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**Report on the Calendar Year 2023-2026
Adopted Plan for the
Metropolitan Transportation Authority**

March 9, 2023

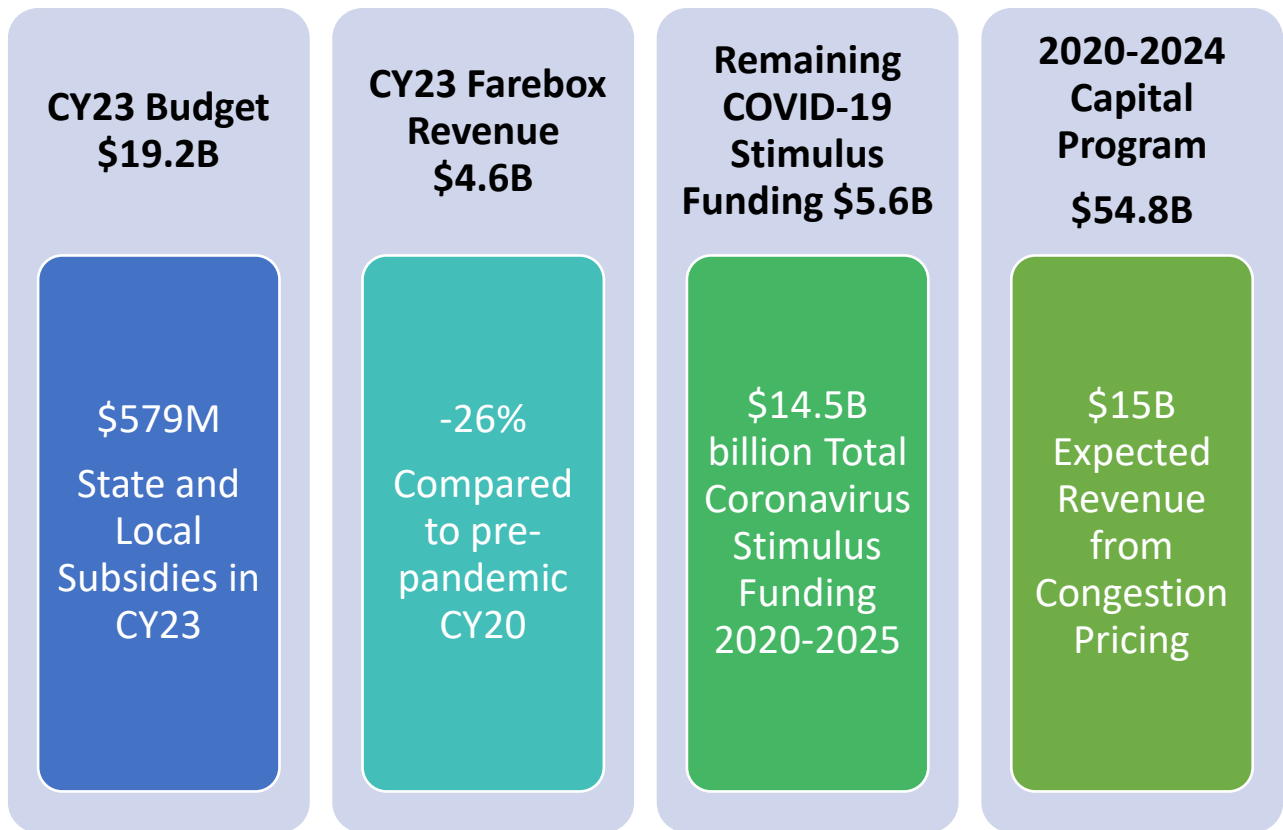
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MTA Calendar Year 2023 Budget Snapshot



MTA Financial Plan Overview

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 weekday subway 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.

The MTA’s budget is unique within the City’s budget process because it is a State-controlled public authority and operates on a calendar year, rather than a fiscal year. Each July, the Authority issues a Preliminary Budget for public review and comment before issuing a Final Budget in late November. Because the Authority’s Adopted Budget is voted on by the MTA Board in December of each year, the City’s Preliminary, Executive, and Adopted Budget process does not necessarily impact the adoption of the Authority’s budget. The 2023 Budget adopted by the MTA board includes a four-year financial plan for calendar years 2023 –2026.

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).

This Plan, as with all MTA Financial Plans since July 2020, reflects the effect of the COVID-19 pandemic on the Authority. The Authority issued a Preliminary Budget in July 2022 for public review and comment before issuing a Final Budget in late November that was presented to the MTA Board for a vote on December 21, 2022. The MTA's Adopted Budget for Calendar Year 2023 totals \$19.2 billion. Highlights of the Adopted Plan include \$5.6 billion in remaining COVID stimulus funding, a 5.5 percent fare increase assumed for implementation in 2023, and the assumption of \$600 million in unspecified additional government funding and/or additional MTA actions.

Although the Adopted MTA Financial Plan reflected a balanced budget in 2023, it requires \$600 million in unspecified additional government funding and/or additional MTA actions. Moreover, annual deficits in the outyears remain, totaling \$1.2 billion in 2024 and 2025, and \$1.6 billion in 2026. Deficit reductions will be achieved through MTA operating efficiencies, the use of federal COVID funds to reduce debt and operation costs across the Plan period, and cash repayment of the Federal Reserve loan to avoid long-term bonding.

