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Report on the Calendar Year 2022-
2025 Adopted Plan of the
**Metropolitan
Transportation Authority**

March 16, 2022

(Report prepared by John Basile)

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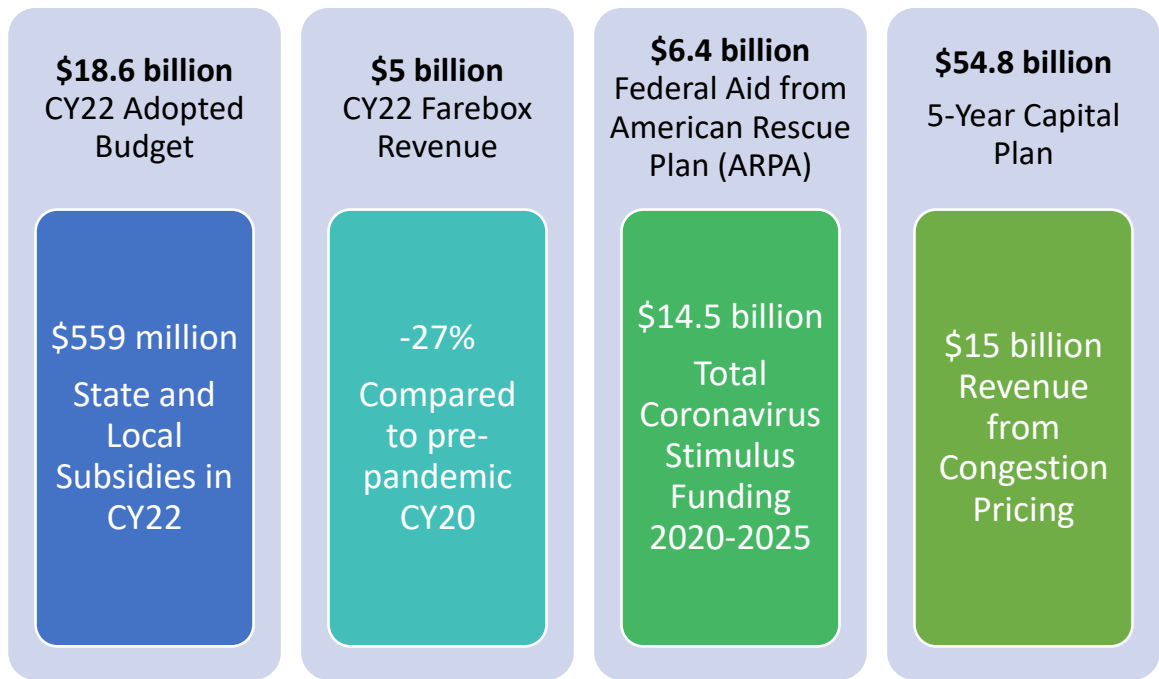
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MTA Calendar Year 2022 Budget Snapshot



MTA’s Adopted Budget Overview

Introduction

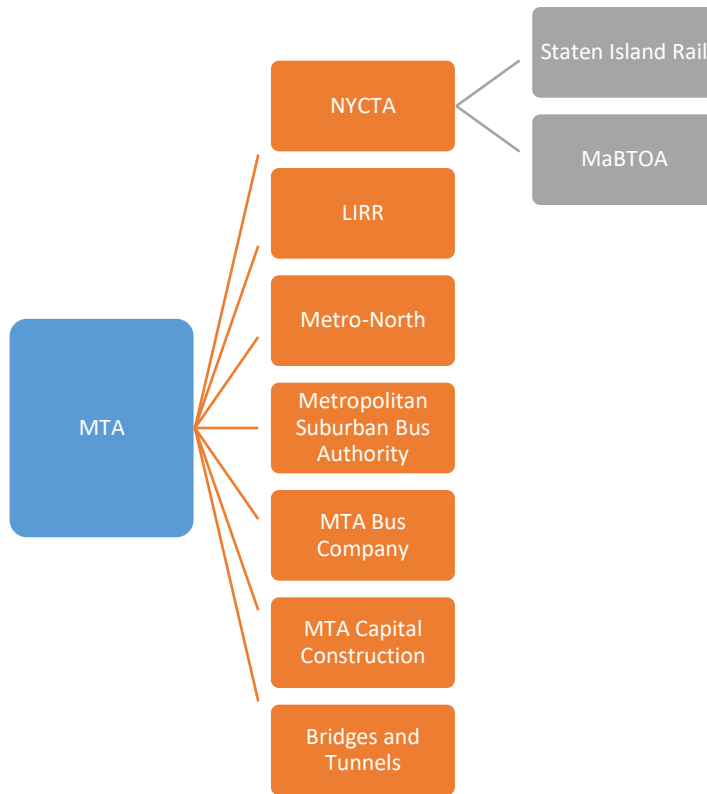
The Metropolitan Transportation Authority (MTA or Authority) is the largest transportation system in the United States. Prior to the COVID-19 global pandemic, the MTA served approximately 2.7 billion passengers annually, with an average weekday subway ridership of six million riders and was one of the only public transportation systems in the world that ran 24 hours per day on every day of the year.

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

MTA Structure

The MTA was established under the New York State Public Authorities Law in 1965 as a public benefit corporation. The Authority has responsibility for developing and implementing a unified public transportation policy for New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out these responsibilities through its subsidiary and affiliate entities that include the New York City Transit Authority (NYCTA) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); the Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNR); the Metropolitan Suburban Bus Authority (MSBA); the MTA Bus Company; and the MTA Capital Construction Company. Another affiliate of the MTA, the former Triborough Bridge and Tunnel Authority (TBTA), which is now called the MTA Bridges and Tunnels (B&T), is empowered to construct and operate toll bridges and tunnels

and other public facilities in New York City. The revenues from all authorities and subsidiaries support the organization as a whole.¹

