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Metropolitan Transportation Authority

# July 2024 Financial Plan Presentation

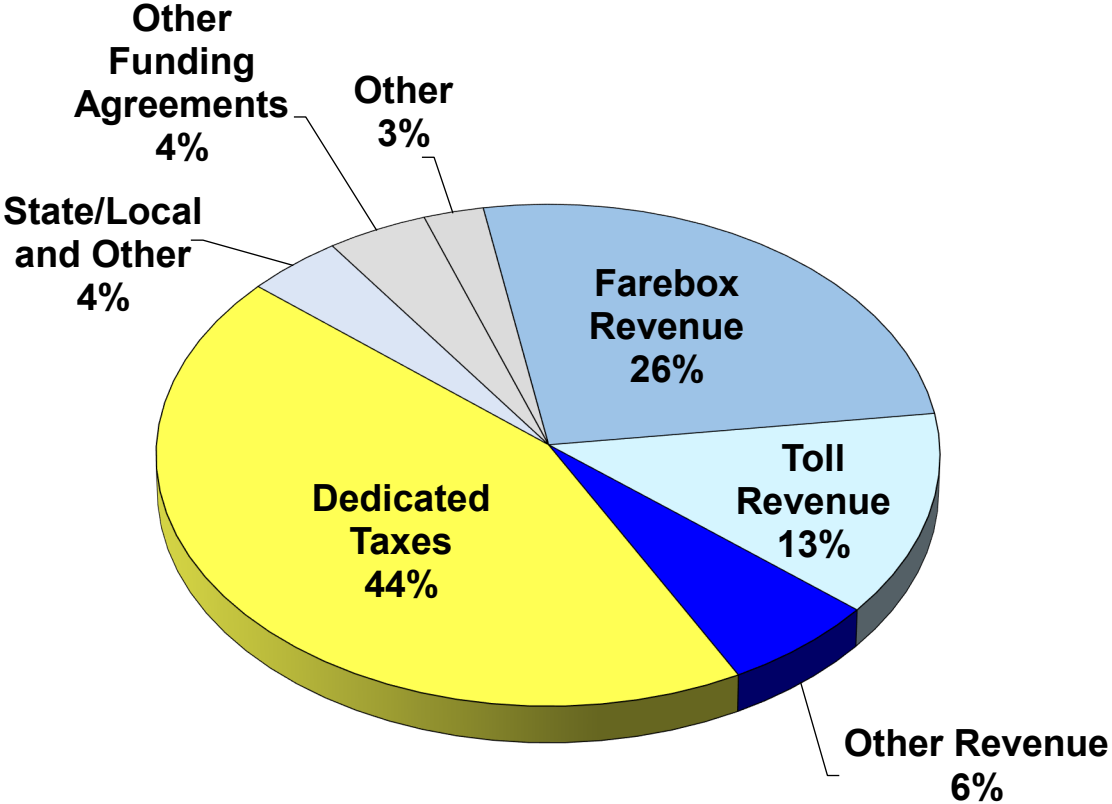
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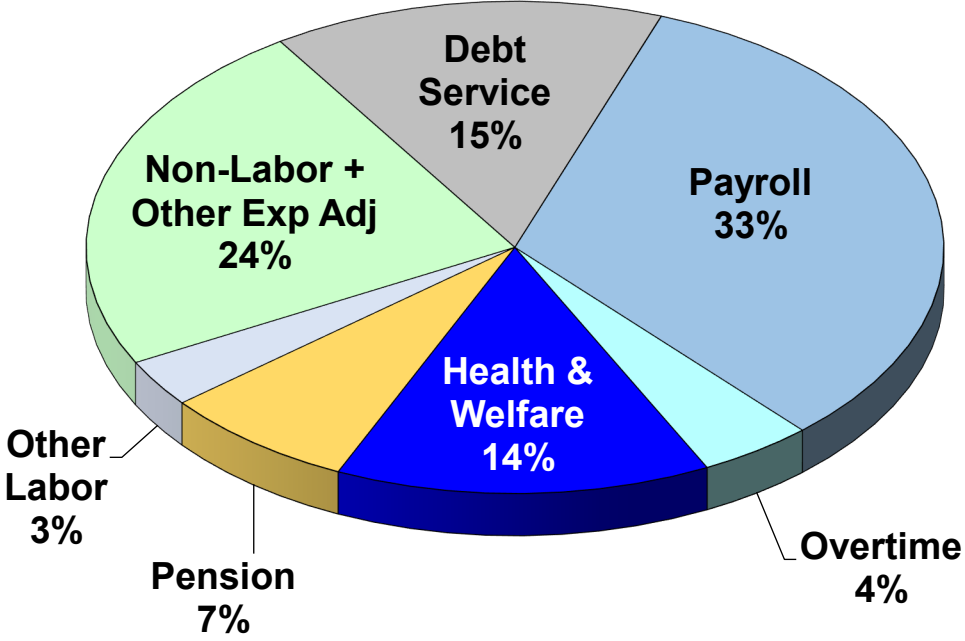


# MTA's approved 2024 budget is \$19.3 billion

*Where the dollars come from...*



*Where the dollars go...*



Note: After below-the-line adjustments. Shown on non-reimbursable and accrual basis.  
 Farebox Revenue represented 38% of funding in 2019.



# Budget results for first six months of 2024

- 2024 **first half** overall operating revenue and expenses are modestly better than budget by 0.7% and 1.1%, respectively

## Revenues

- Subway and bus revenue below budget by 5.5% primarily due to fare evasion
- Commuter rail revenue better than budget driven by MNR at 10% above budget
- B&T revenues better than budget by 4% due to greater traffic on bridges and tunnels
- Dedicated tax receipts are below budget by 5.5% - continued decline in real estate related taxes in the MTA region

## Expenses

- Overall operating expenses below budget by 1.1%
  - Operating efficiencies of over \$400 million on target to be delivered

# July Financial Plan update...the bottom line

	2024	2025	2026	2027	2028
<b>Current financial plan forecasted deficit</b>	\$0	\$0	\$0	\$0	-
<b>New financial plan forecasted deficit</b>	\$0	\$0	\$0	(\$428M)	(\$469M)

