



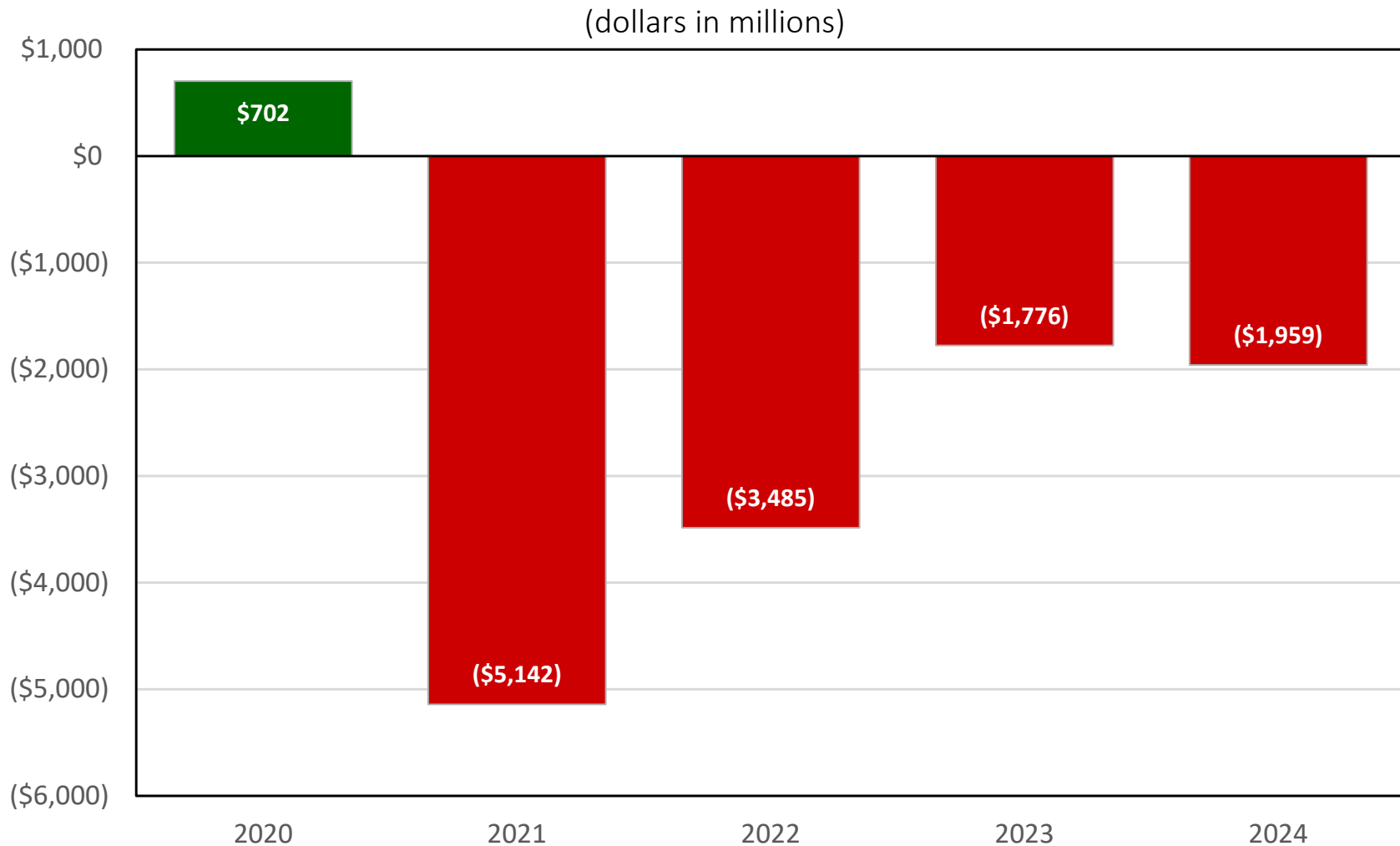
**MTA 2021 Final Proposed Budget  
November Financial Plan 2021 – 2024**