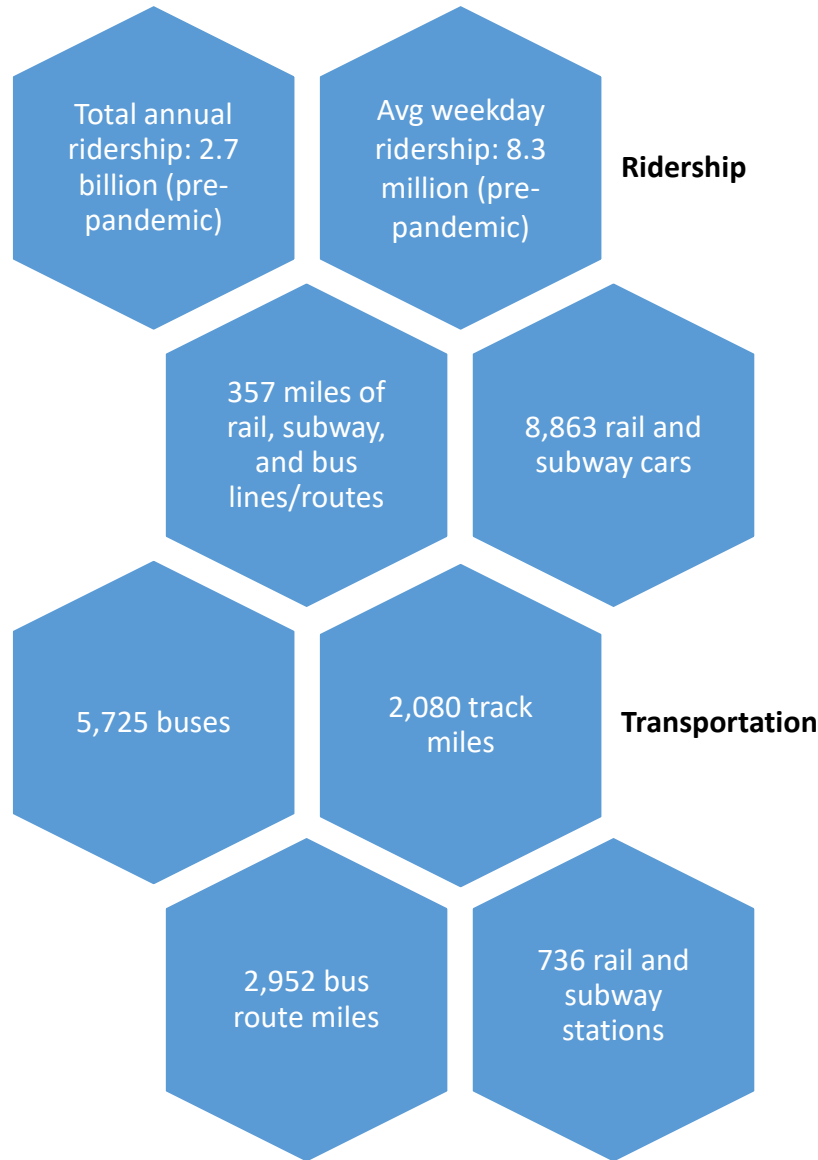


Governance/MTA Board

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).

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

MTA Snapshot



MTA Budget Overview

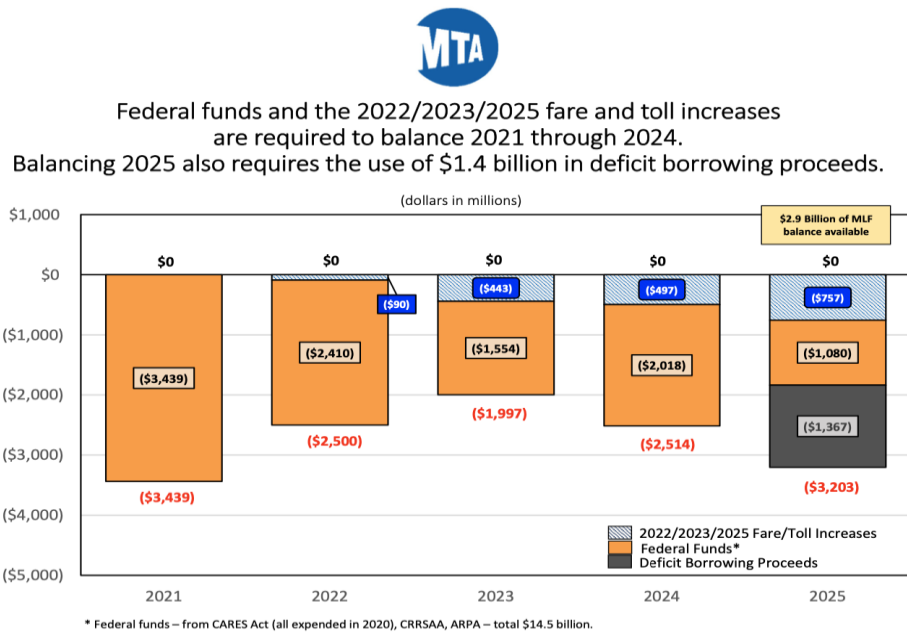
The MTA’s budget is unique within the City’s budget process because it is a State-controlled agency and operates on a calendar year, rather than the City’s fiscal year. Each July, the Authority issues a Preliminary Budget for public review and comment before issuing a Final Budget in Late November. Because 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 2022 Budget adopted by the MTA board includes a four-year financial plan for calendar years 2022 –2025.

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 2021 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 15, 2021. The MTA’s Adopted Budget for Calendar Year 2022 totals \$18.6 billion. Highlights of the Plan include the receipt of \$6.5 billion in federal aid from the American Rescue Plan

Act (ARPA), a four-percent fare increase assumed for implementation in 2022 and \$1.4 billion in proceeds from Municipal Liquidity Facility (MLF) Deficit Bonding.

Although the MTA Financial Plan reflects a balanced budget through 2025, it should be noted that without the additional \$10.6 billion in federal aid from the American Rescue Plan (ARPA) and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds, which is on top of the \$4 billion received and fully expended in 2020 from the CARES Act, and \$1.4 billion in MLF bond proceeds as well as the proposed fare and toll increases in 2022*, 2023, and 2025, MTA would have faced a deficit of \$3.4 billion in 2021, \$2.5 billion in 2022, \$2 billion in 2023, \$2.5 billion in 2024, and \$3.2 billion in 2025.