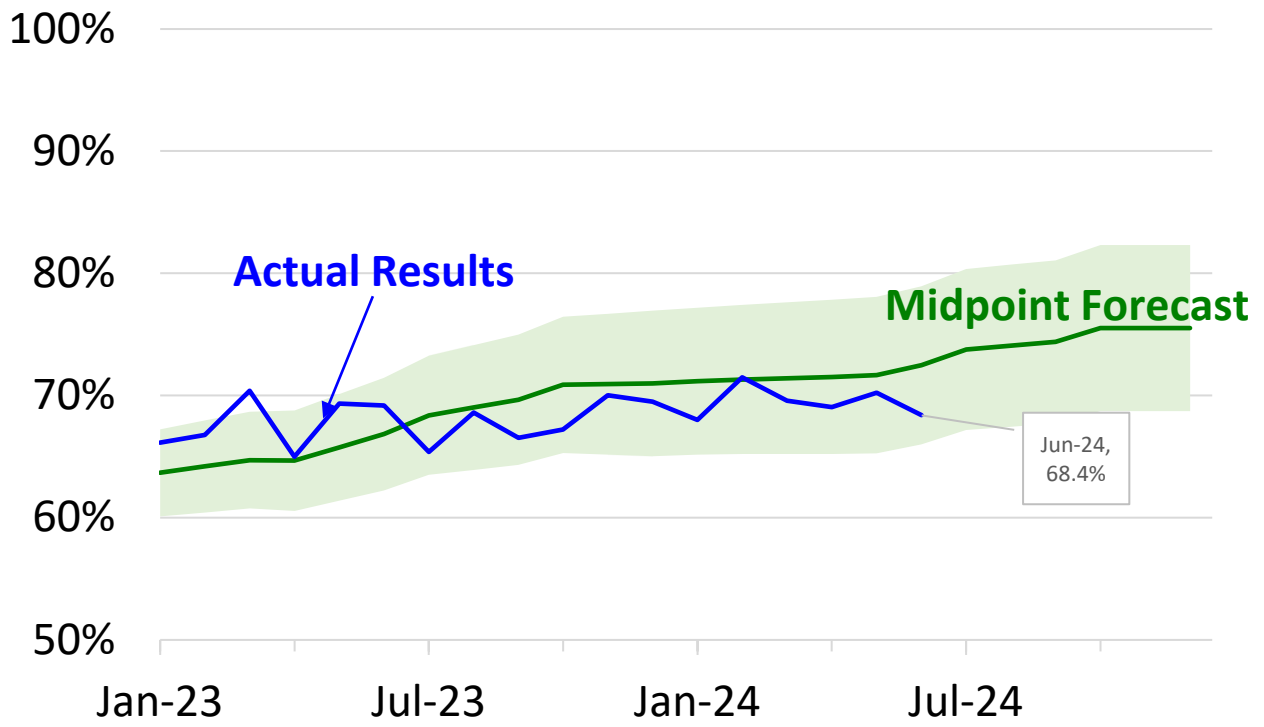
Major contributors to deficits:

- Lower projected subway and bus fare revenue
- Lower real estate related taxes

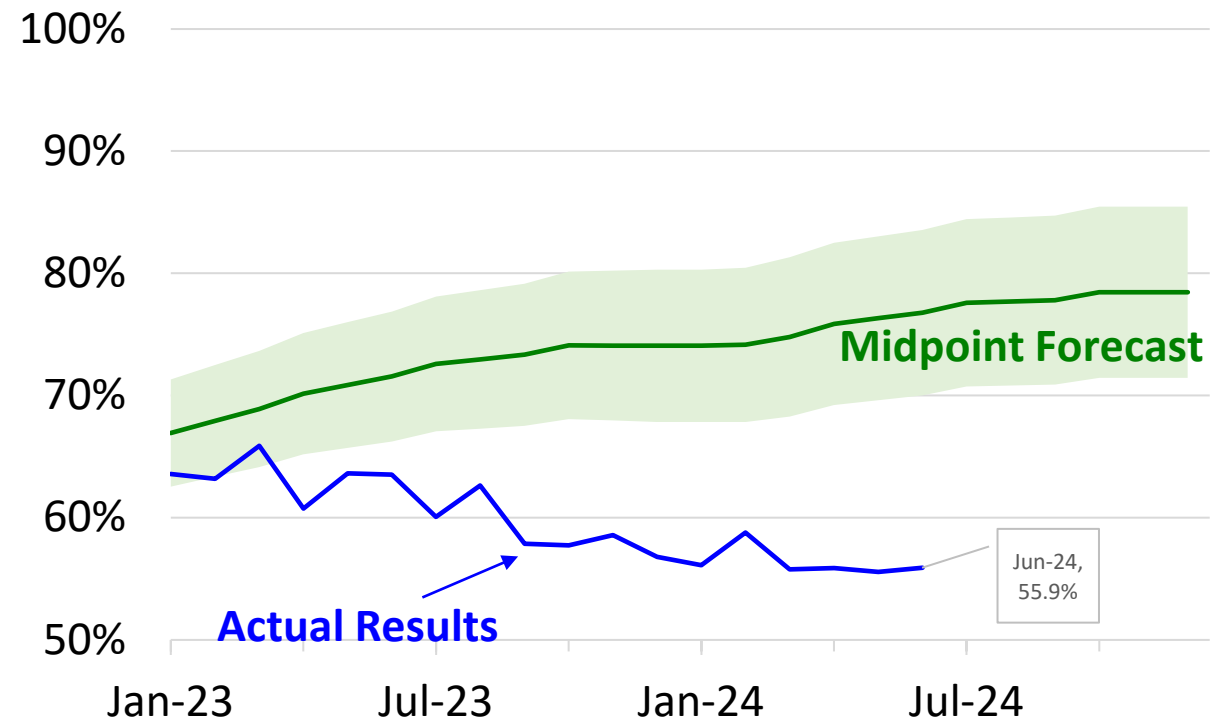
# Paid ridership at NYCT Bus has been meaningfully below forecast