**Presentation to the MTA Board**

**November 18, 2020**



The July Plan assumed receipt in 2020 of \$3.9 billion in HEROES Act funding, but still projected cumulative 2021-2024 deficits of \$12.4 billion





## What has changed since the July Plan?

(dollars in millions)

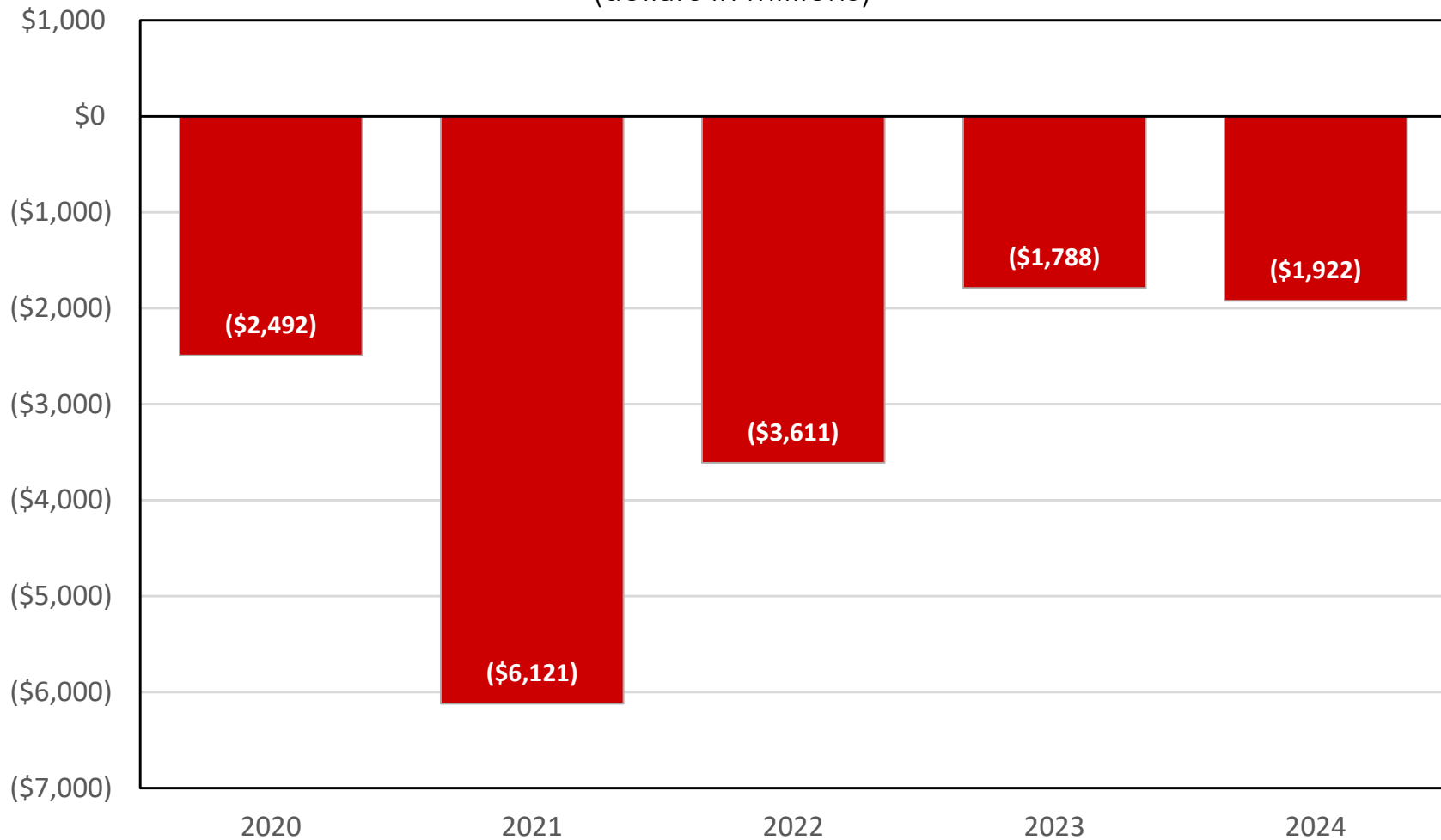
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Plan Total</u>
<b>July Plan <sup>1</sup></b>	<b>\$702</b>	<b>(\$5,142)</b>	<b>(\$3,485)</b>	<b>(\$1,776)</b>	<b>(\$1,959)</b>	<b>(\$11,661)</b>
HEROES Act funds not received	(\$3,900)	\$0	\$0	\$0	\$0	(\$3,900)
Re-Estimates:						
Agencies:						
Revenues	319	0	0	0	0	319
Non-Labor	295	(169)	(180)	(127)	(70)	(251)
Vacancies	66	0	0	0	0	66
Subsidies	(4)	(160)	(32)	33	40	(123)
Debt Service	31	52	87	85	84	338
Change in Prior Year Cash Balance	0	(702)	0	0	0	(702)
<b>Preliminary November Financial Plan</b>	<b>(\$2,492)</b>	<b>(\$6,121)</b>	<b>(\$3,611)</b>	<b>(\$1,785)</b>	<b>(\$1,905)</b>	<b>(\$15,914)</b>