*Note: 2022 Fare increase has been averted in the updated MTA February Financial Plan



*Source: MTA 2022 Final Proposed Budget, November Financial Plan 2022-2024, Vol. 1, page I-6

For Calendar Year 2022, expenses total approximately \$18.6 billion and, as indicated in the Figure 1 below, is funded through a combination of resources, including \$5 billion from farebox revenue. This is significantly less than the pre-pandemic farebox projection of more than \$6 billion annually, but is greater than the Calendar Year 2021 Plan and indicates an increase in MTA ridership from earlier pandemic lows (see Figure #2 below). Toll revenue projections declined in Calendar Year 2021 due to the COVID-19 pandemic but have since recovered to pre-pandemic norms in Calendar Year 2022.

Figure 1

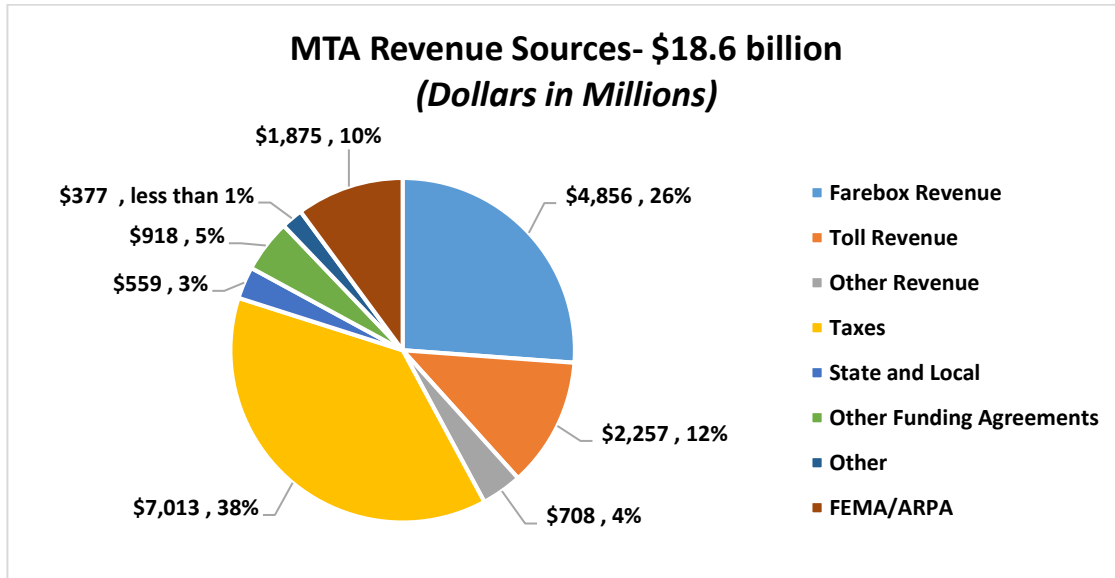
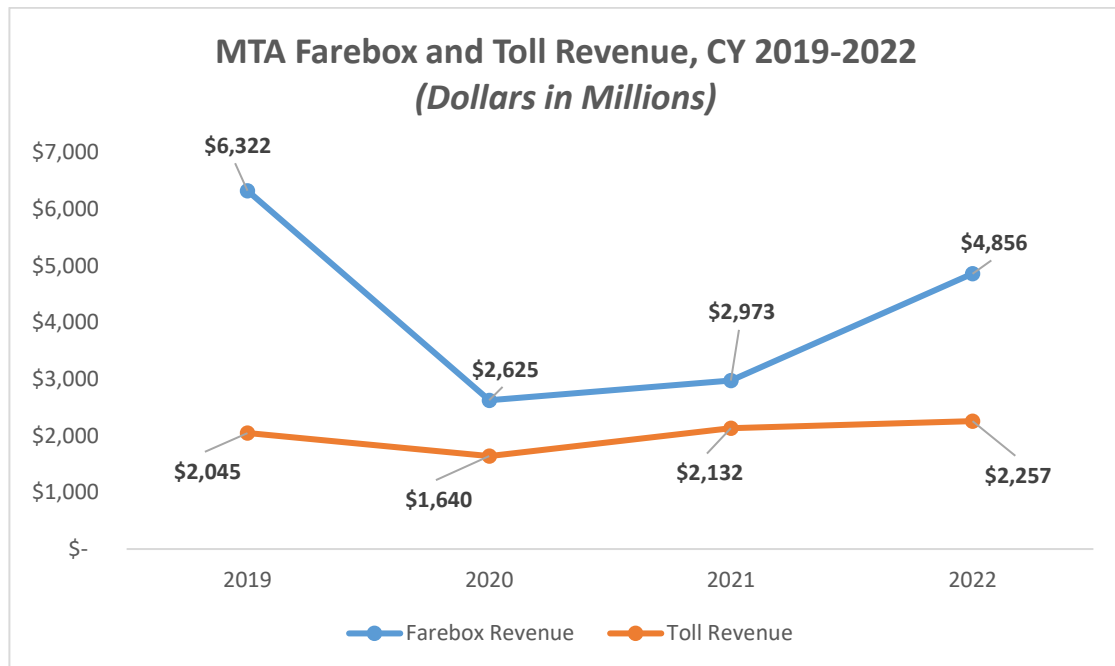