## Paid Ridership, % of 2019

### Subways



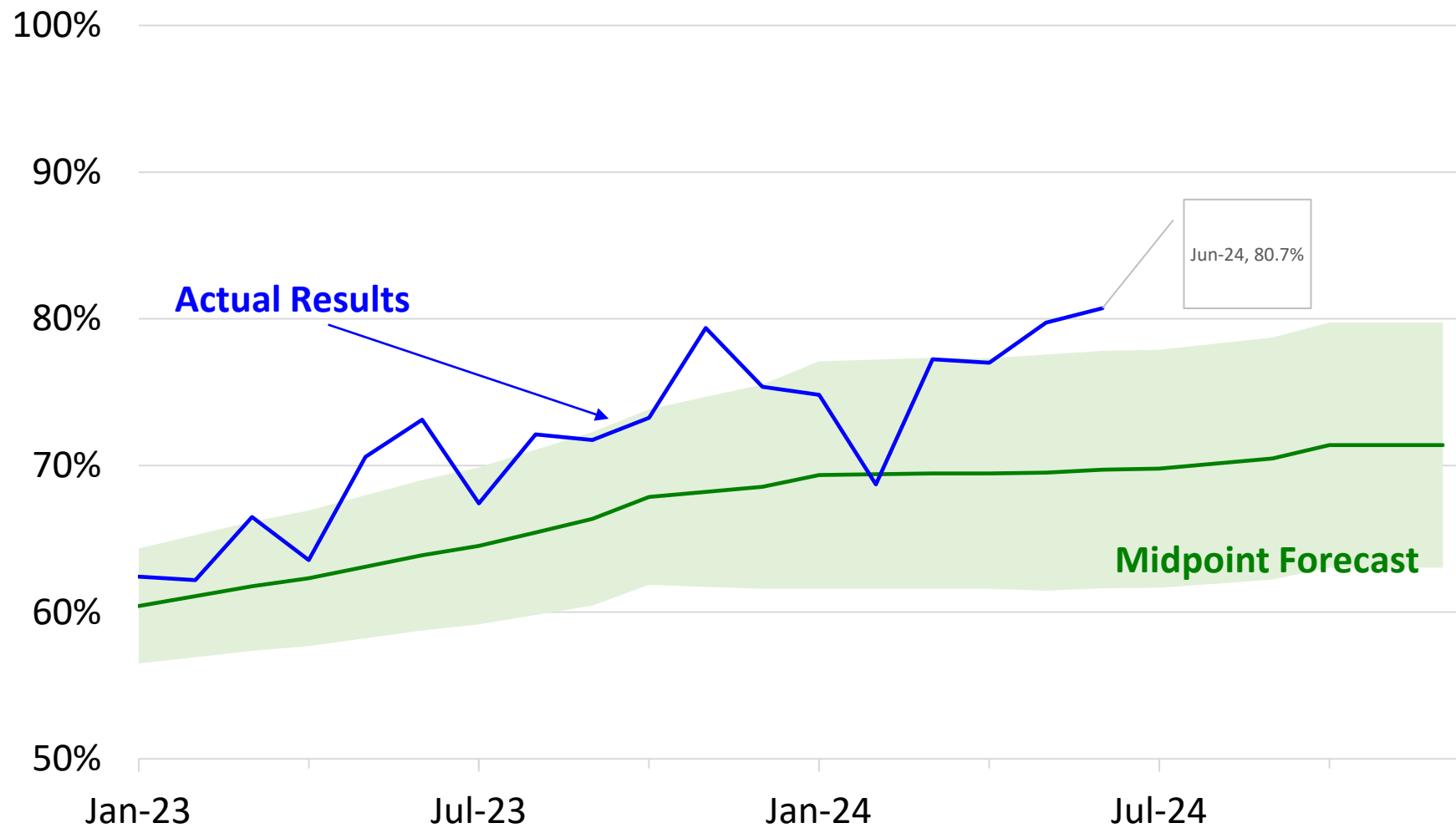
### NYCT Bus



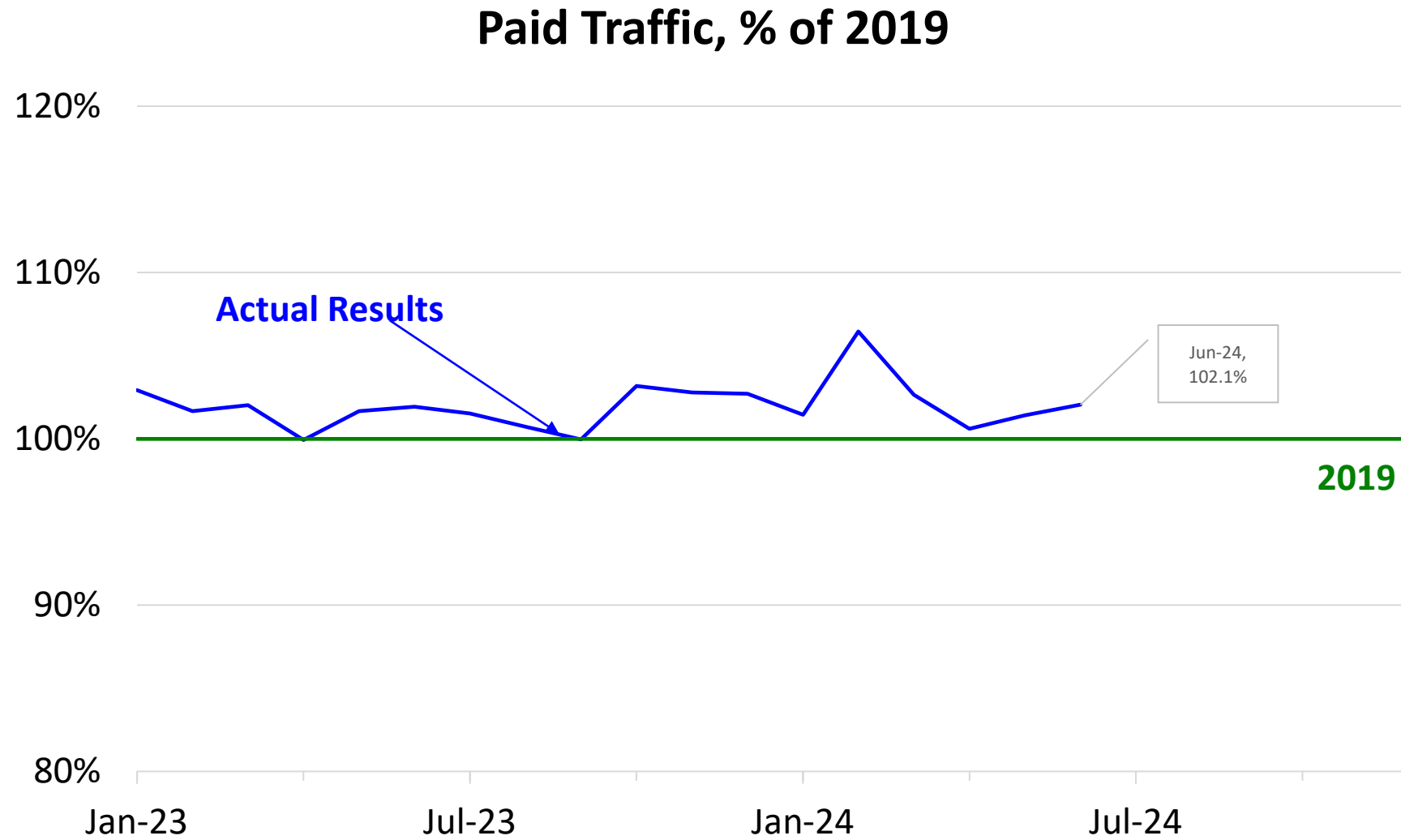
# Paid ridership at the railroads has been above forecast