1 Reflects 4% fare and toll increases in 2021 and 2023.



# Preliminary November Financial Plan projects cumulative deficits of \$15.9 billion

(dollars in millions)





## Deficit reduction actions implemented or identified

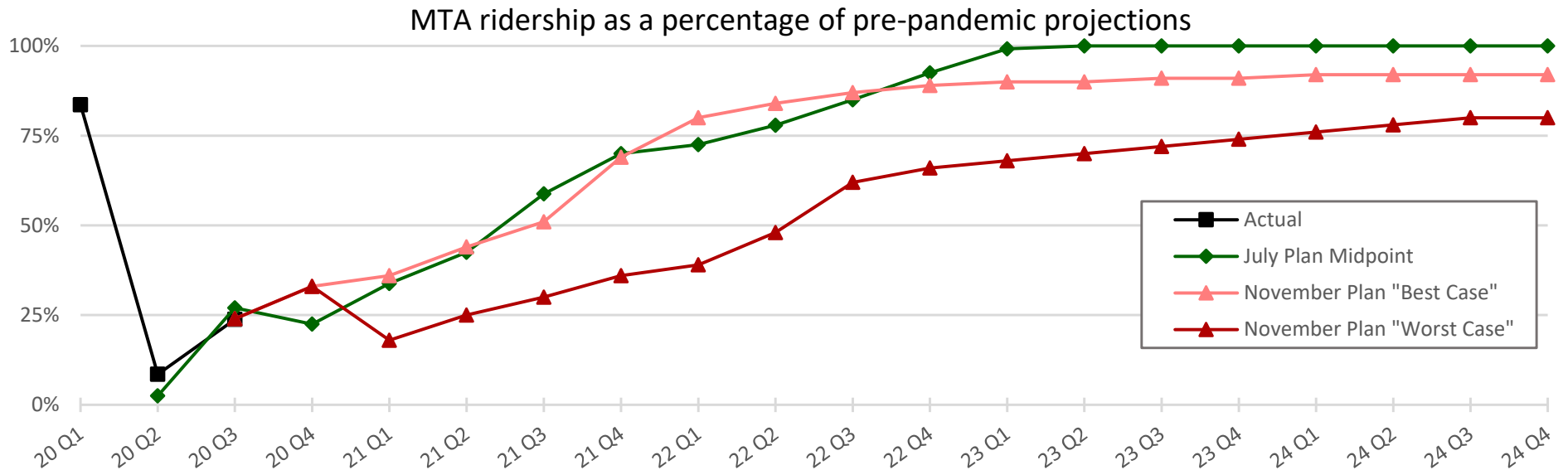
(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Plan Total</u>
<b>Preliminary November Financial Plan <sup>1</sup> [see Slide 3]</b>	<b>(\$2,492)</b>	<b>(\$6,121)</b>	<b>(\$3,611)</b>	<b>(\$1,785)</b>	<b>(\$1,905)</b>	<b>(\$15,914)</b>
Additional Savings Actions (see Appendix)	259	601	498	466	461	2,285
Direct Capital Lockbox to Operating	424	476	0	0	0	900
Direct Committed to Capital to Operating	187	181	120	114	0	602
Use OPEB Trust Fund for Current OPEB Expense	337	0	0	0	0	337
COVID FEMA Reimbursement	0	220	0	0	0	220
2020 General Reserve	<u>170</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>170</u>
<b>Sub-Total</b>	<b>\$1,377</b>	<b>\$1,477</b>	<b>\$618</b>	<b>\$580</b>	<b>\$461</b>	<b>\$4,514</b>
MLF Deficit Borrowing	2,900	0	0	0	0	2,900
Debt service on MLF Borrowing (take out with 2023 bonds)	0	0	0	(143)	(143)	(286)
Change in Prior Year Cash Balance	0	1,785	0	0	0	1,785
<b>Preliminary November Financial Plan</b>	<b>\$1,785</b>	<b>(\$2,858)</b>	<b>(\$2,993)</b>	<b>(\$1,348)</b>	<b>(\$1,587)</b>	<b>(\$7,001)</b>