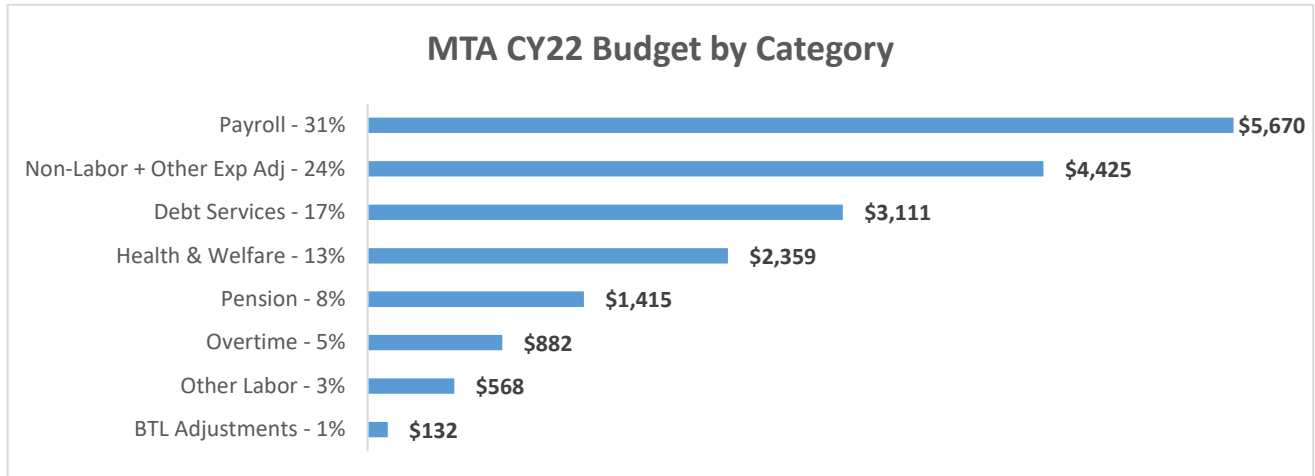
Figure 2



**2019-2021 MTA Final Budgets compared to 2022 MTA February Plan*

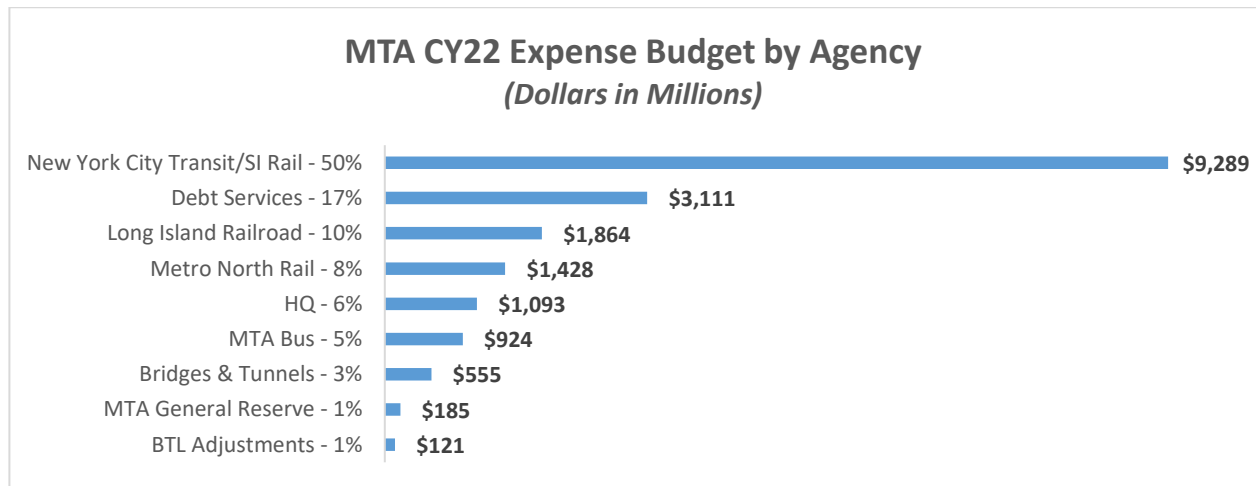
Overall, the MTA’s \$18.6 billion Adopted Budget for Calendar Year 2022 is divided between Labor costs of \$10.9 billion, Non-Labor costs of \$4.4 billion, debt service payments of \$3.1 billion, and Below-the-line Adjustments of \$132 million. A detailed breakdown of the Adopted Budget by expense category is shown in the below chart (see Figure #3).

Figure 3



Of the \$18.6 billion expense budget in Calendar Year 2022, \$9.1 billion, or 50 percent is allocated to the New York City Transit/Staten Island Railroad, followed by debt service at \$3.1 billion (17 percent), and the LIRR at \$1.9 billion (10 percent).

Figure 4



Federal COVID and Stimulus Funding

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 to provide \$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 expects to receive 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.

Personal Services Costs

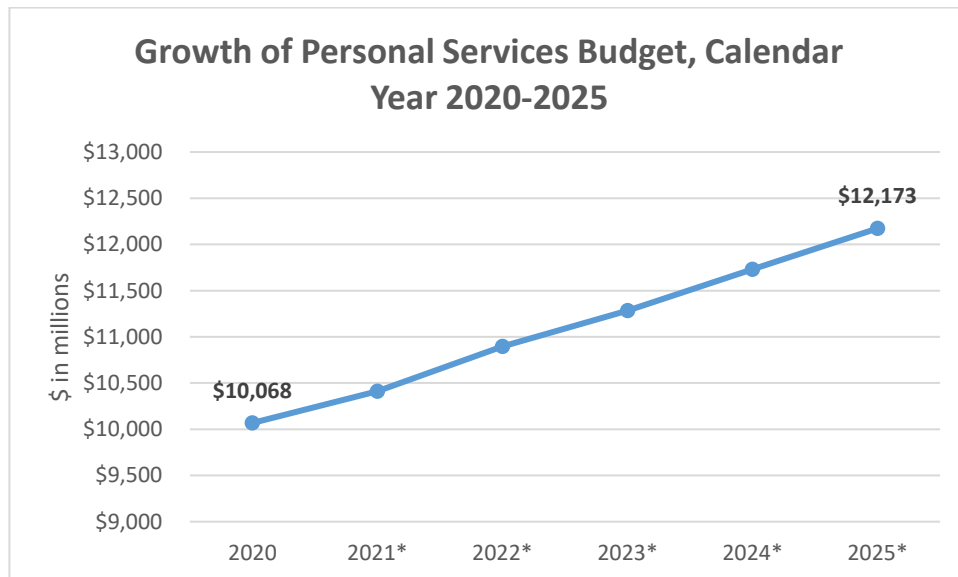
As highlighted by the charts below, Personal Services (PS) are estimated to cost \$10.9 billion in Calendar Year 2022 and will increase 12 percent, to \$12.2 billion, by Calendar Year 2025. The Calendar Year 2022 budgeted overtime spending is \$28 million or nearly 3 percent less when compared to overtime spending in 20 reflecting the Authority’s efforts to curtail overtime spending. However, the Calendar Year 2024 budget largely negates these efforts, as overtime spending is expected to begin to increase.