## Paid Ridership, % of 2019

### Commuter Railroads

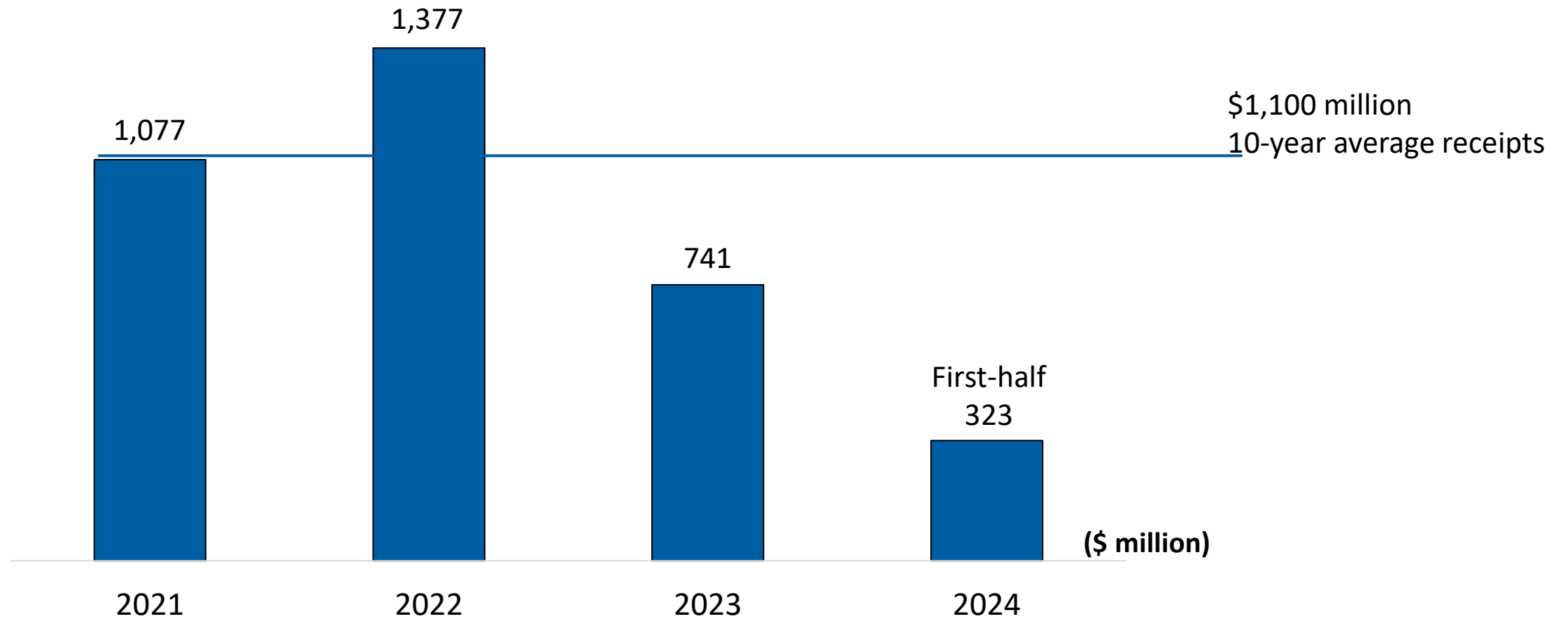


# Bridges and Tunnels paid traffic has been strong



# Real estate related taxes continue to decline

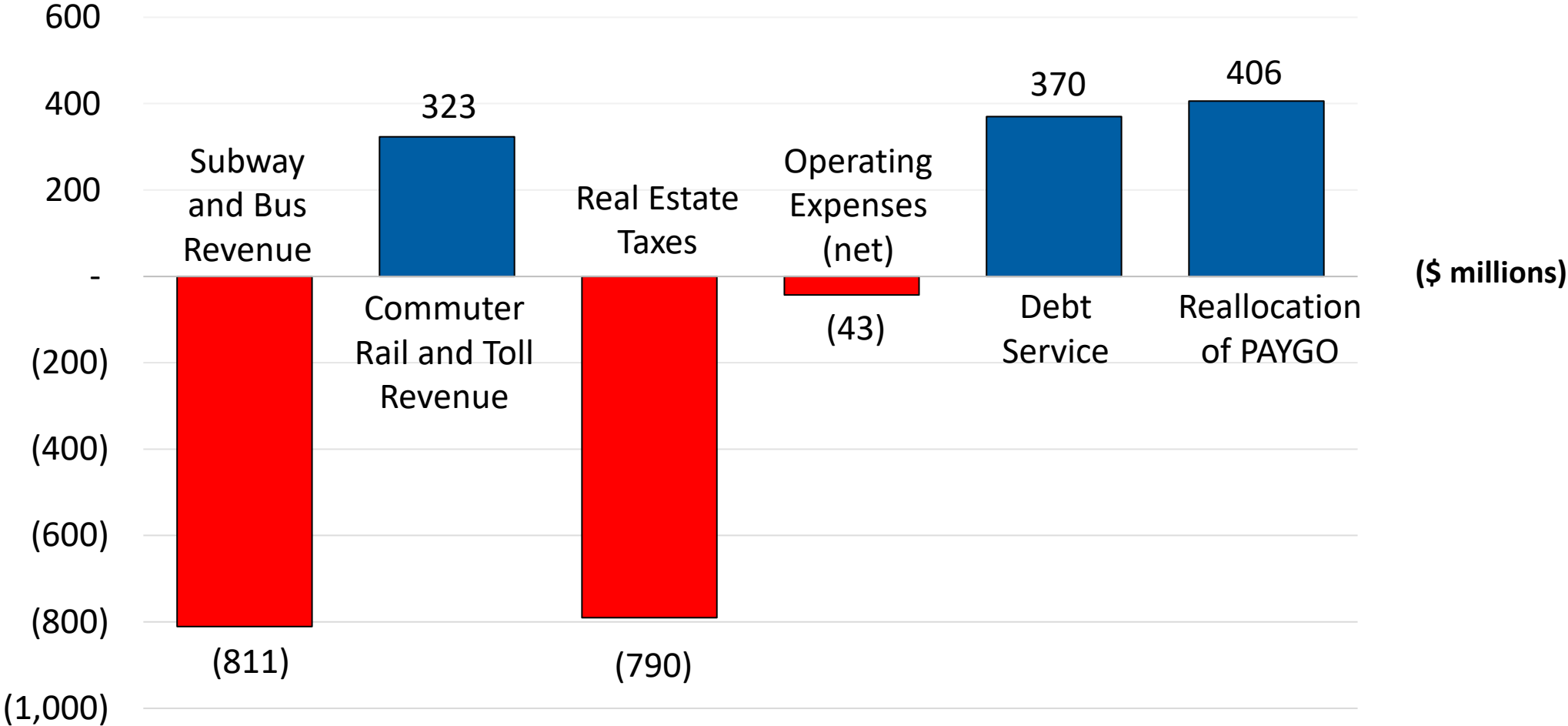
## Actual Mortgage Recording Tax and Urban Tax Revenue





# Major contributors to projected deficits (2024-2027)

Cumulative change through 2027



# Annual forecasted changes in operating budget

## February Plan to July Plan Change (\$ millions)

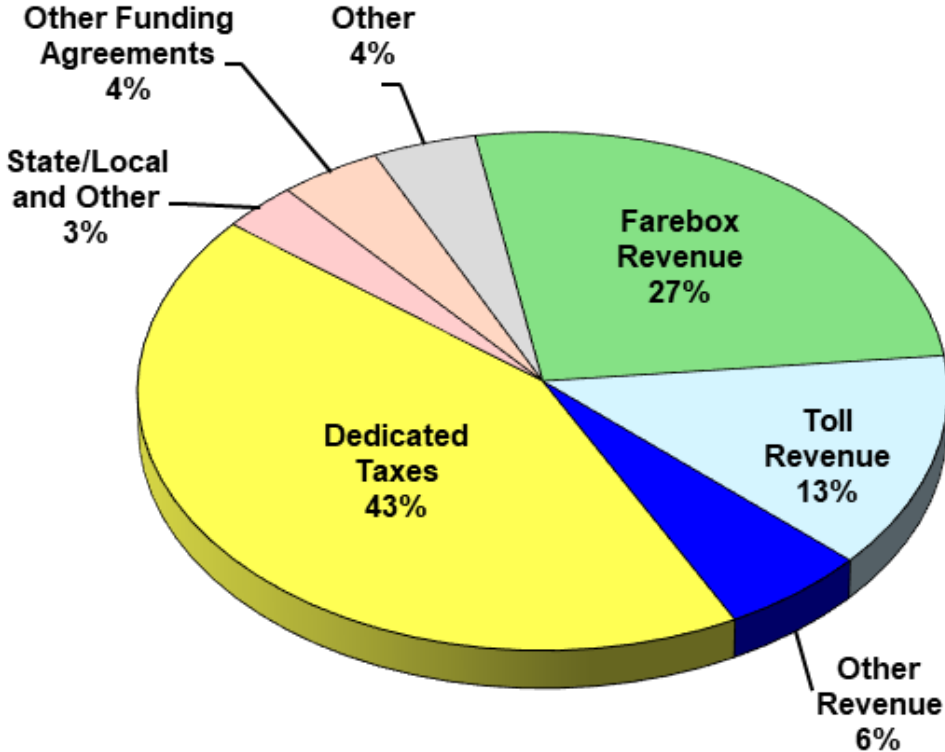
	2024	2025	2026	2027	Additional Forecast Year 2028
<b>Projected deficits in current financial plan</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Subway and bus farebox revenue	(130)	(268)	(206)	(207)	
Commuter rail farebox revenue	26	27	28	33	
Toll revenue	50	52	53	54	
Other revenue and paratransit reimbursement	82	70	80	85	
<i>Subtotal Change in Operating Revenue</i>	<i>28</i>	<i>(119)</i>	<i>(44)</i>	<i>(35)</i>	
Real estate related taxes	(340)	(273)	(178)	1	
Other taxes and subsidies	(77)	(95)	87	82	
<b>Total Change in revenue</b>	<b>(389)</b>	<b>(487)</b>	<b>(135)</b>	<b>48</b>	
Operating Expense*	(132)	48	15	26	
All Other, Timing and Cash Adjustments**	(294)	70	(9)	(148)	
Debt Service	156	137	12	65	
Reallocation of PAYGO to Operating	109	232	65	1	
<b>Total change in expenses and other uses</b>	<b>(161)</b>	<b>487</b>	<b>83</b>	<b>(56)</b>	
Timing adjustment of available subsidy funds to balance budget through 2026	549	0	52	(419)	
<b>New Projected Deficits</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(428)</b>	<b>(469)</b>

