budget for the MTA is approximately \$13.5 billion and it includes approximately \$884 million in City funds. The City's subsidies include \$45 million for the reduced student fare; \$14 million for the reduced fare for the elderly and the disabled; \$142 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$9.8 million for Transit Police; \$390 million for private bus subsidy; \$30 million for Staten Island Railway Operating Authority (SIRTOA) and \$95 million for the maintenance and operation of 36 Long Island Railroad and Metro North Railroad stations in the City.
- The Executive Budget includes \$100 million in Fiscal 2015 for the MTA's capital program.
- The MTA 2014 Adopted Budget includes recurring cost reductions, with no budget related service reductions, and includes a net cash surplus of \$64 million in Calendar Year 2014.
- The MTA Budget includes a four percent fare and toll increase that will be implemented in March 2015, with another four percent fare and toll increase planned for March 2017.
- CY 2014 fare revenue is projected to be \$5.6 billion, a 2.9 percent increase over the CY 2013's total.
- For CY 2014, tax revenues dedicated for the MTA's use are projected to be \$5.04 billion, including \$1.9 billion in new State tax and fees, which includes \$1.3 billion from the Payroll Mobility Tax (PMT) and \$307 million from the State to replace funds from eliminating the PMT from school districts and small businesses.
- 010-2014 Capital Plan remains fully funded and totals \$24.3 billion. Of that amount, \$11.6 billion or 47.7 percent is for the New York City Transit. However, when Superstorm Sandy related projects are included, the Capital Plan grows to \$35 billion.
- The MTA will release the 2015-2019 Capital Program this coming September. The Authority will use more than \$1 billion realized from long-term debt refinancing as a down payment for the Capital Plan, however, securing full funding for the Capital Plan could be an ongoing problem.
- The MTA's Capital Plan includes \$250 million that is expected to come from the sale of properties that are jointly owned with the City, including 370 Jay Street in Brooklyn.

- The MTA's budget includes an additional \$76 million in operational and maintenance needs and \$18 million in service investments to restore, extend, and add service on bus, subway and the commuter rail lines in continuation of the Authority's efforts to respond to increased growth in ridership.
- The Adopted Budget includes cash reserves of \$135 million in 2014, \$140 million in 2015, \$145 million in 2016 and \$150 million in 2017, in addition to annual cash contribution of \$370 million, beginning in 2015, as a down payment in support of the 2015-2019 Capital Program.
- Despite an improved outlook for the MTA budget, significant risk remains. These risks include pending unresolved labor agreements, the impact of rising debt service costs due to increased borrowing, increasing pension and healthcare expenses, the depletion of non-recurring resources and the future impact of the Authority's mega projects, as they come on line, in the expense budget.

## Metropolitan Transportation Authority Overview

### MTA Financial Plan 2014-2017

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

(\$ in millions)

Non-Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$5,079	\$5,484	\$5,646	\$5,723	\$5,796	\$5,830
Toll Revenue	1,491	1,629	1,649	1,653	1,662	1,666
Other Revenue	564	779	656	610	638	673
Capital & Other Reimburse.	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>\$7,134</b>	<b>\$7,892</b>	<b>\$7,956</b>	<b>\$7,986</b>	<b>\$8,096</b>	<b>\$8,169</b>
Operating Expenses						
Labor Expenses	\$7,663	\$7,838	\$8,040	\$8,302	\$8,594	\$8,900
Non-Labor Expenses	2,530	2,925	3,025	3,213	3,320	3,477
Other Expenses Adjustment	63	46	47	48	51	52
General Reserve	0	0	135	140	145	150
<b>Total Operating Expenses Before Non-Cash Liability Adj.</b>	<b>\$10,256</b>	<b>\$10,809</b>	<b>\$11,247</b>	<b>\$11,703</b>	<b>\$12,111</b>	<b>\$12,579</b>
Depreciation	\$2,149	\$2,176	\$2,265	\$2,384	\$2,453	\$2,637
Other Post-Employment Benefit	1,786	1,819	1,900	1,982	2,069	2,156
Environmental Remediation	25	5	6	6	6	6
<b>Total Operating Expenses After Non-Cash Liability</b>	<b>\$14,216</b>	<b>\$14,808</b>	<b>\$15,418</b>	<b>\$16,076</b>	<b>\$16,638</b>	<b>\$17,377</b>
<b>Net Operating Deficit</b>	<b>(\$7,082)</b>	<b>(\$6,917)</b>	<b>(\$7,463)</b>	<b>(\$8,089)</b>	<b>(\$8,542)</b>	<b>(\$9,209)</b>
Subsidies	\$5,492	\$5,890	\$6,039	\$6,373	\$6,609	\$6,813
Debt Service	(2,058)	(2,304)	(2,333)	(2,491)	(2,651)	(2,873)
<b>Deficit after Subsidies &amp; Debt</b>	<b>(\$3,648)</b>	<b>(\$3,331)</b>	<b>(\$3,763)</b>	<b>(\$4,207)</b>	<b>(\$4,584)</b>	<b>(\$5,269)</b>
Conversion to Cash						
Non-Cash Liability Adjs.	\$3,959	\$4,000	\$4,171	\$4,372	\$4,527	\$4,799
GASB Account	(90)	(80)	(123)	(81)	(114)	(123)
All Other	(290)	(602)	(487)	(493)	(313)	(446)
<b>Cash Bal. Before Prior-Yr. Carryover</b>	<b>(\$69)</b>	<b>(\$13)</b>	<b>(\$200)</b>	<b>(\$409)</b>	<b>(\$484)</b>	<b>(\$1,039)</b>
Policy & GAP Closing Actions/Adjs.	\$0	\$0	\$50	\$348	\$489	\$775
Prior Year Carryover	297	229	217	64	4	9
<b>Net Cash Surplus/(Deficit)</b>	<b>\$229</b>	<b>\$217</b>	<b>\$64</b>	<b>\$4</b>	<b>\$9</b>	<b>(\$255)</b>