Table 1

Personnel Services, Calendar Year 2020-2025 (\$ in millions)						
Labor Expense	2020	2021*	2022*	2023*	2024*	2025*
Payroll	\$5,308	\$5,292	\$5,670	\$5,776	\$5,924	\$6,081
Overtime	910	991	882	896	902	922
Health & Welfare	1,298	1,419	1,581	1,679	1,785	1,907
OPEB Current Payment	633	729	778	844	916	996
Pensions	1,510	1,404	1,415	1,473	1,495	1,531
Other-Fringe Benefits	789	964	996	1,046	1,094	1,146
Reimbursable Overhead	(380)	(377)	(428)	(409)	(413)	(409)
TOTAL	\$10,068	\$10,413	\$10,895	\$11,283	\$11,730	\$12,173

*Projections, not actuals

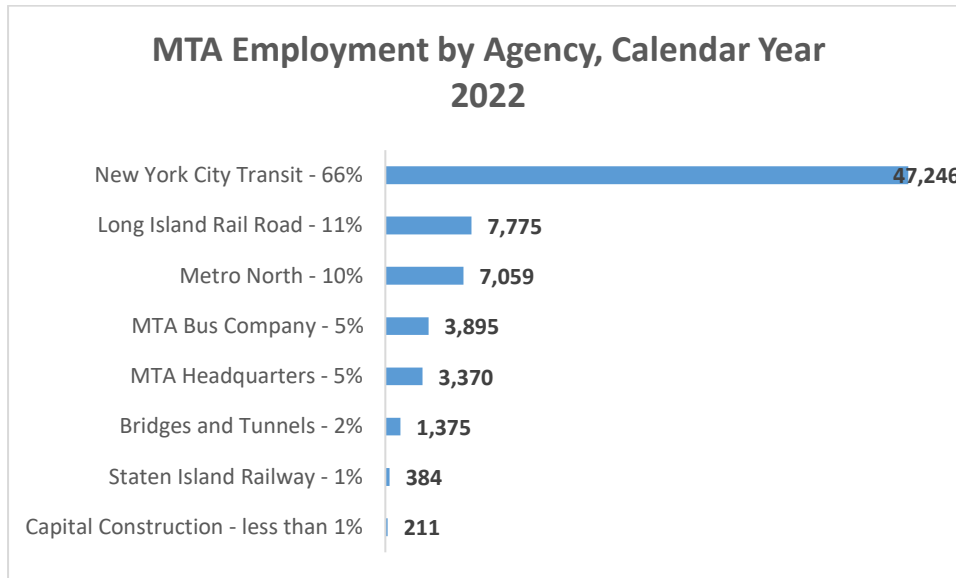
Figure 5



Source: MTA 2022 Adopted Budget – February Financial Plan 2022-2025

In Calendar Year 2022, the MTA projects a budgeted headcount of 72,214. NYCTA has 67 percent (47,246) of all MTA budgeted positions, followed by LIRR at 11 percent (7,781), and Metro North at 10 percent (7,059).

Figure 6



Source: MTA 2022 Adopted Budget – February Financial Plan 2022-2025

Highlights Included in the Adopted Plan and Significant Issues

2022 Fare Increase Averted. Due to the coronavirus pandemic, a four-percent fare increase scheduled for implementation in March 2021 was deferred. The Adopted Plan proposed a reinstatement of this 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 roughly \$1.8 billion in anticipated revenue that had been planned to cover MTA expenses through 2025. However, since the budget was adopted in December 2021, MTA has stated that the 2022 fare increase will be averted due to the influx of COVID stimulus funding.

Two-Year Wage Freeze. In the 2021 February Plan, the MTA had proposed a wage freeze for all employees, both represented and non-represented, which would save an estimated \$309 million in 2022, \$315 million in 2023 and \$322 million in 2024. However, due to the passage and allocation of ARPA federal funding, this proposed action has been revised. The Transit Workers Union (TWU) Local 100 contract, a four-year contract that runs from mid-May 2019 through mid-May 2022, will be fully honored, as will all other settled contracts. Bargaining units that typically follow the TWU pattern settlements have either entered into a two-year agreement similar to the first two years of the current TWU contract or are assumed to do so, and those two-year contract costs are reflected in the Adopted Plan, but followed by a “pause” until the MTA’s financial position becomes more favorable. Non-represented employees also would not receive wage increases for two years, in 2021 and 2022. Revised savings from this policy action are estimated to be \$171 million in 2022, \$174 million in 2023, \$191 million in 2024 and \$198 million in 2025.

Resumption of Overnight Subway Service. Beginning May 6, 2020, the MTA suspended overnight subway service from 1 AM to 5 AM to allow for a complete disinfecting of the system, with bus and third-party alternative transportation services provided to essential workers during hours of closure. Following the urging of the City Council at a February 10, 2020 hearing, the MTA reduced subway closures to two-hours each night beginning on February 22, 2020. On May 17, 2020, 24-hour service was restored, ending a planned shutdown that spanned two MTA Financial Plans, the longest since

the subway opened in 1904. The Adopted Plan assumes full 24-hour service in Calendar Year 2022 and the outyears.

Ridership Decline and Recovery. On March 24, 2020, the MTA then Chairman, Patrick Foye released an Op-Ed in the New York Times requesting \$4 billion in financial assistance from the Federal Government to make up revenue losses resulting from the decline in ridership due to the COVID- 19 pandemic. At the time of his request, subway ridership had declined 76 percent, buses by 62 percent, MNR by 94 percent, and LIRR by 71 percent. 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; B&T 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.

As of the first week in November 2021, ridership recovery as a percent of pre-pandemic levels was at 55 percent on subways, 64 percent on buses, 40 percent on SR, 52 percent on LIRR and 48 percent on MNR. Traffic on B&T crossings was at 97 percent of the pre-pandemic crossing level. The McKinsey projections anticipate a “new normal” ridership level of between 82% and 91% of pre-pandemic levels by the first quarter of 2024, the result of continuation of hybrid work schedules, with fewer days per week traveling to an office location, increased online shopping at the expense of brick and mortar locations, slower return of tourism, and increases in alternative travel, such as walking and bicycling. B&T traffic is expected to fully recover to its pre-pandemic level by the second quarter of 2022.