\*Excludes 2023/24 timing, Automated Camera Enforcement and Bridge rebates

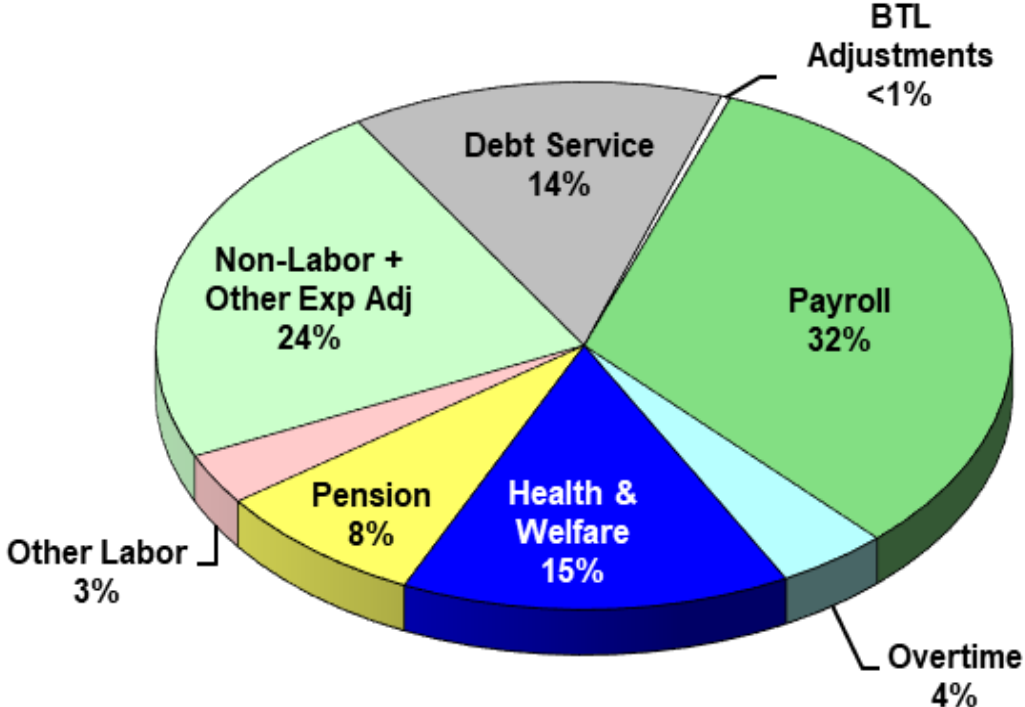
\*\* Includes adjustments for 2023/24 timing Automated Camera Enforcement and Bridge rebates and other

# MTA's preliminary 2025 budget is \$19.9 billion

*Where the dollars come from...*



*Where the dollars go...*

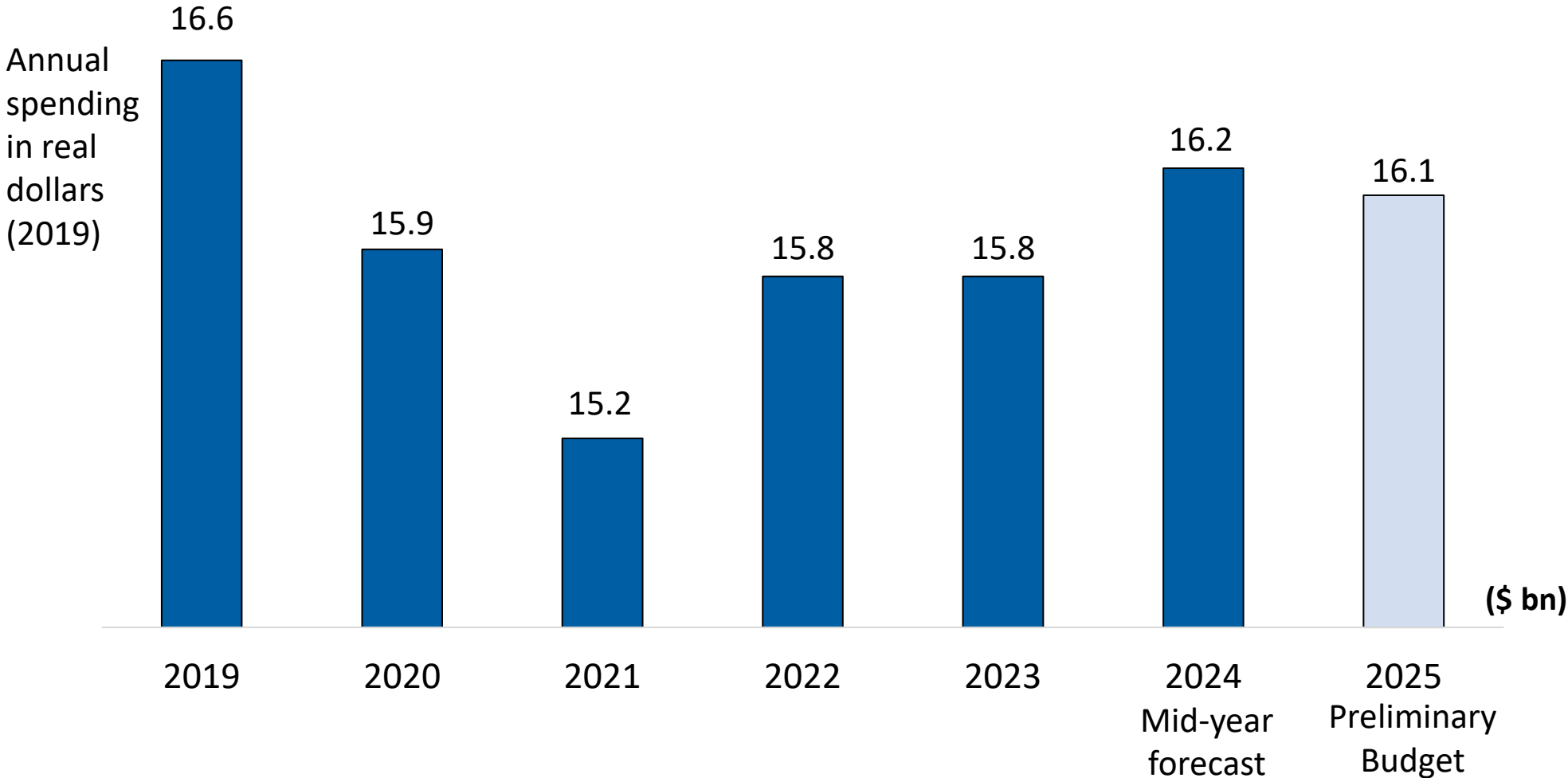


Note: After below-the-line adjustments. Shown on non-reimbursable and accrual basis. Farebox Revenue represented 38% of funding in 2019.