Source: Metropolitan Transportation Authority

\*Numbers may not total due to rounding

## Budget Balancing Actions

- The Calendar Year 2014 (CY) Adopted Budget includes gap closing actions that are expected to produce an annualized recurring savings of \$1 billion that grows to \$1.5 billion by Calendar Year 2017.
- The gap actions include cuts in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers. Also included in the Plan is the assumption of a labor agreement with three years of “net zero” wage growth and the implementation of biennial fare and toll increases.
- On March 1, 2015, the MTA will implement a new four percent fare and toll increase that is expected to yield annualized revenue of \$268 million in 2015. Another four percent fare and toll increase is also planned for March 2017 and is expected to yield \$283 million in 2017.
- As a result of the above actions, the Calendar Year 2014 budget is balanced with a net cash surplus of \$64 million. For the outyears, the Plan reflects net cash balance of \$4 million in 2015; \$9 million in 2016; and end-of-year cash deficit of \$255 million in 2017. As in past years, the deficits are primarily attributed to increasing pension and healthcare costs and the depletion of non-recurring resources.

**CAPITAL BUDGET SUMMARY**  
**2010-2014 MTA Proposed Capital Program Amendment**  
**(\$ in millions)**

Program	MTA Board Approved 2010-2014	Proposed Plan	Change
<b>Core Capital Program</b>			
New York City Transit	\$12,481	\$11,649	(\$1,192)
Long Island Rail Road	2,554	2,316	(238)
Metro-North Railroad	1,703	1,544	(159)
MTA Bus	325	297	(28)
MTA Wide Security Program	335	335	-
MTA Interagency	315	315	-
<b>Core Subtotal</b>	<b>\$18,073</b>	<b>\$16,456</b>	<b>(\$1,617)</b>
Network Expansion Projects	5,739	5,739	-
<b>Total 2010-2014 CPRB Program</b>	<b>\$23,812</b>	<b>\$22,195</b>	<b>(\$1,617)</b>
Bridges and Tunnels	2,453	2,079	(374)
<b>Total 2010-2014 Capital Program</b>	<b>\$26,265</b>	<b>\$24,274</b>	<b>(\$1,991)</b>

Source: Metropolitan Transportation Authority

Numbers may not total due to rounding

## Background

On September 29, 2009, the MTA Board approved and submitted a proposed \$28.8 billion 2010-2014 Capital Program to the Capital Program Review Board (CPRB). On December 31, 2009, the CPRB vetoed it allowing the MTA additional time to resolve funding issues related to the program, particularly federal funding assumptions made by the Authority. Subsequently, the MTA Board approved a revised plan on April 28, 2010 that was later approved by the CPRB on June 1, 2010. However, the approved program was fully funded only in the first two years (2010 and 2011) of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years.