On February 1, 2023, Governor Hochul released her State Fiscal Year 2024 Executive Budget, which included a number of proposals to help balance the MTA budget including a Payroll Mobility Tax (PMT) increase. In total, the Governor's proposal would require the City to contribute over \$500 million in additional annual subsidies to the MTA by increasing from 50 percent to 100 percent City contributions for paratransit costs and students fare reimbursements, as well as providing a City contribution equal to 47 percent of the annual foregone tax revenue related to Payroll Mobility Tax Offset payments to the MTA. The Governor's budget also include a one-time payment of \$300 million for the MTA in Calendar Year 2023 and a share of licensing fees and tax revenues generated by casinos approved for operation in the City. According to the MTA, these actions will close the Authority's remaining outyear budget deficits, possibly even beyond Calendar Year 2026. However, the status of this funding remains uncertain until after the approval and passage of the State's Executive Budget.

This report will discuss and examine issues and highlights within the MTA's current budget and outline challenges within the Plan.

Financial Summary

For Calendar Year 2023, the MTA's expenses total approximately \$19.2 billion. These expenses are funded through a combination of resources, as presented in Figure 1, including \$4.6 billion from farebox revenue. This is significantly less than the pre-pandemic farebox projection of more than \$6 billion annually and slightly less than last year's projection of \$4.8 billion, but is greater than the Calendar Year 2021 Plan, which reflects an increase in MTA ridership from earlier pandemic lows (see Figure 2 below). Toll revenue collections declined in Calendar Year 2021 due to the COVID-19 pandemic but have since recovered to pre-pandemic norms starting in Calendar Year 2022 and are expected to be \$2.4 billion in Calendar Year 2023.

Figure 1

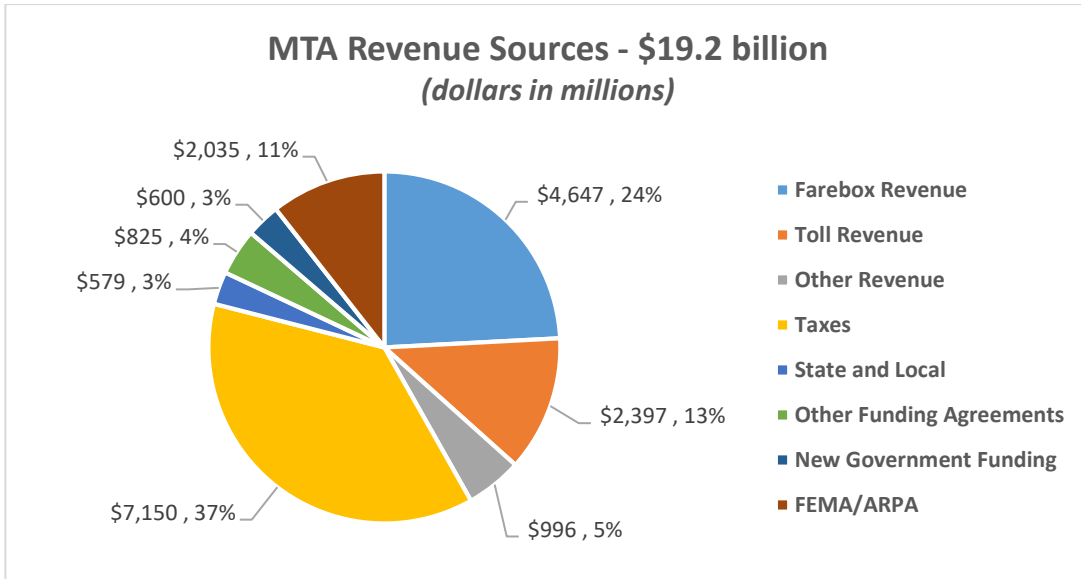
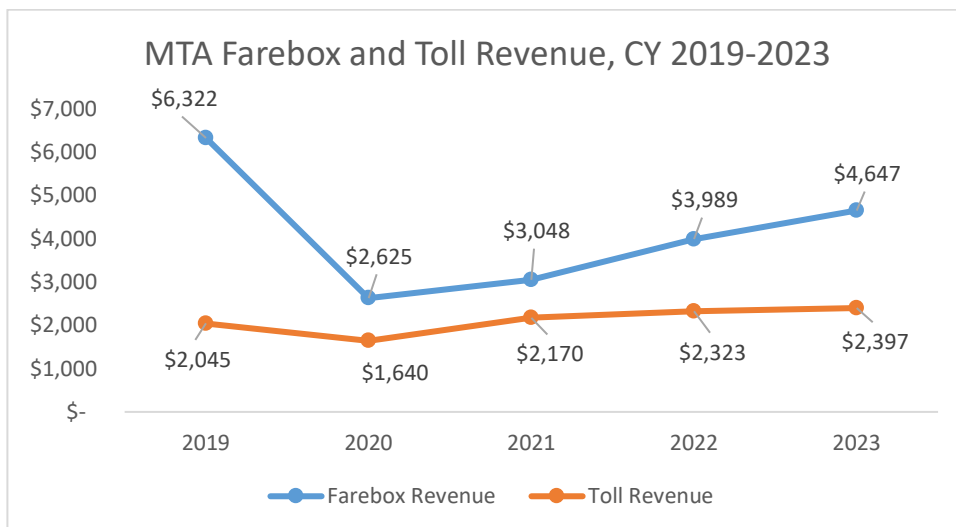