1 Reflects 4% fare and toll increases in 2021 and 2023.



## The May 1 McKinsey analysis is being updated, and preliminary results are more pessimistic <sup>1</sup>



(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Change from July Plan Midpoint to November Plan Midpoint	\$0	(\$849)	(\$849)	(\$1,329)	(\$1,043)
Change from July Plan Midpoint to November Plan "Worst Case"	\$0	(\$1,613)	(\$1,899)	(\$2,009)	(\$1,519)
<hr/>					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Preliminary November Financial Plan [see Slide 5]</b>	<b>\$1,785</b>	<b>(\$2,858)</b>	<b>(\$2,993)</b>	<b>(\$1,348)</b>	<b>(\$1,587)</b>
"Worst Case" Adjustment to Farebox Revenue Forecasts <sup>2</sup>	0	(1,613)	(1,899)	(\$2,009)	(\$1,519)
<b>Preliminary November Financial Plan ("Worst Case")</b>	<b>\$1,785</b>	<b>(\$4,471)</b>	<b>(\$4,892)</b>	<b>(\$3,357)</b>	<b>(\$3,106)</b>

1 Tolls and Subsidy/Dedicated Taxes are still to be determined but are not expected to have a material adverse impact on MTA revenues.

2 Reflects ridership recovery rates of 27% for 2021, 54% for 2022, 71% for 2023, and 79% for 2024 (average of four quarters in each year).



# Deficit reduction options assuming no new federal aid

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Preliminary November Financial Plan ("Worst Case") [see Slide 6]</b>	<b>\$1,785</b>	<b>(\$4,471)</b>	<b>(\$4,892)</b>	<b>(\$3,357)</b>	<b>(\$3,106)</b>
New Federal Aid	\$0	\$0	\$0	\$0	\$0
Service Reductions <sup>1</sup> (see slides 8-11)	\$0	\$858	\$1,274	\$696	\$212
Permanent Wage Freeze (Rep/Non-Rep through 2022)	58	370	309	315	322
Additional Fare/Toll Increases Above 4%	0	0	0	0	0
Deficit Financing	0	0	0	0	0
Change in Prior Year Cash Balance	0	58	0	0	0
<b>November Financial Plan</b>	<b>\$1,843</b>	<b>(\$3,185)</b>	<b>(\$3,309)</b>	<b>(\$2,346)</b>	<b>(\$2,572)</b>

1 Service reductions, and service increases beyond 2022, tie to the McKinsey "worst case" updated ridership projections. 2021 savings reflect May start.