## New Revised Capital Program

In December 2011, the MTA Board approved an amended 2010-2014 Capital Plan valued at \$24.3 billion that fully funds all projects in its last three years. Of that amount, \$22.2 billion must be approved by the CPRB. To balance the Plan, the MTA used a combination of innovative financing arrangements, efficiency improvements, real estate initiatives, and additional funding from participating partners. On March 27, 2012, the Amended Program, in accordance with State law, was deemed approved as submitted to the CPRB.

For the New York City Transit (NYCT), the amended 2010-2014 Capital Plan commits \$11.6 billion, a decrease of \$1.2 billion compared to the original Plan of \$12.8 billion, to core programs to maintain a state of good repair. Of the NYCT allocation, approximately \$3.9 billion or 33 percent is for subway cars, buses, and track replacement. The Plan also includes \$2.1 billion for the rehabilitation of passenger stations, including \$272.2 million for disabled accessibility projects.

## MTA 2010-2014 Capital Program Funding Sources

(\$ in millions)

Program Funding Plan	MTA Board Approved 2010-2014	Proposed Plan			Change
		Approved 2010-2011	Approved 2012-2014	Total	
Federal Formula, Flexible and Misc.	\$6,415	\$2,188	\$3,595	\$5,783	(\$632)
Federal High Speed Rail	-	-	295	295	295
Federal Security	225	90	135	225	-
Federal RRIF Loan	-	-	2,200	2,200	2,200
MTA Bus Federal Formula/Match	160	64	103	167	7
City Capital Funds	500	200	562	762	262
State Assistance	-	-	770	770	770
MTA Bonds	6,000	6,000	4,503	10,503	4,503
Other	600	600	890	1,490	890
Future State and Local Funding	9,912	-	-	-	(9,912)
<b>Total CPRB Program</b>	<b>\$23,812</b>	<b>\$9,142</b>	<b>\$13,053</b>	<b>\$22,195</b>	<b>(\$1,617)</b>

  

<b>Bridge &amp; Tunnels Dedicated Funds</b>	<b>\$2,453</b>	<b>\$954</b>	<b>\$1,125</b>	<b>\$2,079</b>	<b>(\$374)</b>
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### Revised 2010-2014 Capital Program Funding Sources

Listed below are the funding sources that support the MTA's revised CPRB \$22.2 billion Capital Program.

- ✓ **Federal Formula, Flexible and Miscellaneous Funding.** The MTA is assuming 2010-2014 federal formula funding of \$5.8 billion, a reduction of \$632 million from the previous assumption. The new assumption is consistent with the MTA's current security grant funding receipts.
- ✓ **Federal High Speed Rail Funding.** The amended 2010-2014 Capital Plan includes a \$295 million High Speed Rail grant from the Federal Rail Administration. The funding will be used to advance the Authority's Northeast Corridor Congestion Relief Project, a part of the East Side Access initiative.
- ✓ **Federal Security Funding.** As previously stated the MTA's assumption for this category remains unchanged in the amended Capital Plan.
- ✓ **Federal RRIF Loan.** The MTA plans to use a \$2.2 billion loan from the Railroad Rehabilitation and Improvement Financing (RRIF) to fund the East Side Access project. By using RRIF loan funds, the MTA will be able to borrow at the U.S. Treasury rate and pay it back at a longer maturity and flexible terms.
- ✓ **New York City Funds.** The amended 2010-2014 program includes City's reimbursements valued at \$12 million for Select Bus Service MetroCard vending machines and a local match for the MTA Bus purchase of 74 CNG buses. It also includes \$250 million that would come from the disposition of properties that are jointly owned with the City, while continuing to assume an annual contribution of \$100 million from the City's capital budget.

- ✓ **State Assistance.** The amended 2010-2014 program includes additional State funding of \$770 million to support the final three years of the program. Similarly, the State's Fiscal 2013-2014 Executive Budget includes capital funding in the same amount consistent with the MTA's assumption.
- ✓ **MTA Bus Funding Federal and City Match.** With the MTA takeover of the City private bus franchise in 2004, federal funds previously allocated to the City for these properties are now transferred annually to the MTA, with the City providing the match required for the grant funding. The amended Plan anticipates \$167 million from this category, an increase of \$7 million.
- ✓ **MTA Bonds & Payroll Mobility Tax.** During its 2009 session, the New York State legislature approved new revenue sources adequate to support debt service on \$6 billion of new bonds for the first two years of the program. Because no such funding exists going forward, in the amended Plan, the MTA will use revenue bonds valued at \$4.5 billion and supported with pay-as-you-go (PAYGO) funds from existing dedicated taxes to support the last three years of the program.
- ✓ **Future State and Local Funding.** In the original Plan, the MTA planned to work with its funding partners to identify additional funding to close the \$9.9 billion gap identified in the 2010-2014 Capital Plan. In the amended Plan, the MTA was able to devise new ways to fully fund the program.
- ✓ **Other Funds.** The MTA anticipates \$1.5 billion, including \$890 million in 2012-2014, from a combination of asset sales, pay-as-you-go capital or other non-bond sources.