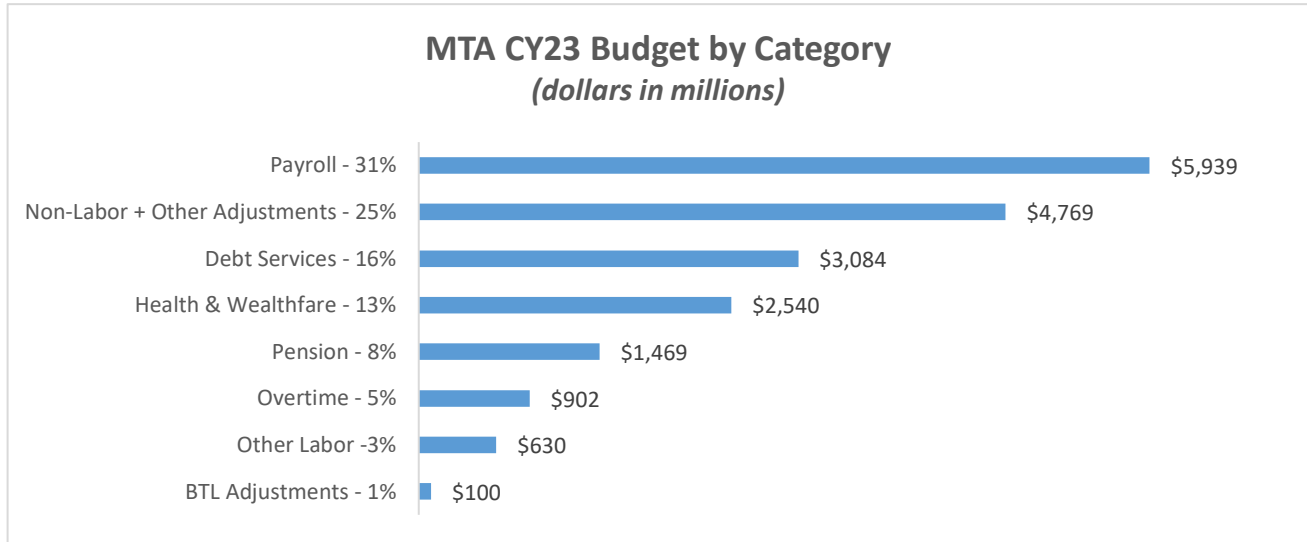
Figure 2



**2019-2022 MTA Final Budgets compared to 2023 MTA Adopted Budget – February Financial Plan 2023-2026*

Overall, the MTA’s \$19.2 billion Adopted Budget for Calendar Year 2023 is divided between Labor costs of \$11.5 billion, Non-Labor costs of \$4.6 billion, debt service payments of \$3.1 billion, and Below-the-line Adjustments of \$100 million. A detailed breakdown of the Adopted Budget by expense category is shown in the below chart (Figure 3).

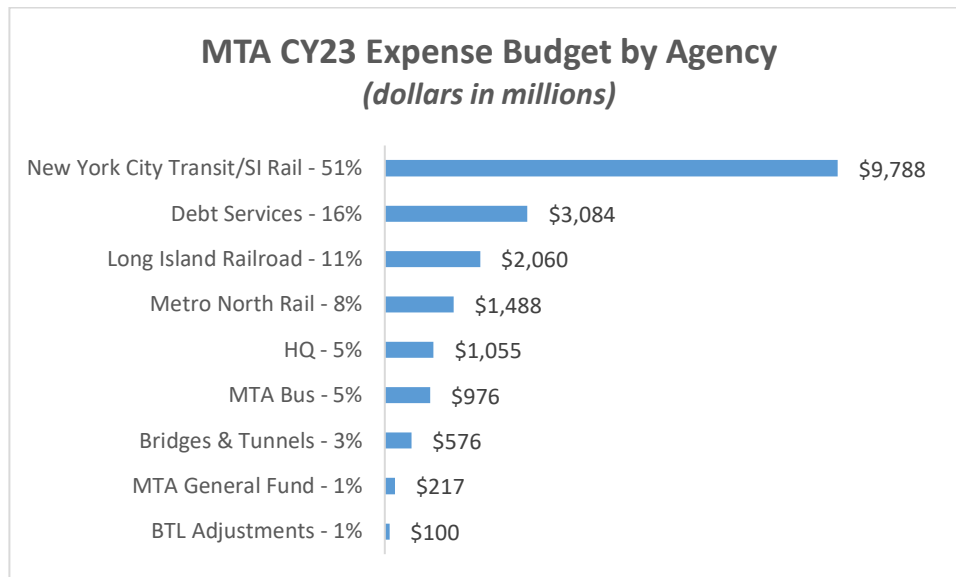
Figure 3



Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026. Note: Totals may not add up due to rounding

Of the \$19.2 billion expense budget in Calendar Year 2023, \$9.8 billion, or 51 percent is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$3.1 billion (16 percent), and the LIRR at \$2.1 billion (11 percent).

Figure 4



Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

Headcount

As presented in the charts below, the MTA’s Personal Services (PS) costs are budgeted \$11.5 billion in Calendar Year 2023, increasing 11 percent, to \$12.7 billion, by Calendar Year 2026. The budget for overtime spending in CY 2023 is 20 percent lower (\$227 million) than the CY 2022 estimated overtime spending. The Authority has stated that this year’s overtime budget reflects their efforts to reduce overtime spending. However, a year ago the Authority made similar statements about their effort to control overtime spending, yet the CY 2022 overtime spending is likely to be a 17 percent increase over the CY 2021 overtime expenditure.