## Summary of Service Reduction Impacts

	<b>Annual Savings</b> <b><u>(in millions)</u></b>	<b><u>Workforce Impact</u></b>
NYCT Subway	\$343	2,369
NYCT Bus	641	4,587
LIRR / MNR	265	933
MTA Bus	190	1,282
B&T	25	196
<b>Totals</b>	<b>\$1,274<sup>1</sup></b>	<b>9,367</b>

1 Excludes MTA Bus savings, which reduces the deficit covered by City of New York.





## NYCT Subways – Potential Service Reductions Under Consideration to Achieve Target of up to 40% Overall Service Reduction

**Annual Savings: \$343M, Workforce Impact: 2,369 positions**

### **Factors Under Consideration**

- Proposed service reductions under consideration focus on achieving significant cost reductions, mitigating negative customer impacts, and rightsizing service in response to current and projected ridership

### **Overview of Potential Impacts**

- Subway service reductions of up to 40% may result in reduced frequency, suspension of service and/or major weekend changes
- All weekend service may be on 15-minute headways
- Overall impact could reduce systemwide annual revenue vehicle miles and annual trips by approximately 40%
- Reduction in service of 40% may allow for a 35% subway fleet reduction, generating savings in maintenance, cleaning, and inspection costs



## NYCT/MTA Bus – Potential Service Reductions Under Consideration to Achieve Target of up to 40% Overall Service Reduction

**Annual Savings: \$641M (NYCT), \$190M (MTA Bus); Workforce Impact: 4,587 (NYCT), 1,282 (MTA Bus)**

### **Factors Under Consideration**

- Proposed service reductions under consideration focus on achieving significant cost reductions, mitigating negative customer impacts, and rightsizing service in response to current and projected ridership
  - Proposed reductions also ensure there is alternate service available within a half-mile

### **Overview of Potential Impacts**

- Bus service reductions of up to 40% may result in reduced frequencies by up to 33% on bus routes that are not eliminated
- Additional service reductions may affect up to 24% of all bus routes – primarily those with low ridership, high cost per boarding, and nearby alternatives



## LIRR and MNR – Potential Service Reductions Under Consideration to Achieve Target of up to 50% Overall Service Reduction

**Annual Savings: \$265M; Workforce Impact: 933 positions**

### **Factors Under Consideration**

- Proposed reductions under consideration focus on achieving significant cost reductions, mitigating negative customer impact, and rightsizing service in response to current and projected ridership
  - Proposed reductions under consideration also take into account existence of nearby alternate service and maintaining adequate service for essential workers