# MTA continues to contain expense growth below the rate of inflation

3% reduction in inflation-adjusted spending since 2019

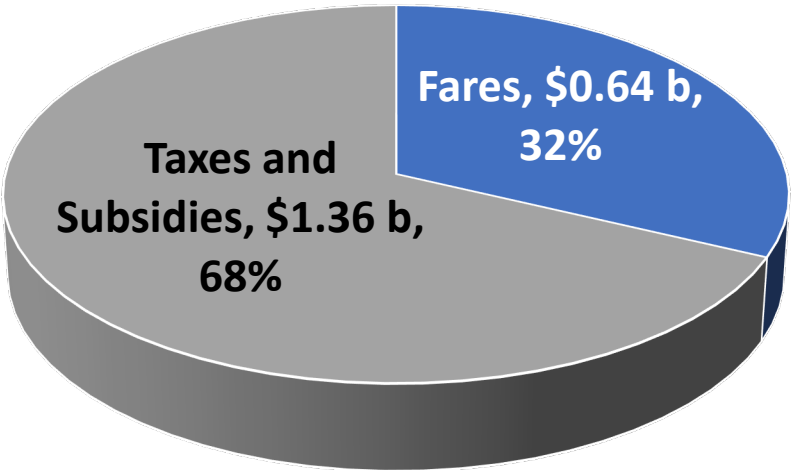


# Dedicated taxes and subsidies fund a large portion of operations

**NYCT's \$10.2 billion operating costs funded by:**



**LIRR's \$2.0 billion operating costs funded by:**



**MNR's \$1.6 billion operating costs funded by:**



Based on first half of 2024 results

Note: Cash basis, excludes debt service and MTA HQ cost allocation.



## Other significant assumptions in the July Plan

- 4% fare and toll increase assumed in 2025 and 2027
- Casino revenue of \$500 million per year starting in 2026
- MTA will continue to grow operating efficiency savings to \$500 million in 2025 and beyond
- Impact of congestion pricing pause beyond 2024 has not been included in operating budget forecast

# Risks to the operating budget from congestion pricing pause

## Pause not lifted or replacement revenue not provided

<u>Acceleration into financial plan period (non-recurring)</u>	<u>Potential timing</u>	<u>Potential impact</u>
Debt - requires MTA to issue previously authorized bonds earlier	Costs previously expected in 2030 could begin in 2027	\$300M
<b><u>Short-term labor expense shift (non-recurring)</u></b>		
Capital to operating shift of employees with no capital work	One-time costs second half of 2025 into 2026	\$100 - \$200M
<b><u>Operating maintenance costs (recurring)</u></b>		
Bus fleet delay	Requires maintaining buses starting in second half of 2025 into outyears	\$50 – \$150M
Commuter railroad fleet delay	Requires maintaining locomotives starting in 2025 into outyears	\$20M
State of good repair deferral	Increased need for defect repairs, upgrades, emergency response teams, on-call contracts starting in 2026	\$90M
<b><u>Loss of congestion pricing benefits (recurring)</u></b>		
Increased ridership of 1.25% on public transportation	Annual revenue projected in 2025	\$70M
Faster bus speeds on routes that serve the zone	Schedules adjusted second half of 2025	\$10M



# 2024 operating efficiency savings continue to progress

## **NYCT: On track to achieve most of \$300M in savings for 2024**

- Employee availability and overtime remain at risk
- 17 initiatives introduced to ensure 2024 targets are met

## **LIRR: On track to achieve all \$60M in savings for 2024**

- Overtime spending is within reduced budget
- New initiatives being finalized for 2025 and to backfill 2024 as needed

## **Metro-North: On track to achieve all \$40M in savings for 2024**

- Doing business differently through process, accountability, data, and change management that are being institutionalized
- New initiatives will be added to yield additional \$13M