## Capital Program

The Executive 2015 Capital Commitment Plan includes \$490.3 million in Fiscal 2014-2018 for the New York City Transit (NYCT) (including City and Non-City funds). This represents approximately 1.0 percent of the City's total \$48.9 billion Executive Plan for Fiscal 2014-2018. The Authority's Executive Commitment Plan for Fiscal 2014 - 2018 is approximately 1.2 percent more than the \$484.4 million scheduled in the Commitment Plan, an increase of \$5.9 million.

The majority of capital projects span multiple fiscal years, and it is, therefore, common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2013, the Authority committed \$132.8 million or 39.5 percent of its \$336.1 million annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015.

Since adoption last June, the City's total Capital Commitment Plan for Fiscal 2014 has decreased from \$20.9 billion in the Adopted Capital Commitment Plan to \$14.2 billion in the Executive Capital Commitment Plan, a decrease of \$6.7 billion or 32.1 percent.

### 2014-2018 Commitment Plan: Preliminary and Executive Budget

<i>Dollars in Thousands</i>	FY14	FY15	FY16	FY17	FY18	Total
<b>Executive</b>						
Total Capital Plan	\$310,062	\$100,250	\$40,000	\$40,000	\$40,000	<b>\$490,312</b>
<b>Preliminary</b>						
Total Capital Plan	\$304,443	\$100,000	\$40,000	\$40,000	\$40,000	<b>\$484,443</b>
<b>Change</b>						
Level	\$5,619	\$250	\$0	\$0	\$0	<b>\$5,869</b>
Percentage	1.85%	0.25%	0.00%	0.00%	0.00%	<b>1.21%</b>

### Major Capital Projects & Executive Budget Highlights

- ☑ Capital expenditures for the NYCT are coordinated by the MTA. NYCT's capital program includes major infrastructure improvements to subway stations (for example, track and signal replacements and upgrading of security), modernization of subway stations, major equipment replacements and the implementation of an Automated Fare System.
- ☑ The Executive Budget includes \$236.4 million in Fiscal 2014-2018 for various NYCTA infrastructure improvements, system enhancements, and bus and subway upgrades. In addition, \$175 million is included for track work, of which \$1.2 million is for the Staten Island Rapid Transit Authority (SIRTOA).
- ☑ The 2010-2014 Capital Program includes City funds of approximately \$762 million.

## NYCT Financial Plan 2014-2017

## 2014 Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$3,723	\$4,027	\$4,135	\$4,189	\$4,244	\$4,264
Other Revenue	332	521	442	422	447	478
Capital & Other Reimbursement	866	915	945	909	895	879
<b>Total Operating Revenue</b>	<b>\$4,921</b>	<b>\$5,463</b>	<b>\$5,522</b>	<b>\$5,520</b>	<b>\$5,586</b>	<b>\$5,621</b>
Operating Expenses						
Labor Expenses	\$5,976	\$6,054	\$6,221	\$6,360	\$6,535	\$6,710
Non-Labor Expenses	1,637	1,815	1,840	1,907	2,004	2,117
Gap Closing Expenses/Adjust	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$7,613</b>	<b>\$7,869</b>	<b>\$8,061</b>	<b>\$8,267</b>	<b>\$8,539</b>	<b>\$8,827</b>
Depreciation	\$1,416	\$1,433	\$1,544	\$1,638	\$1,388	\$1,863
Other Post Employment Benefit	1,391	1,447	1,504	1,565	1,627	1,692
Environmental Remediation	16	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$10,436</b>	<b>\$10,749</b>	<b>\$11,109</b>	<b>\$11,470</b>	<b>\$11,554</b>	<b>\$12,382</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$5,515)</b>	<b>(\$5,286)</b>	<b>(\$5,587)</b>	<b>(\$5,950)</b>	<b>(\$5,968)</b>	<b>(\$6,761)</b>
<u>Projected Gross Subsidies</u>	\$3,669	\$3,581	\$3,807	\$3,725	\$3,958	\$4,133
<b>Deficit after Projected Subsidies</b>	<b>(\$1,846)</b>	<b>(\$1,705)</b>	<b>(\$1,780)</b>	<b>(\$2,225)</b>	<b>(\$2,010)</b>	<b>(\$2,628)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$2,823	\$2,880	\$3,048	\$3,203	\$3,015	\$3,555
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$977</b>	<b>\$1,175</b>	<b>\$1,268</b>	<b>\$978</b>	<b>\$1,005</b>	<b>\$927</b>

Source: Metropolitan Transportation Authority

Note: 1 \*Excludes Debt Service, 2 \*Excludes Prior Year Balance &amp; Interagency Transfers.