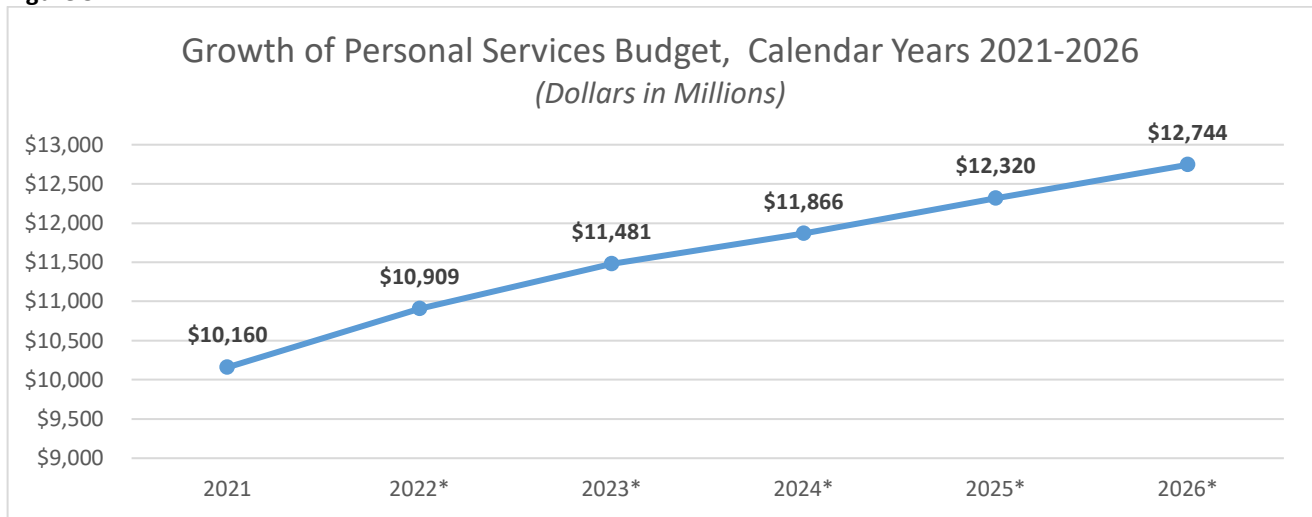
Table 1

Personnel Services, Calendar Year 2021-2026 (\$ in millions)						
Labor Expense	2021	2022*	2023*	2024*	2025*	2026*
Payroll	\$5,214	\$5,516	\$5,934	\$6,102	\$6,236	\$6,391
Overtime	965	1,129	902	877	906	926
Health & Welfare	1,405	1,479	1,694	1,807	1,922	2,049
OPEB Current Payment	722	764	846	918	995	1,079
Pensions	1,410	1,368	1,469	1,489	1,519	1,538
Other-Fringe Benefits	816	1,051	1,070	1,118	1,173	1,227
Reimbursable Overhead	(372)	(399)	(440)	(443)	(432)	(437)
Total	\$10,160	\$10,909	\$11,481	\$11,866	\$12,320	\$12,744

*Projections, not actuals

Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

Figure 5

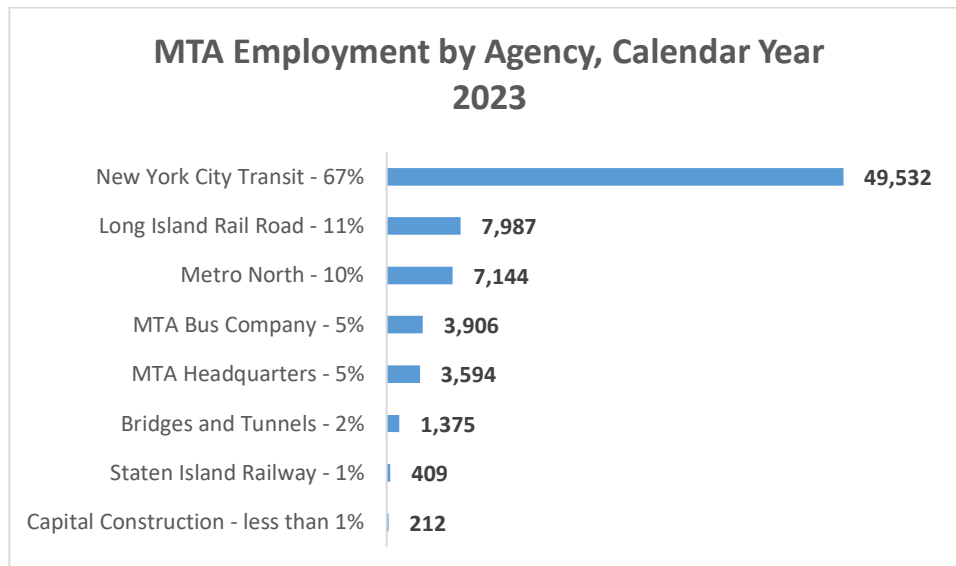


Source: MTA 2023 Adopted Budget – February Financial Plan 2023-2026

*Note: Projected, not actual

In Calendar Year 2023, the MTA projects a budgeted headcount of 74,159. With 67 percent (49,532) within NYCTA, 11 percent (7,987) at LIRR, and 10 percent (7,144) for Metro North.