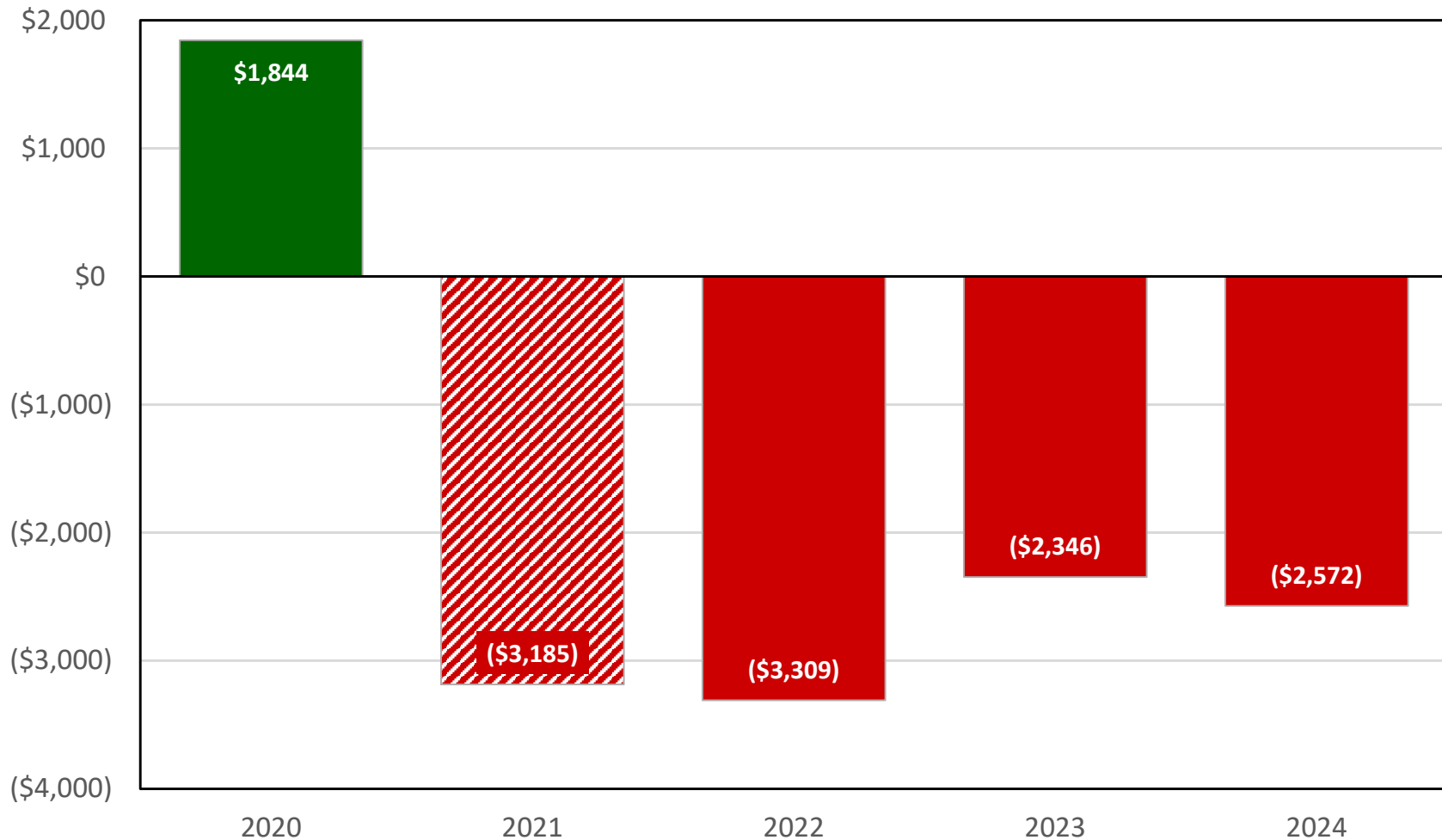
### **Overview of Potential Impacts**

- Railroad service reductions of up to 50% may result in full or partial suspension of service on both weekdays and weekends
- Peak service may be reduced to every 20-30 minutes or hourly in certain instances
- Off-peak and weekend service may be hourly, reflecting current ridership levels while maintaining enough service to prevent crowding