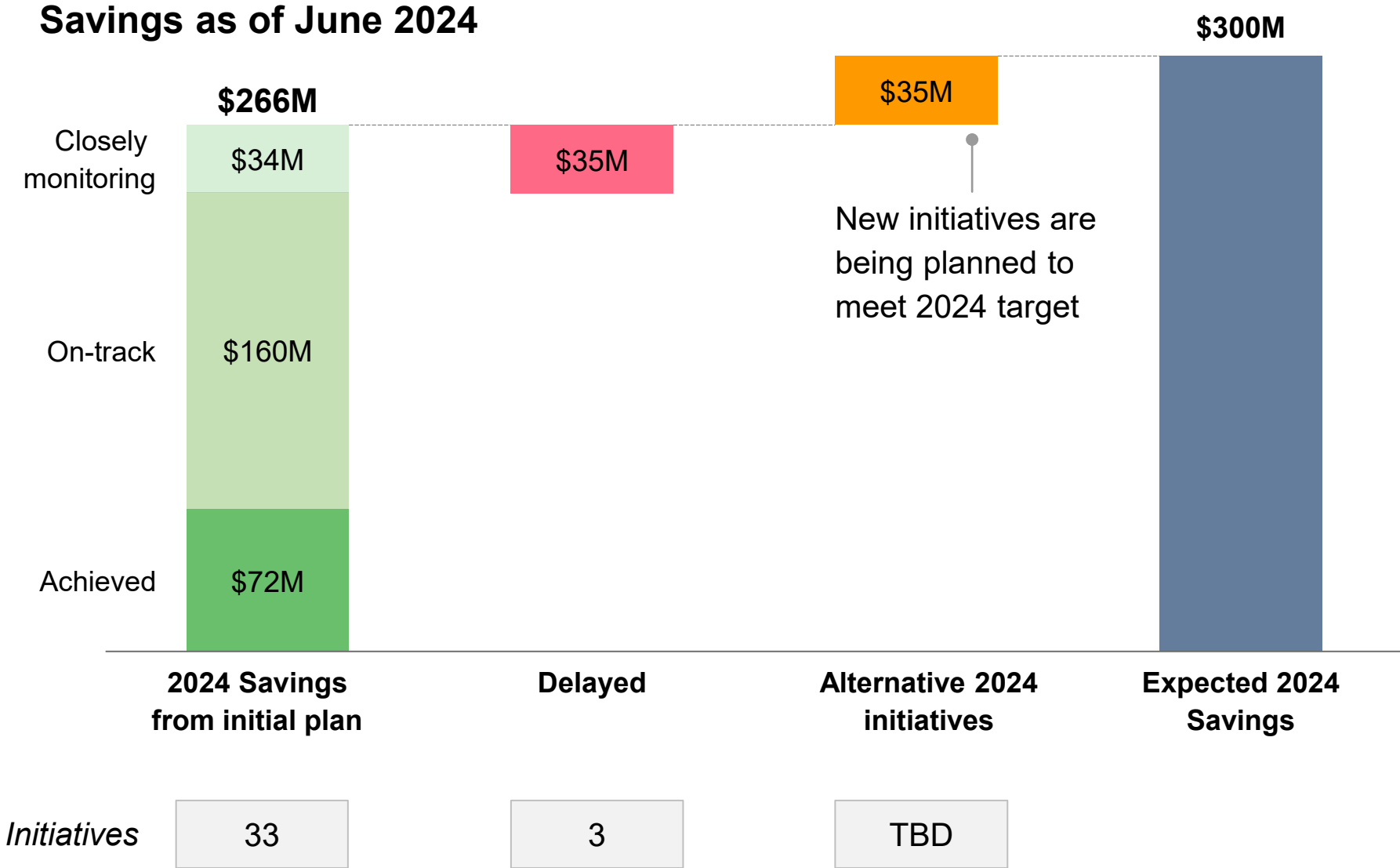


# NYCT is on track to meet \$266M in savings

**\$266M** of the **\$300M** savings identified in the November Plan are on track

- While **~\$35M** of initial plan will not be realized in 2024, long-term savings are expected
- Availability is the largest risk factor

To ensure the 2024 targets are met, NYCT is pursuing **\$35M** in additional initiatives

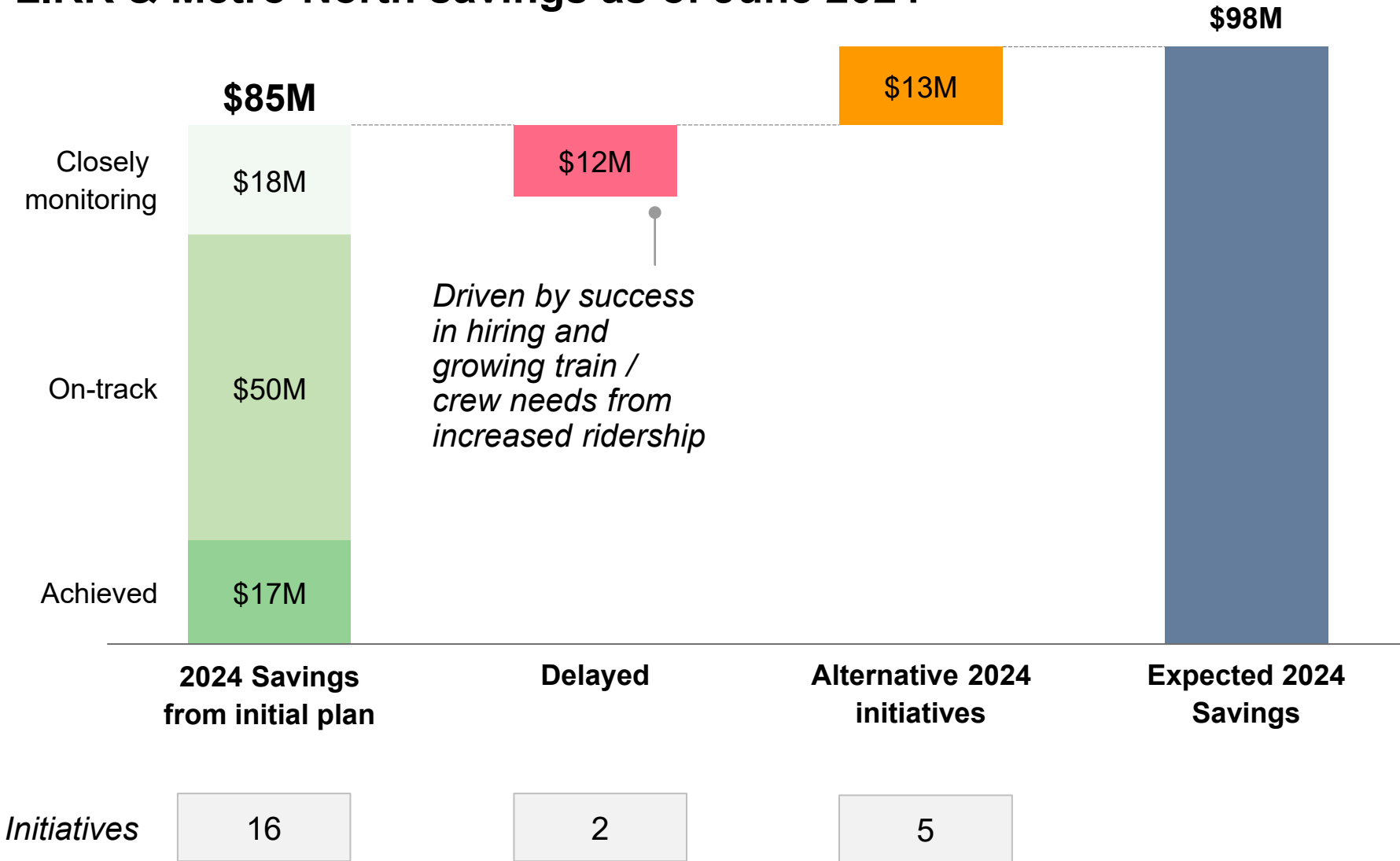


# LIRR and MNR are on track to achieve \$100M in total savings

Both LIRR and MNR are expecting to meet their full **\$60M** and **\$40M** obligations, respectively

- LIRR’s main risk is MoE overtime, which is being closely monitored
- MNR reducing **\$13M** in operating funded capital to meet the commitment

**LIRR & Metro-North savings as of June 2024**



# Risks to the financial plan

Assumption	Risk	Potential Annual Cost
Continued paid ridership recovery	Slower progress in reducing fare evasion	(\$325 million) for 5% lower recovery
MTA operating efficiencies	Additional savings in 2025	(\$70 to \$75 million)
Dedicated tax receipts	Slower economy / no real estate recovery	(\$250 to \$750 million)
Casino revenue	Timing slower than anticipated	(\$500 million) in 2026-28
Congestion pricing	Pause not lifted or replacement revenue not provided	Recurring and non-recurring costs
2025-29 Capital Program	Capital program funding is overly reliant on additional MTA debt	Higher fares or reduced service