Figure 6



Source: MTA 2023 Adopted Budget – February Financial Plan 2023-2026

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 was required to 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.

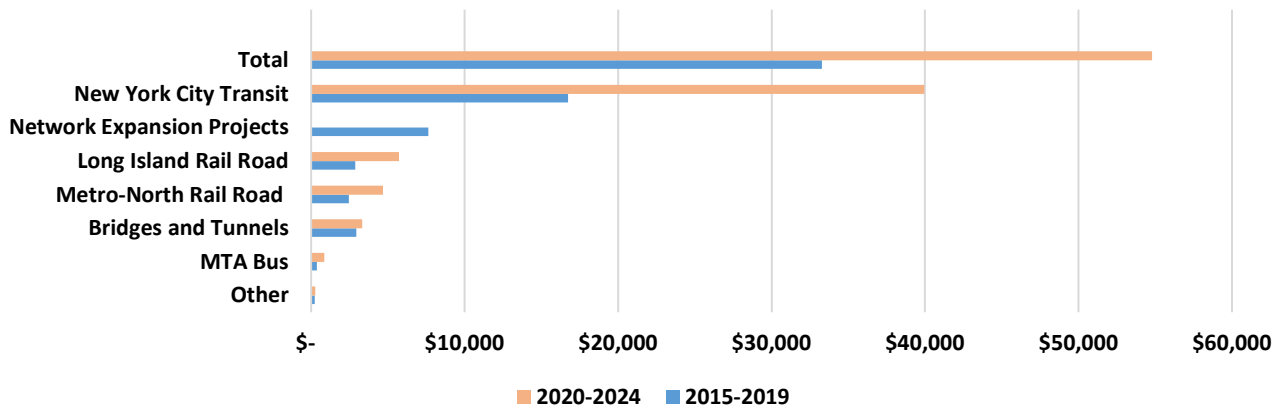
On September 25, 2019, the MTA submitted a proposal for the 2020-2024 Capital Program to the MTA Board, totaling \$54.8 billion. Of the total spending, including for network expansion, \$39.9 billion, or 73 percent, is allocated to New York City Transit, \$5.7 billion (10 percent) for the Long Island Railroad, \$4.7 billion (9 percent) for Metro-North Railroad, \$3.3 billion (6 percent) for Bridges and Tunnels, \$871 million (1.6 percent) for MTA Bus, and \$254 million (less than one percent) for Other costs. 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

Table 2

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 is funded from various revenue streams, including congestion pricing estimated at \$15 billion (27 percent), federal funding of \$10.7 billion (19 percent), funds 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). As the MTA’s current capital program period is more than half completed it seems unlikely that, with the delay in the implementation of congestion pricing, the MTA will be able to secure all of this funding.

Table 3

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

Budget Issues and Concerns

Congestion Pricing Delays. The Fiscal 2020 New York State Executive Budget authorized MTA to establish a congestion tolling program in the New York City. Congestion pricing revenue was estimated to cover 27 percent of the 2020-2024 Capital Plan. However, the rollout of the program was significantly delayed under former President Trump's Administration, as it did not inform the State whether or not the plan would require a costly "Environmental Impact Statement". In March 2021, the Federal Highway Administration, now overseen by President Biden's Administration, announced that Congestion Pricing could move forward with a less costly and less time consuming "Environmental Assessment". The Calendar Year 2023 Adopted Budget projected that congestion pricing would take effect in Calendar Year 2024 and generate \$1.0 billion. However, the updated Calendar Year 2023 February Financial Plan assumes a later start of revenue collection for the program from the beginning of Calendar Year 2024 to the start of the second quarter of 2024. This change will reduce anticipated revenue from the program from \$1.0 billion to \$750 million in 2024.

Increased City Contribution to MTA in State FY23-24 Executive Budget. On February 1, 2023, Governor Hochul released her State Fiscal Year 2024 Executive Budget. The Governor's proposed budget would increase the City's current contribution to the MTA by over \$500 million annually, if approved, by increasing from 50 to 100 percent the City's contributions for paratransit costs and students fare reimbursements, as well as requiring a 47 percent City-funded contribution to offset a portion of the foregone Payroll Mobility Tax payments to MTA. Additionally, the proposed State Budget includes a share of licensing fees for up to three City casinos, as well as a share of annual tax revenues generated from these casinos for the MTA. According to the MTA, these actions will close the Authority's remaining outyear budget deficits through Calendar Year 2026 and possibly beyond. However, the status of this funding remains uncertain until after the approval and passage of the State's Executive Budget. If passed, MTA anticipates that these proposed actions will generate \$565 million in Calendar Year 2023, \$1.29 billion in Calendar Year 2024, \$1.33 billion in Calendar Year 2025 and \$1.81 billion in Calendar Year 2026.

Fare Increases in 2023 and 2025. MTA's most recent fare increase was implemented in 2019. This increase kept the base fare at \$2.75 unchanged since March 2015, eliminated monthly bonuses, and increased the price of 7-Day and 30-Day MetroCards by \$1 and \$6 respectively. In 2021, due to the coronavirus pandemic, a four-percent fare increase scheduled for implementation in March 2021 was deferred and never implemented. At the time, the MTA Board only approved a seven percent across the board toll increase for vehicles crossing the Authority's nine bridges and tunnels, which took effect in April 2021.

