



**MTA 2022 Final Proposed Budget  
November Financial Plan 2022 – 2025**

**Presentation to the MTA Board**

**November 17, 2021**



## Summary of the July Plan

- **Farebox revenue** projections were revised to reflect actual results and the McKinsey midpoint scenario – developments which increased farebox revenue by \$3.7 billion through 2024 compared with the February Plan.
- **Toll revenue** projections were revised to reflect actual results and the McKinsey best-case scenario – increasing toll revenue by \$799 million through 2024 compared with the February Plan.
- **2021 fare increase of 4%** was deferred until November 2021.
- **State & local subsidies and dedicated taxes** revised, increasing revenue by \$1.4 billion through 2024.
- **Federal Aid totaling \$14.5 billion** has been committed to the MTA. **CARES Act** funds totaling \$4 billion was received in 2020. **CRRSAA** funding of \$4 billion was awaiting allocation between NY, NJ and CT. **ARPA** funding was approved and MTA expects to receive \$6.5 billion.
- **FEMA reimbursement** of \$220 million expected in 2021 and \$140 million in 2022.
- **Use of MLF deficit borrowing of \$1.3 billion**, from available proceeds of \$2.9 billion.
- **Service adjustments** are assumed to be implemented in 2023 based on right-sizing to “new normal” reflecting the midpoint scenario, generating \$426 million in savings through 2024.
- **Two-year Wage freeze** <sup>1</sup> for all employees except TWU Local 100 employees; MTA will honor all contracts. Reduces savings from \$946 million to \$536 million through 2024.
- **Contribution to Committed to Capital (PAYGO)** through 2023 of \$602 million restored.

<sup>1</sup> TWU Local 100 and all other settled contracts honored. Assumes contracts for all other pattern-following bargaining units conform to the first two years of the TWU Local 100 contract, followed by two years of a wage freeze.



Even with CRRSAA and ARPA federal assistance, the July Plan was balanced only with the **2021 fare increase**, the **two-year wage freeze**, **service adjustments** and the **use of \$1.3 billion of deficit bond proceeds**

(dollars in millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Plan Deficit</u>
<b>Preliminary July Financial Plan <sup>1</sup></b>	<b>(\$39)</b>	<b>(\$2,842)</b>	<b>(\$2,125)</b>	<b>(\$2,344)</b>	<b>(\$2,655)</b>	<b>(\$10,005)</b>
American Rescue Plan Act (ARPA) Federal Aid	\$22	\$2,492	\$1,527	\$1,740	\$719	\$6,500
2021 Fare Increase	17	178	204	207	213	819
Service Adjustments <sup>2</sup>	0	0	220	206	206	632
Two-Year Wage Freeze (Rep/Non-Rep through 2022) <sup>3</sup>	0	171	174	191	198	734
Proceeds of MLF Deficit Bonding	0	0	0	0	1,319	1,319
Change in Prior Year Cash Balance	0	0	0	0	0	N/A
<b>July Financial Plan</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

1 Includes \$4 billion in CRRSAA Federal Aid; only reflects fare and toll increases in 2023 and 2025.

2 Service adjustments tie to the McKinsey midpoint between the “best case” and “worst case” ridership projections.

3 TWU Local 100 and all other settled contracts honored. Assumes contracts for all other pattern-following bargaining units conform to the first two years of the TWU Local 100 contract, followed by two years of a wage freeze.



## What has changed since the July Plan

- **Farebox and toll revenue** revised to reflect year-to-date results compared with the Mid-Year Forecast, increasing revenue by \$124 million through 2025. Forecasts continue to reflect the McKinsey midpoint scenario for farebox revenue and the best-case scenario for toll revenue.
- **State and local subsidies and dedicated taxes** revised – increasing revenue by \$1.5 billion through 2025.
- **New Investments** in maintenance and operations, security and safety, technology enhancements, service and service support and other investments total \$454 million through 2025.
- **Prior Plan Savings Program (e.g., BRP) re-estimates** reduce savings by \$302 million through 2025.
- **Expense re-estimates** result in savings of \$756 million through 2025, offsetting the New Investments and Savings Program re-estimates.
- **2021 fare increase of 4%** deferred until mid-2022, reducing revenue generated by \$105 million.
- **Service adjustments** and the **two-year wage freeze** are no longer being considered – eliminating savings of \$1.4 billion through 2025.
- **Debt Service expense** increases by \$298 million through 2025.
- **FEMA reimbursement** revised to reflect extended coverage – increasing reimbursement by \$135 million.