MTA 2020-2024 Capital Program

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

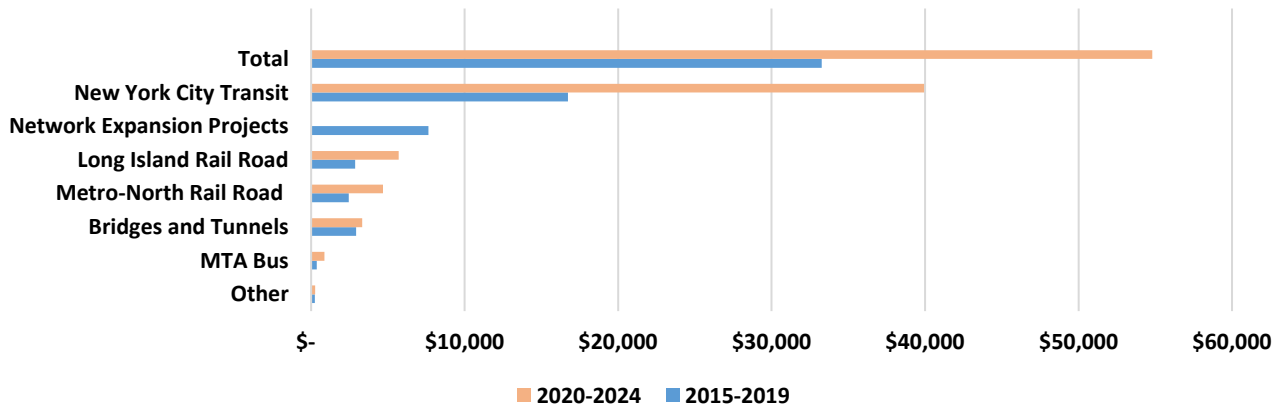
On September 25, 2019, the MTA submitted a proposal for the 2020-2024 Capital Program to the MTA Board, totaling \$54.8 billion. Of the total spending, including for network expansion, \$39.9 billion, or 73 percent, is allocated to New York City Transit, followed by Long Island Railroad at \$5.7 billion (10 percent), Metro-North Railroad at \$4.7 billion (9 percent), Bridges and Tunnels at \$3.3 billion (6 percent), MTA Bus at \$871 million (1.6 percent), and Other at \$254 million (less than one percent). Overall, the 2020-2024 Capital Program is \$21.5 billion greater than the \$33.3 billion 2015-2019 Capital Program, an increase of 65 percent

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 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).

Table 3

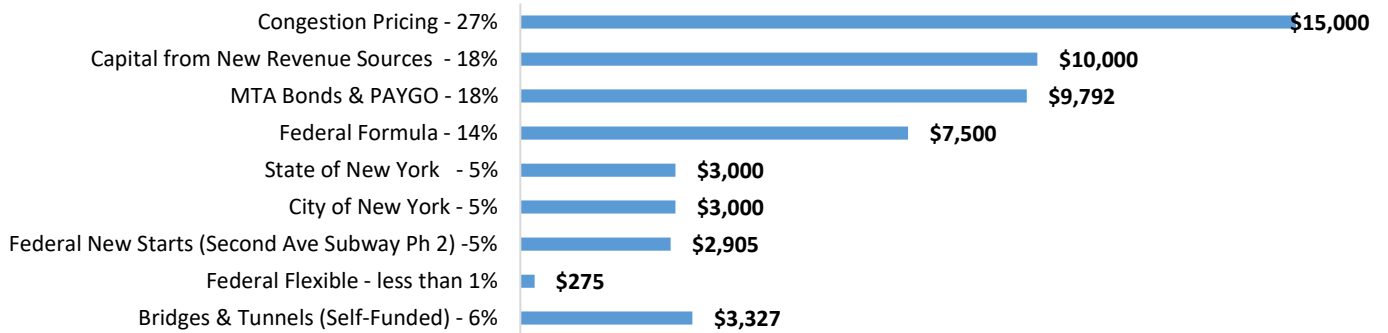
2020-2024 MTA Capital Program Funding Sources
Dollars in Millions

	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

Figure 8

2020-2024 Capital Program by Funding Source
Dollars in Millions



MTA Financial Operations

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

MTA Financial Plan 2021-2025

MTA Consolidated Statement of Operations – Including MTA Bus Company

Non-Reimbursable	2020 Actual	2021 Final Estimate	Adopted Budget 2022	2023 Projected	2024 Projected	2025 Projected
Operating Revenue						
Farebox	\$2,625	\$2,973	\$4,856	\$5,393	\$5,478	\$5,476
Toll Revenue	1,640	2,132	2,257	2,268	2,274	2,295
Other Revenue	4,571	4,774	708	784	810	823
Capital & Other Reimburse.	-	-	-	-	-	-
Total Operating Revenue	\$8,836	\$9,878	\$7,821	\$8,445	\$8,561	\$8,594
Operating Expenses						
Labor Expenses	\$10,068	\$10,413	\$10,895	\$11,306	\$11,703	\$12,173
Non-Labor Expenses	2,961	3,524	4,214	4,237	4,331	4,492
Other Expenses Adjustment	80	32	26	28	23	24
General Reserve	335	-	185	190	195	200
Total Operating Expenses Before Non-Cash Liability Adj.	\$13,443	\$13,968	\$15,320	\$15,761	\$16,253	\$16,889
Depreciation	\$3,010	\$3,140	\$3,142	\$3,208	\$3,256	\$3,305
OPED Liability Adjustment	978	1,576	1,618	1,664	1,701	1,739
GASB 68 Pension Expense Adjustment	(77)	7	51	75	(24)	21
Environmental Remediation	123	6	6	6	6	6
Total Operating Expenses After Non-Cash Liability	\$17,477	\$18,698	\$20,136	\$20,714	\$21,192	\$21,959
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,034)	(\$4,730)	(\$4,817)	(\$4,953)	(\$4,939)	(\$5,071)
Debt Service (excluding Service Contract Bonds)	2,703	2,822	3,111	3,562	3,643	3,756
Total Operation Expense with Debt Service	\$16,146	\$16,791	\$18,431	\$19,323	\$19,895	\$20,645
Dedicated Taxes and State/Local Subsidies	\$6,687	\$7,653	\$8,490	\$8,845	\$9,012	\$9,221
Net Surplus/Deficit After Subsidies and Debt Service	(\$623)	(\$740)	(\$2,119)	(\$2,034)	(\$2,322)	(\$2,830)
Conversion to Cash Basis: GASB Account	\$-	\$-	\$-	\$-	\$-	\$-
Conversion to Cash Basis: All Other	641	(1,240)	373	97	87	(43)
Cash Balance Before Prior-Year Carryover	\$18	(\$500)	(\$1,746)	(\$1,937)	(\$2,235)	(\$2,873)
Adjustments	\$-	\$-	\$1,742	\$1,937	\$2,235	\$2,873
Prior Year Carryover	485	503	3	-	-	-
Net Cash Balance	\$503	\$-	\$-	\$-	\$-	\$-