Last year's Adopted Plan proposed a reinstatement of this proposed fare increase in July 2022 and additional increases in 2023 and 2025. Failure to implement this fare increase was expected to result in the loss of approximately \$1.8 billion in anticipated revenue that had been planned to cover MTA expenses through 2025. However, in the MTA's updated February 2022 Financial Plan, the Authority stated that the 2022 fare increase would be averted due to the influx of COVID-19 stimulus funding.

MTA's Calendar Year 2023 Adopted Plan includes a proposal for a 5.5 percent fare and toll increase projected to take effect in June 2023 and a 4 percent increase projected to take effect in April 2025. Through 2026, the Plan assumes a combined \$1.8 billion in additional fare and toll revenue from the projected 2023 and 2025 fare and toll increases. This increase is significantly higher than the standard biennial fare increases of four percent netted twice over four years (two percent increases in both

years) that have been approved in recent past budgets. The fare increases would be subject to a public engagement period and would not necessarily affect the price of single subway rides.

Ridership Decline and Recovery. On March 24, 2020, the then MTA Chairman, Patrick Foye wrote 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 the COVID-19 pandemic. At the time of his request, subway ridership had declined 76 percent, buses by 62 percent, Metro-North Railroad (MNR) by 94 percent, and LIRR by 71 percent. In a normal year, farebox revenue constitutes approximately 40 percent of the MTA's annual budget, or \$6.5 billion.

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; bridge and tunnel traffic was down 57 percent. After March 20, 2020 bus ridership was no longer counted because rear-door only boarding was instituted as a measure to improve bus driver safety. The 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.

For Calendar Year 2023, MTA anticipates \$4.6 billion in farebox revenue, this is significantly less than the pre-pandemic farebox projection of more than \$6 billion annually and slightly less than last year's projection of \$4.8 billion, but is greater than the Calendar Year 2021 Plan, which indicates an increase in MTA ridership from earlier pandemic lows. Overall, as of October 2022, ridership levels are at 64 percent of pre-pandemic levels and are expected to be at 80 percent by the end of 2026, where they are expected to hover because of changes in ridership behavior such as hybrid work and online shopping. Calendar Year 2023 Ridership projections on subway and buses are 70.9 percent and 74.1 percent of pre-COVID numbers, respectively.

American Rescue Plan Act (ARPA) Federal Aid. On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Joseph R. Biden providing \$1.9 trillion in economic stimulus to help the United States recover from effects of the COVID-19 pandemic. ARPA includes \$30 billion in federal aid for transit, of which the MTA received about \$6.4 billion. This federal funding is in addition to the \$4 billion from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the \$4.1 billion from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act already incorporated into prior MTA financial plans. Since MTA operates on a calendar year, funding from ARPA had not been included in the Authority's Calendar Year 2021 budget at the time the budget was adopted. As of the Calendar Year 2023 Budget, \$5.6 billion of COVID stimulus funding remains.

Appendices

A. MTA Consolidated Statement of 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 2023-2026

MTA Consolidated Statement of Operations – Including MTA Bus Company (Dollars in Millions)

Non-Reimbursable	2021 Actual	2022 Final Estimate	Adopted Budget 2023	2024 Projected	2025 Projected	2026 Projected
Operating Revenue						
Farebox	\$3,048	\$3,989	\$4,513	\$4,653	\$4,773	\$4,913
Toll Revenue	2,170	2,323	2,323	2,332	2,335	2,338
Other Revenue	4,706	7,611	776	789	799	822
Capital & Other Reimburse.	-	-	-	-	-	-
Total Operating Revenue	\$9,924	\$13,923	\$7,612	\$7,774	\$7,907	\$8,073
Operating Expenses						
Labor Expenses	\$10,160	\$10,909	\$11,481	\$11,866	\$12,320	\$12,744
Non-Labor Expenses	3,341	4,228	4,551	4,544	4,672	4,745
Other Expenses Adjustment	21	17	17	22	23	24
General Reserve	(335)	185	190	195	200	205
Total Operating Expenses Before Non-Cash Liability Adj.	\$13,187	\$15,338	\$16,249	\$16,628	\$17,215	\$17,748
Depreciation	\$3,159	\$3,176	\$3,203	\$3,249	\$3,299	\$3,349
OPED Liability Adjustment	1,075	1,405	1,456	1,455	1,451	1,445
GASB 68 Pension Expense Adjustment	(917)	(69)	(53)	(147)	(73)	(124)
GASB 87 Lease Adjustment	-	14	14	14	14	14
Environmental Remediation	37	6	6	6	6	6
Total Operating Expenses After Non-Cash Liability	\$16,541	\$19,870	\$20,874	\$21,205	\$21,911	\$22,438
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,354)	(\$4,531)	(\$4,625)	(\$4,577)	(\$4,696)	(\$4,689)
Debt Service (excluding Service Contract Bonds)	2,787	3,145	3,084	3,320	3,445	3,320
Total Operation Expense with Debt Service	\$15,974	\$18,483	\$19,334	\$19,903	\$20,660	\$21,069
Dedicated Taxes and State/Local Subsidies	\$7,679	\$8,690	\$8,574	\$8,689	\$9,079	\$9,218
Net Surplus/Deficit After Subsidies and Debt Service	\$1,628	\$4,129	(\$3,148)	(\$3,466)	(\$3,674)	(\$3,778)
Conversion to Cash Basis: GASB Account	\$-	\$-	\$-	\$-	\$-	\$-
Conversion to Cash Basis: All Other	(961)	(5,292)	1,995	1,415	1,195	932
Cash Balance Before Prior-Year Carryover	\$668	(\$1,163)	(\$1,153)	(\$2,051)	(\$2,480)	(\$2,846)
Adjustments	\$-	\$-	\$1,151	\$832	\$1,237	\$1,223
Prior Year Carryover	499	1,166	3	1	-	-
Net Cash Balance	\$1,166	\$3	\$1	(\$1,188)	(\$1,242)	(\$1,623)