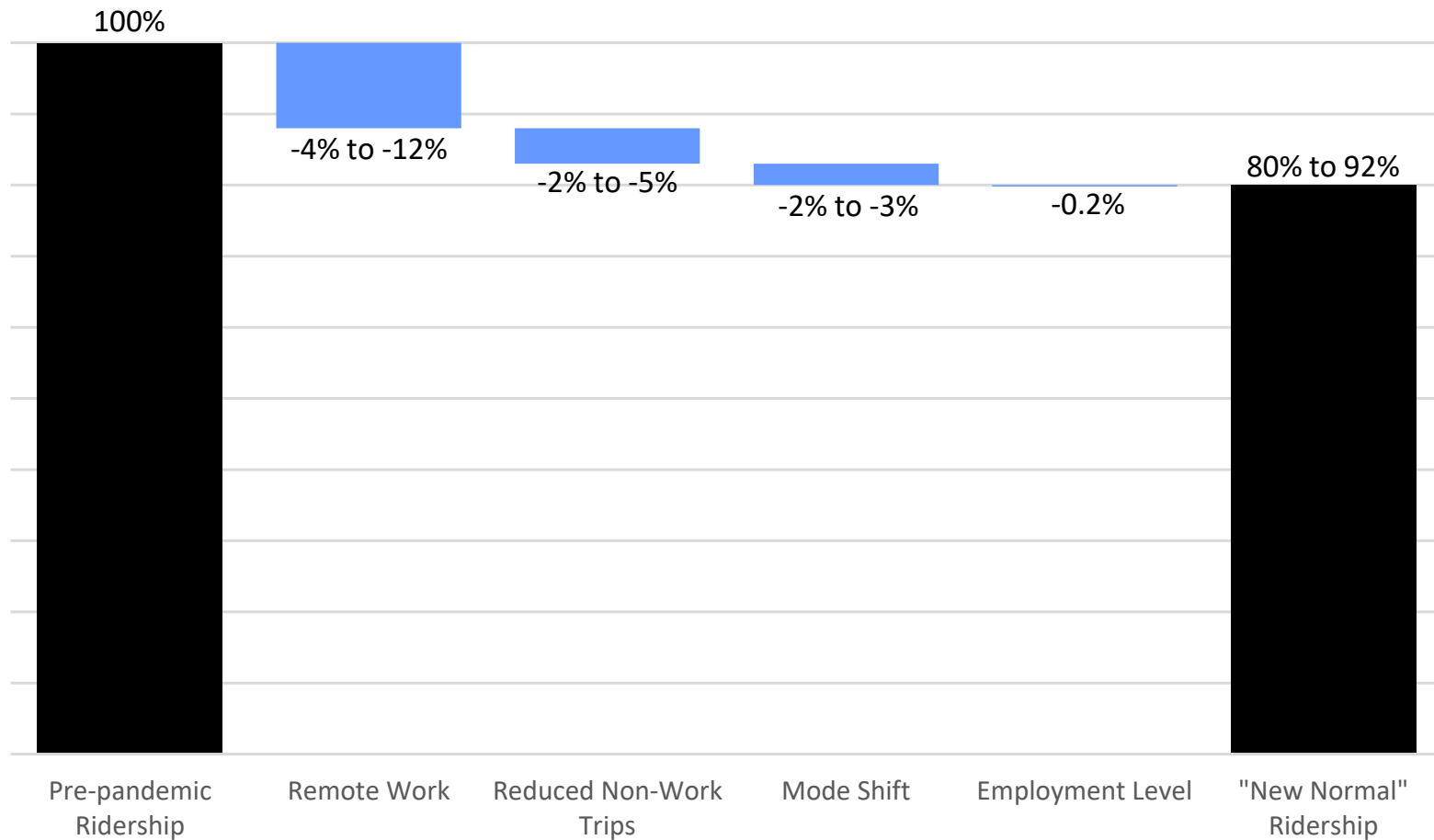
In the absence of additional federal assistance, the MTA will be faced with difficult choices to close budget deficits

(dollars in millions)





Looking beyond 2020, McKinsey estimates ridership may remain at 80% to 92% of pre-pandemic levels through the mid-2020s





## Appendix



## Additional Savings Actions: Summary

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Overtime Spending Reductions	\$25	\$213	\$236	\$237	\$237
Consulting Contract Reductions	63	118	50	36	47
Non-Personnel Expense Reductions	171	270	212	193	177
<b>Total</b>	<b>\$259</b>	<b>\$601</b>	<b>\$498</b>	<b>\$466</b>	<b>\$461</b>