\*Numbers may not total due to rounding

- **Budget.** As approved by the MTA Board of Directors, the NYCT Operating Budget (reimbursable and non-reimbursable costs) before depreciation and other post-employment benefits is approximately \$8.1 billion for Calendar Year (CY) 2014. Of that amount, \$6.2 billion is for labor costs and \$1.8 billion is for non-labor expenses. In addition, the Adopted Budget contains non-cash depreciation expenses of \$1.54 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$1.5 billion. The budget funds 47,047 positions, of which 4,745 are reimbursable and 42,302 are non-reimbursable. Reimbursable positions are those generally paid with Capital funds.
- **Operating Revenue/Expense Projections.** The NYCT projects approximately \$5.5 billion in operating revenues for CY 2014, which is primarily derived from farebox revenues of \$4.1 billion, Capital and other reimbursements of \$945 million and other revenues of \$442 million. These funds will support the NYCT's proposed reimbursable and non-reimbursable

expenditures of \$8.1 billion, excluding depreciation and other post-employment benefits, in 2014.

- **Transit Tax Revenue.** The NYCT is funded, in part, with tax revenues from the Metropolitan Mass Transportation Operating Assistance Account (Metro Account), Petroleum Business Tax (PBT), Mortgage Recording Tax, and the Urban Mass Transportation Operating Account (Urban Account). The revenue from these accounts is projected to be \$2.08 billion in CY 2014, which is \$26 million more than the CY 2013 amount of \$2.05 billion (it was \$2.1 billion in CY 2008). The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT) imposed on New York City commercial real property transactions of more than \$500,000.
- **Payroll Mobility Tax and MTA Aid.** The Payroll Mobility Tax and the MTA Aid are a set of new taxes, fees and surcharges enacted by the State in 2009 (Chapter 25 of the Laws of 2009) for the benefit of the MTA. The State law was recently amended to exclude employers with payroll expenses of less than \$312,500 per quarter per calendar year and certain eligible education institutions. For the NYCT, subsidies from the mobility tax and MTA Aid are projected to be \$1.46 billion in Calendar Year 2014.
- **The City's Contribution.** For CY 2014, the City's contribution, excluding capital commitments, is approximately \$800 million. For Calendar Year 2014, estimated City subsidies include the following: \$45 million for the school fare subsidy; \$14 million for the elderly and disabled subsidy; \$128 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$336 million for private bus subsidy; \$28 million City subsidy for SIRTOA and \$90 million for the maintenance and operation of Long Island Railroad and Metro North Railroad stations in the City.
- **Paratransit.** Pursuant to an agreement between the City and the MTA, the NYCT assumed operating responsibility for all paratransit services required under the Americans with Disability Act of 1990. The City reimburses the NYCT for thirty-three percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be \$195 million in CY 2014, which includes \$128 million from City reimbursements.
- **State Subsidies.** For CY 2014, the State's subsidy to the NYCT's budget is expected to be \$187.9 million. Of this amount, \$29.9 million is for school fare reimbursement and \$158 million is to match City operating assistance. This funding does not include State dedicated tax revenues of more than \$3.1 billion expected in 2014.