Numbers may not total due to rounding

Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

B. MTA Subsidiary and Affiliate Entity Financial Statements

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 49,532 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 2023-2026 (Dollars in Millions)

Non-Reimbursable	2021 Actual	2022 Final Estimate	2023 Adopted Budget	2024 Projected	2025 Projected	2026 Projected
Operating Revenue						
Farebox	\$2,347	\$2,947	\$3,289	\$3,395	\$3,477	\$3,580
Other Revenue	3,264	5,371	559	580	596	617
Capital & Other Reimbursement	0	0	0	0	0	0
Total Operating Revenue	\$5,611	\$8,318	\$3,848	\$3,975	\$4,073	\$4,196
Operating Expenses						
Labor Expenses	\$6,736	\$7,144	\$7,319	\$7,525	\$7,784	\$8,034
Non-Labor Expenses	1,826	2,185	2,326	2,249	2,298	2,350
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$8,562	\$9,329	\$9,645	\$9,774	\$10,083	\$10,384
Depreciation	\$2,099	\$2,096	\$2,138	\$2,181	\$2,225	\$2,269
GASB 87 Lease Adjustment	0	(63)	0	0	0	0
GASB 75 OPEB Expense Adjustment	669	973	1,001	989	973	954
GASB 68 Pension Expense Adjustment	(860)	(63)	(65)	(66)	(67)	(68)
Environmental Remediation	35	0	0	0	0	0
Total Operating Expenses	\$10,505	\$12,343	\$12,720	\$12,879	\$13,214	\$13,539
Net Operating Surplus/(Deficit) Before Debt Service	(\$4,894)	(\$4,023)	(\$8,872)	(\$8,904)	(\$9,141)	(\$9,342)
Debt Service	\$1,603	\$1,783	\$1,721	\$1,780	\$1,811	\$1,712
Net Operating Surplus/(Deficit) Including Debt Service	(\$6,497)	(\$5,806)	(\$10,593)	(\$10,684)	(\$10,952)	(\$11,054)
Dedicated Tax, State & Local subsidies	5,034	6,093	6,480	5,183	5,384	5,344
Deficit after Projected Subsidies	(1,463)	\$287	(\$4,113)	(\$5,501)	(\$5,568)	(\$5,710)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	480	3,230	(1,039)	(2,397)	(2,437)	(2,555)
Net Cash Surplus/(Deficit) 2	(\$983)	\$3,517	(\$5,152)	(\$7,898)	(\$8,005)	(\$8,265)

Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

Budget. As approved by the MTA Board, the NYCTA Operating Budget (non-reimbursable) before depreciation and other post-employment benefits is approximately \$9.6 billion for Calendar Year 2023. Of that amount, approximately \$7.3 billion is budgeted for labor costs and \$2.3 billion for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$2.1 billion and other post-employment benefit expenses of \$1.0 billion, including pension expenses reduction adjustment of \$65 million. The budget funds 49,532 positions, of which 165 are full-time equivalent.

Operating Revenue/Expense Projections. The NYCTA projects \$3.8 billion in operating revenues for Calendar Year 2023, primarily derived from farebox revenues of \$3.3 billion and other revenues of \$559 million. These funds will support the NYCTA's proposed expenditures of \$9.6 billion, excluding debt service, depreciation, and other post-employment benefits, in 2023.

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 \$2.9 billion in 2023, which is \$97.2 million less than the Final 2022 estimate and \$457 million greater than in 2021. The increase between 2020 and 2022 reflects the impact of the COVID-19 pandemic on NYCTA's transit tax revenue in 2020. 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 MTA projects \$1.3 billion of revenue from the Payroll Mobility Tax and MTA Aid for NYCTA in Calendar Year 2023, a \$175 million decrease from the Final 2022 estimate of \$1.5 billion and a \$741 million decrease from the \$2.1 billion of revenue collected in 2021. 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.

Paratransit. 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, 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 the 2020 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 impacted the City's budget by more than \$100 million annually. Total paratransit expenses are expected to be \$481.6 million in Calendar Year 2022 and \$559.0 million in Calendar Year 2023, offset by \$203.3 million and \$242.9 million from the City's reimbursement in 2022 and 2023, respectively.

State Subsidies. For Calendar Year 2023, the State's subsidy to the NYCTA's budget is expected to be \$188 million. Of this amount, \$25 million is for school fare reimbursement and \$158 million is to match City operating assistance. This funding does not include State directed dedicated tax revenues to NYCTA (including the Payroll Mobility Tax) expected in 2023.

For-Hire Vehicle Surcharge. For Calendar Year 2023, NYCTA anticipates receiving \$320.1 million from the For-Hire Vehicle Surcharge. This is \$20.1 million greater than collected in 2022 and \$84.3 million greater than collected in 2021, which represents a partial recovery on taxicab ridership from the COVID-19 pandemic. First enacted in 2019, this surcharge authorizes congestion pricing for For-Hire Vehicles in Manhattan south of 96th Street.