## Additional Savings Actions: Overtime Spending Reductions

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Overtime Spending Reductions</b>					
Tighter Controls	\$13	\$150	\$173	\$173	\$173
Customer Service	0	11	11	11	11
Direct COVID Adjustments	4	18	18	18	18
Maintenance	1	13	13	13	13
Special Event Coverage	0	2	2	2	2
Weather-related	7	19	19	20	20
<b>Sub-Total</b>	<b>\$25</b>	<b>\$213</b>	<b>\$236</b>	<b>\$237</b>	<b>\$237</b>

- Tighter controls – reduced unscheduled overtime and associated fringe benefits by 41%, better “extra list” management for bus operators, and reduced availability overtime backfill provision
- Customer service – reduced overtime for customer service/experience related staff including platform staff, announcers, station and fleet cleaning staff, and station & ticket selling staff
- Direct COVID adjustments – reduced overtime needs resulting directly from COVID-19 service reductions
- Maintenance – reduced overtime allocation to bus maintenance, track cleaning, fare collecting equipment and signal inspections
- Special events – reduced special event overtime through reduction in station agent coverage and service delivery
- Weather-related – significantly reduce weather preparation and response overtime





# Additional Savings Actions: Consulting Contract Reductions

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Consulting Contract Reductions</b>					
Asset Management	\$12	\$10	\$9	\$10	\$22
Audit & Finance	8	7	7	7	7
Customer Service	3	3	2	0	0
General Professional Services	5	22	8	7	6
IT	9	22	21	9	9
Maintenance & Property Management	1	4	3	3	3
Transformation	25	50	0	0	0
<b>Sub-Total</b>	<b>\$63</b>	<b>\$118</b>	<b>\$50</b>	<b>\$36</b>	<b>\$47</b>

- Asset Management – utilize existing EAM systems rather than replacing them
- Audit & Finance – eliminate use of outside consultants for tolling audits, and remove ineligible dependents from NYCT Health Plans through audit
- Customer Service – close walk-in E-ZPass centers for cash customers (which have been closed since the pandemic started in March)
- General Professional Services – reduce consulting services related to HR, legal services, training, and other auxiliary services
- IT – release of 100 IT consultants and EAM IT support
- Maintenance & Property – reduce the use of consultants for maintenance inspections by utilizing existing staff
- Transformation – reduce the use of consultants originally identified in Transformation costs



## Additional Savings Actions: Non-Personnel Expense Reductions

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Non-Personnel Expense Reductions</b>					
Direct COVID Adjustments	\$2	\$42	\$43	\$42	\$42
Equipment, Materials and Supplies	21	39	31	27	27
Fleet Management	3	10	4	3	3
IT	13	16	14	12	12
Maintenance	11	14	16	15	15
Procurement Savings	27	58	30	28	12
Other Business Expenses	90	84	67	59	59
Property Management	0	4	4	4	4
Training, Travel, Memberships	4	3	3	3	3
<b>Sub-Total</b>	<b>\$171</b>	<b>\$270</b>	<b>\$212</b>	<b>\$193</b>	<b>\$177</b>

- Direct COVID adjustments – savings identified with reduced energy costs and straight time/fringe benefits related to lower operating service levels
- Equipment, materials and supplies – reduced inventory buildup of track and station materials, office supplies, saving identified by reduced equipment/materials due to teleworking and lower service levels
- Fleet management – reduced non-revenue vehicle expenses (e.g. maintenance, gas, parking, E-ZPass)
- IT – eliminate bus Wi-fi and Bus Time SMS, and savings identified from MTA IT Data Center and EAM IT
- Maintenance – revised vehicle inspection schedule and reduce spending on non-essential repairs
- Procurement Savings – cancellation of inventory POs, reduce contractor rates for cleaning and disinfection of rolling stock and stations, reduce uniform, medical and insurance costs
- Other business expenses – reduce spending in advertising, refuse, food services, security fund, and card fees
- Property – reduce property footprint, security, and office equipment rentals
- Training, travel, memberships – reduce non-essential business travel, membership dues, and training programs