Numbers may not total due to rounding

Source: MTA 2022 Final Proposed Budget February Financial Plan 2022-2025

New York City Transit Authority

The NYCTA, a subsidiary of the MTA, provides bus and subway service to New York City. The NYCTA is responsible for providing safe, clean, and reliable public transportation services to all persons traveling within the City. The NYCTA employs approximately 47,246 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 2022-2025 (Dollars in Millions)

Non-Reimbursable	2020 Actual	2021 Final Estimate	2022 Adopted Budget	2023 Projected	2024 Projected	2025 Projected
Operating Revenue						
Farebox	\$2,011	\$2,281	\$3,603	\$3,983	\$4,042	\$4,023
Other Revenue	3,196	3,266	518	557	578	597
Capital & Other Reimbursement.	0	0	0	0	0	0
Total Operating Revenue	\$5,207	\$5,547	\$4,121	\$4,540	\$4,620	\$4,620
Operating Expenses						
Labor Expenses	\$6,663	\$6,873	\$7,111	\$7,358	\$7,663	\$8,006
Non-Labor Expenses	1,635	1,723	2,109	2,216	2,249	2,334
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$8,298	\$8,595	\$9,220	\$9,574	\$9,912	\$10,339
Depreciation	\$2,070	\$2,110	\$2,152	\$2,195	\$2,239	\$2,284
Other Post Employment Benefit Liab Adj.	0	0	0	0	0	0
GASB 75 OPEB Expense Adjustment	699	1,232	1,257	1,282	1,308	1,334
GASB 68 Pension Expense Adjustment	(97)	(62)	(63)	(65)	(66)	(67)
Environmental Remediation	116	0	0	0	0	0
Total Operating Expenses	\$11,086	\$11,876	\$12,566	\$12,987	\$13,393	\$13,890
Net Operating Surplus/(Deficit) Before Debt Service	(\$5,878)	(\$6,330)	(\$8,445)	(\$8,447)	(\$8,773)	(\$9,270)
Debt Service	\$1,596	\$1,630	\$1,775	\$2,013	\$2,050	\$2,094
Net Operating Surplus/(Deficit) Including Debt Service	(\$7,474)	(\$7,960)	(\$10,220)	(\$10,460)	(\$10,823)	(\$11,364)
Dedicated Tax, State & Local subsidies	4,435	3,936	4,800	4,864	4,972	5,141
Deficit after Projected Subsidies	(3,039)	(\$6,747)	(\$5,420)	(\$5,596)	(\$5,851)	(\$6,554)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	2,788	3,280	3,346	3,412	3,481	3,551
Net Cash Surplus/(Deficit) 2	(\$251)	(\$3,467)	(\$2,074)	(\$2,184)	(\$2,3706)	(\$3,003)

Source: MTA 2022 Adopted Budget – 2022-2025 February Financial Plan

Budget. As approved by the MTA Board, the NYCTA Operating Budget (non-reimbursable) before depreciation and other post-employment benefits is approximately \$9.2 billion for Calendar Year 2022. Of that amount, approximately \$7.1 billion is for labor costs and \$2.1 billion is for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$2.2 billion and other post-employment benefit expenses of \$1.2 billion, including pension expenses reduction adjustment of \$63 million. The budget funds 47,246 positions, of which 154 are full-time equivalent.

Operating Revenue/Expense Projections. The NYCTA projects \$4.1 billion in operating revenues for Calendar Year 2022, primarily derived from farebox revenues of \$3.6 billion and other revenues of \$518 million. These funds will support the NYCTA's proposed expenditures of \$9.2 billion, excluding debt service, depreciation, and other post-employment benefits, in 2022.

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 \$2.8 billion in 2022, which is \$341.9 million greater than the Final 2021 estimate and \$843.6 million greater than in 2020. 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 Payroll Mobility Tax and MTA Aid going to NYCTA are projected to be \$1.1 billion in Calendar Year 2022, a \$127.5 million decrease from the Final 2021 estimate of \$1.2 billion and a \$88.1 million decrease from the \$1.2 billion tax revenue collected in 2020. In 2012, the State Legislature passed a law granting the City authorization to establish a "Hail accessible interborough licenses" (HAIL licenses) for livery cabs to provide hail services in certain underserved areas of the City. After overcoming legal challenges, the law was implemented during the second half of 2013, and is anticipated to result in increased MTA Aid revenue for the Authority as the City phases in the additional vehicles.

Paratransit. Pursuant to a 1993 agreement with the MTA, the City has historically paid 33 percent of the "net operating expenses" limited to no more than a 20 percent increase from the amount the City paid in the prior year. The MTA has pointed out that Paratransit registrants, ridership, and net operating deficits have significantly increased, growing from \$11 million in 1994 to \$549 million in 2019. Under the terms of the agreement, in 2019 for instance, the City paid \$176.4 million leaving NYCTA to pay \$371.9 million. As such, in 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 impacts the City's budget by more than \$100 million annually. Total paratransit expenses are expected to be \$365 million in Calendar Year 2021 and \$424 million in Calendar Year 2022, offset by \$182.5 million and \$212 million from the City's reimbursement in 2021 and 2022, respectively.