City's Contribution. For Calendar Year 2023, the City's contribution to the MTA, excluding capital commitments, is approximately \$1 billion. Estimated City subsidies include the following: \$99 million for the NYCTA school fare and the elderly and disabled subsidy; \$242.9 million for paratransit reimbursement; \$158.1 million to match State Operating Assistance; \$516 million for MTA bus subsidy; \$52.7 million City subsidy for SIRTOA; and \$199.9 million for the maintenance and operation of LIRR and Metro North Railroad stations in the City.

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 2023-2026 (Dollars in Millions)

Non-Reimbursable	2021 Actual	2022 Final Estimate	2023 Adopted Budget	2024 Projected	2025 Projected	2026 Projected
Operating Revenue						
Farebox	\$104	\$156	\$171	\$172	\$178	\$184
Other Revenue	315	567	20	21	23	23
Capital & Other Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenue	\$455	\$724	\$191	\$194	\$201	\$207
Operating Expenses						
Labor Expenses	\$635	\$678	\$691	\$707	\$723	\$739
Non-Labor Expenses	169	287	286	285	290	293
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses Before Depreciation, OPEB & ER 1	\$804	\$965	\$976	\$993	\$1,013	\$1,032
Depreciation	\$47	\$56	\$56	\$56	\$56	\$56
GASB Lease Adjustment	-	-	-	-	-	-
GASB 75 OPEB Expense Adjustment	40	80	90	92	95	99
GASB 68 Pension Expense Adjustment	(10)	45	54	40	50	49
Environmental Remediation	1	-	-	-	-	-
Total Operating Expenses	\$881	\$1,147	\$1,177	\$1,181	\$1,214	\$1,237
Net Operating Surplus/(Deficit) Before Debt Service	(\$426)	(\$964)	(\$986)	(\$987)	(\$1,013)	(\$1,029)
Debt Service	\$3	\$15	\$38	\$33	\$34	\$32
Net Operating Surplus/(Deficit) Including Debt Service	(\$429)	(\$979)	(\$1,024)	(\$1,020)	(\$1,047)	(\$1,061)
Dedicated Tax, State & Local subsidies	\$455	\$522	\$516	\$516	\$776	\$815
Deficit after Projected Subsidies	26	(\$457)	(\$508)	(\$504)	(\$271)	(\$246)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$78	\$181	\$200	\$188	\$201	\$204
Net Cash Surplus/(Deficit) 2	\$104	(\$276)	(\$308)	(\$316)	(\$70)	(\$42)

Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

Operating Revenue/Expense Projections. The MTABC projects \$191 million in operating revenues for Calendar Year 2023, primarily derived from farebox revenues of \$171 million and other revenues of \$20 million. These funds will support the MTABC's proposed expenditures of \$1.2 billion, excluding debt service, depreciation, and other post-employment benefits, in 2023.

MTA Staten Island Railway

The Staten Island Railroad (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 2023 – 2026

Non-Reimbursable	2021 Actual	2022 Final Estimate	2023 Adopted Budget	2024 Projected	2025 Projected	2026 Projected
Operating Revenue						
Farebox	\$2	\$4	\$5	\$5	\$5	\$5
Other Revenue	32	58	2	2	2	2
Capital & Other Reimbursement.	-	-	-	-	-	-
Total Operating Revenue	\$35	\$61	\$7	\$7	\$7	\$7
Operating Expenses						
Labor Expenses	\$50	\$55	\$58	\$58	\$60	\$60
Non-Labor Expenses	12	19	21	16	16	16
Other Expenses Adjustments	-	-	-	-	-	-
Operating Expenses Before Depreciation, OPEB & ER 1	\$62	\$74	\$79	\$74	\$77	\$77
Depreciation	\$11	\$12	\$18	\$18	\$18	\$18
GASAB 87 Lease Adjustment	-	-	-	-	-	-
GASB 75 OPEB Expense Adjustment	3	2	2	2	2	2
GASB 68 Pension Expense Adjustment	1	1	1	(1)	1	-
Environmental Remediation	1	-	-	-	-	-
Total Operating Expenses	\$79	\$88	\$99	\$92	\$97	\$96
Net Operating Surplus/(Deficit) Before Debt Service	(\$44)	(\$27)	(\$92)	(\$85)	(\$90)	(\$89)
Debt Service	\$1	\$7	\$15	\$15	\$17	\$16
Net Operating Surplus/(Deficit) Including Debt Service	(\$45)	(\$34)	(\$107)	(\$100)	(\$107)	(\$105)
Dedicated Tax, State & Local subsidies	\$25	\$32	\$61	\$67	\$62	\$86
Deficit after Projected Subsidies	(\$20)	(\$2)	(\$46)	(\$33)	(\$45)	(\$19)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$16	\$15	\$21	\$19	\$21	\$20
Net Cash Surplus/(Deficit) 2	(\$4)	\$13	(\$25)	(\$14)	(\$24)	\$1

Source: 2023 MTA Adopted Budget – February Financial Plan 2023-2026

Operating Revenue/Expense Projections. The SIR's operating revenue for Calendar Year 2023 is projected to be \$7 million, which includes farebox revenue of \$5 million and other operating revenue of \$2 million. The budget projects expenses before depreciation and other post-employment benefits of \$99 million. These expenses include \$58 million in labor costs and \$21 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$1 million. In addition, there is a pension expense reduction adjustment of \$1 million.