## MTA Staten Island Railway (SIR) Financial Plan 2014-2017

## 2014 Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$5.4	\$5.5	\$5.7	\$5.8	\$5.8	\$5.9
Other Revenue	4.2	4.2	4.1	2.4	2.4	2.4
Capital & Other Reimbursement	0.9	1.8	6	6	3.9	1.7
<b>Total Operating Revenue</b>	<b>\$10.5</b>	<b>\$11.5</b>	<b>\$15.8</b>	<b>\$14.2</b>	<b>\$12.1</b>	<b>\$10.0</b>
Operating Expenses						
Labor Expenses	\$0.8	\$33.9	\$36.0	\$35.1	\$34.8	\$34.6
Non-Labor Expenses	0.12	14.2	12.3	20.5	21.2	22.1
Gap Closing Expenses/Adjust	0	0	0	0	0	0
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$0.9</b>	<b>\$48.1</b>	<b>\$48.3</b>	<b>\$55.6</b>	<b>\$56.0</b>	<b>\$56.7</b>
Depreciation	\$0.0	\$8.6	\$8.3	\$8.3	\$8.3	\$8.3
Other Post Employment Benefit	0	2.3	2.3	2.3	2.3	2.3
Environmental Remediation	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$0.9</b>	<b>\$59.0</b>	<b>\$58.9</b>	<b>\$66.2</b>	<b>\$66.6</b>	<b>\$67.3</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>\$10</b>	<b>(\$48)</b>	<b>(\$43)</b>	<b>(\$52)</b>	<b>(\$55)</b>	<b>(\$57)</b>
<u>Projected Gross Subsidies</u>	\$30.7	\$32.3	\$27.9	\$36.7	\$39.0	\$41.6
<b>Deficit after Projected Subsidies</b>	<b>\$40</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$15)</b>	<b>(\$16)</b>	<b>(\$16)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$0.0	\$10.9	\$10.6	\$10.6	\$10.6	\$10.6
<b>Net Cash Surplus/(Deficit) 2</b>	<b>\$40.3</b>	<b>(\$4.3)</b>	<b>(\$4.6)</b>	<b>(\$4.7)</b>	<b>(\$4.9)</b>	<b>(\$5.1)</b>

- **Operating Revenue/Expense Projections.** The SIR's operating revenue for CY 2014 is projected to be \$15.8 million, which includes farebox revenue of \$5.7 million, Capital and other reimbursement of \$6 million, and other operating revenue of \$4.1 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$48.3 million for CY 2014. These expenses include \$36 million in labor costs and \$12.3 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$8.3 million and \$2.3 million respectively.

## MTA Bus Financial Plan 2014-2017

## 2014 Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2012 Actual	2013 Final Forecast	2014 Adopted Budget	2015 Projected	2016 Projected	2017 Projected
Operating Revenue						
Farebox	\$182	\$198	\$201	\$202	\$205	\$205
Other Revenue	19	27	26	20	21	21
Capital & Other Reimbursement	8	8	9	9	9	9
<b>Total Operating Revenue</b>	<b>\$209</b>	<b>\$233</b>	<b>\$236</b>	<b>\$231</b>	<b>\$235</b>	<b>\$235</b>
Operating Expenses						
Labor Expenses	\$451	\$441	\$445	\$469	\$487	\$497
Non-Labor Expenses	99	140	143	187	186	173
<b>Operating Expenses Before Depreciation, OPEB &amp; ER 1</b>	<b>\$550</b>	<b>\$581</b>	<b>\$588</b>	<b>\$656</b>	<b>\$673</b>	<b>\$670</b>
Depreciation	\$46	\$42	\$42	\$42	\$42	\$43
Other Post Employment Benefit	100	56	56	58	58	59
Environmental Remediation	2	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$698</b>	<b>\$679</b>	<b>\$686</b>	<b>\$756</b>	<b>\$773</b>	<b>\$772</b>
<b>Net Operating Deficit/(Deficit)</b>	<b>(\$489)</b>	<b>(\$446)</b>	<b>(\$450)</b>	<b>(\$525)</b>	<b>(\$538)</b>	<b>(\$537)</b>
Projected Gross Subsidies	\$290	\$372	\$390	\$415	\$397	\$415
<b>Deficit after Projected Subsidies</b>	<b>(\$199)</b>	<b>(\$74)</b>	<b>(\$60)</b>	<b>(\$110)</b>	<b>(\$141)</b>	<b>(\$122)</b>
Conversion to Cash						
Depreciation, OPEB & ER	\$148	\$98	\$98	\$100	\$100	\$102
<b>Net Cash Surplus/(Deficit) 2</b>	<b>(\$51)</b>	<b>\$24</b>	<b>\$38</b>	<b>(\$10)</b>	<b>(\$41)</b>	<b>(\$20)</b>

Source: Metropolitan Transportation Authority

Note: 1 - Excludes Debt Service, 2 - Excludes Prior Year Balance & Interagency Transfers & Subsidies - Numbers may not total due to rounding

- Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2014 is projected to be \$236 million, which includes farebox revenue of \$201 million, Capital and other reimbursement of \$9 million, and other operating revenue of \$26 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$588 million for CY 2014. These expenses include \$445 million in labor costs and \$143 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42 million and \$56 million respectively.