State Subsidies. For Calendar Year 2022, 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 of more than \$3.6 billion (including the Payroll Mobility Tax) expected in 2022.

For-Hire Vehicle Surcharge. For Calendar Year 2022, NYCTA anticipates receiving \$338.8 million from the For-Hire Vehicle Surcharge. This is \$115.6 million greater than collected in 2020, 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.

The City's Contribution. For Calendar Year 2022, the City's contribution to the MTA, excluding capital commitments, is approximately \$1 billion. Estimated City subsidies include the following: \$101 million for the NYCTA school fare and the elderly and disabled subsidy; \$215.4 million for paratransit reimbursement; \$158.1 million to match State Operating Assistance; \$473.8 million for MTA bus subsidy; \$33 million City subsidy for SIRTOA; and \$181 million for the maintenance and operation of LIRR and Metro North Railroad stations in the City.

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 2022-2025 (Dollars in Millions)

Non-Reimbursable	2020 Actual	2021 Final Estimate	2022 Adopted Budget	2023 Projected	2024 Projected	2025 Projected
Operating Revenue						
Farebox	\$95	\$133	\$179	\$194	\$197	\$197
Other Revenue	343	327	20	20	22	23
Capital & Other Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenue	\$438	\$460	\$199	\$214	\$219	\$220
Operating Expenses						
Labor Expenses	\$618	\$623	\$658	\$655	\$662	\$668
Non-Labor Expenses	133	255	266	265	270	276
Other Expenses Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses Before Depreciation, OPEB & ER 1	\$751	\$879	\$924	\$919	\$931	\$944
Depreciation	\$45	\$55	\$56	\$56	\$56	\$56
Other Post Employment Benefit Liab Adj.	-	-	-	-	-	-
GASB 75 OPEB Expense Adjustment	50	70	80	90	93	96
GASB 68 Pension Expense Adjustment	(12)	50	55	63	48	58
Environmental Remediation	1	-	-	-	-	-
Total Operating Expenses	\$838	\$1,054	\$1,115	\$1,128	\$1,128	\$1,153
Net Operating Surplus/(Deficit) Before Debt Service	(\$400)	(\$594)	(\$916)	(\$914)	(\$910)	(\$934)
Debt Service	\$2	\$10	\$29	\$40	\$42	\$43
Net Operating Surplus/(Deficit) Including Debt Service	(\$402)	(\$604)	(\$945)	(\$954)	(\$952)	(\$977)
Dedicated Tax, State & Local subsidies	\$354	\$455	\$474	\$531	\$547	\$590
Deficit after Projected Subsidies	(48)	(\$149)	(\$471)	(\$423)	(\$405)	(\$387)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$84	\$175	\$191	\$209	\$197	\$210
Net Cash Surplus/(Deficit) 2	\$36	\$26	(\$280)	(\$214)	(\$208)	(\$177)

Source: MTA 2022 Adopted Budget – 2022-2025 February Financial Plan

Operating Revenue/Expense Projections. The MTABC projects \$199 million in operating revenues for Calendar Year 2022, primarily derived from farebox revenues of \$179 million and other revenues of \$20million. These funds will support the MTABC’s proposed expenditures of \$1.1 billion, excluding debt service, depreciation, and other post-employment benefits, in 2022.

MTA Staten Island Railway (SIR)

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

MTA Staten Island Railway (SIR) Financial Plan 2022 – 2025

Non-Reimbursable	2020 Actual	2021 Final Estimate	2022 Adopted Budget	2023 Projected	2024 Projected	2025 Projected
Operating Revenue						
Farebox	\$2	\$2	\$4	\$5	\$6	\$6
Other Revenue	24	33	3	3	2	2
Capital & Other Reimbursement.	-	-	-	-	-	-
Total Operating Revenue	\$27	\$35	\$7	\$8	\$8	\$8
Operating Expenses						
Labor Expenses	\$46	\$53	\$55	\$57	\$56	\$59
Non-Labor Expenses	11	17	14	14	14	15
Other Expenses Adjustments	-	-	-	-	-	-
Operating Expenses Before Depreciation, OPEB & ER 1	\$57	\$70	\$69	\$70	\$71	\$74
Depreciation	\$11	\$12	\$12	\$18	\$18	\$18
Other Post Employment Benefit Liab Adj.	-	-	-	-	-	-
GASB 75 OPEB Expense Adjustment	3	4	2	2	2	2
GASB 68 Pension Expense Adjustment	-	1	2	3	1	2
Environmental Remediation	1	-	-	-	-	-
Total Operating Expenses	\$71	\$87	\$85	\$92	\$91	\$95
Net Operating Surplus/(Deficit) Before Debt Service	(\$45)	(\$52)	(\$78)	(\$84)	(\$83)	(\$87)
Debt Service	-	\$3	\$11	\$14	\$16	\$16
Net Operating Surplus/(Deficit) Including Debt Service	(\$45)	(\$55)	(\$89)	(\$98)	(\$99)	(\$103)
Dedicated Tax, State & Local subsidies	\$45	\$25	\$41	\$61	\$62	\$60
Deficit after Projected Subsidies	-	(\$30)	(\$48)	(\$37)	(\$37)	(\$43)
Conversion to Cash						
Depreciation, OPEB, GASB & ER Adj.	\$15	\$17	\$16	\$23	\$21	\$22
Net Cash Surplus/(Deficit) 2	\$15	(\$13)	(\$32)	(\$14)	(\$16)	(\$21)

Source: MTA 2022 Final Proposed Budget November Financial Plan 2022-2025 Vol 2

Operating Revenue/Expense Projections. The SIR's operating revenue for Calendar Year 2022 is projected to be \$7 million, which includes farebox revenue of \$5 million and other operating revenue of \$3 million. The budget projects expenses before depreciation and other post-employment benefits of \$69 million. These expenses include \$55 million in labor costs and \$14 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$12 million. In addition, there is a pension expense reduction adjustment of \$4 million.