# The November Plan

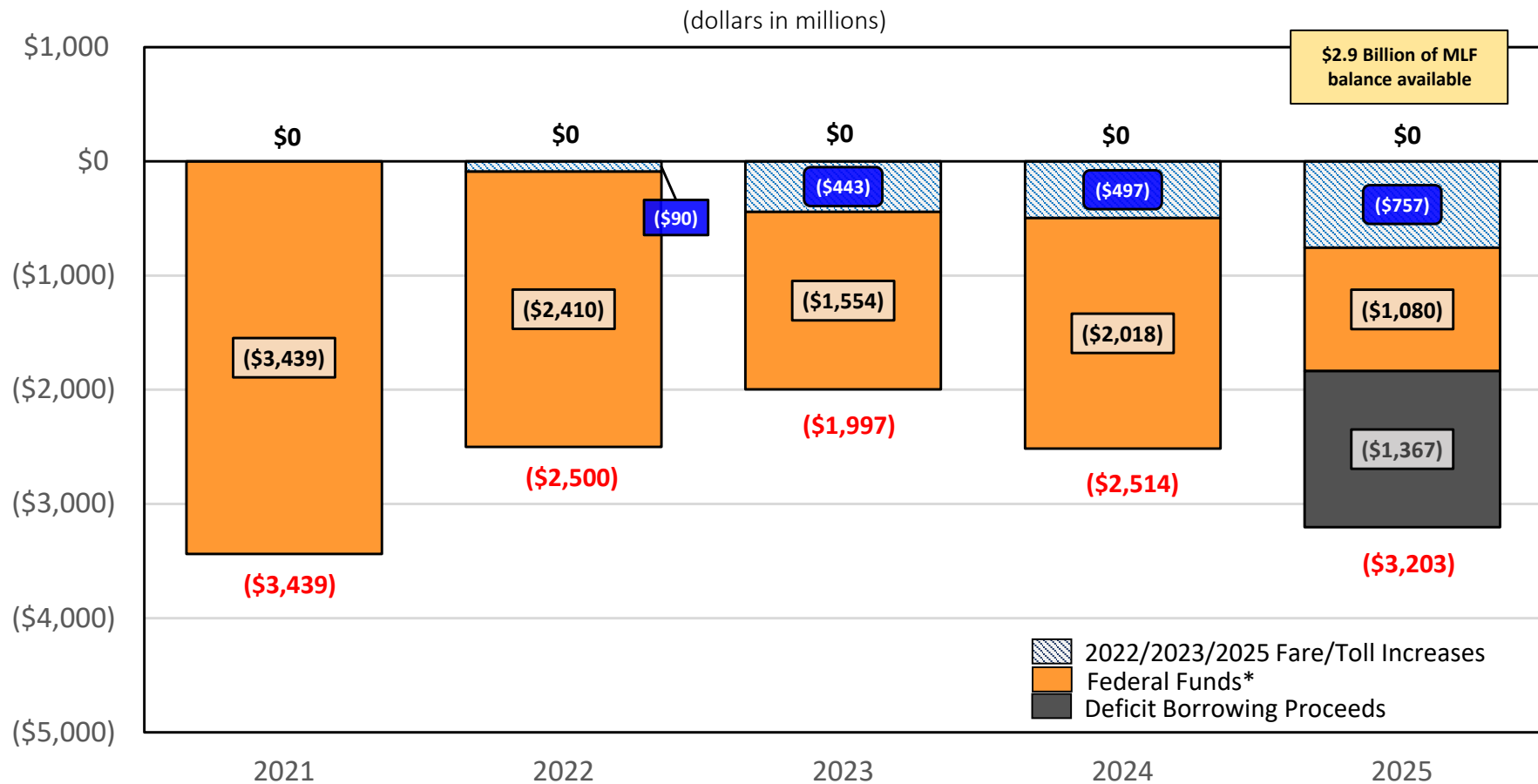
(dollars in millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total Plan Change</u>
<b>July Financial Plan</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Changes in Farebox and Toll Revenues	\$138	(\$3)	(\$5)	(\$5)	(\$2)	\$124
Agency Expense Adjustments	442	(213)	(77)	(75)	(76)	1
Dedicated Taxes and Subsidies	244	410	336	285	222	1,497
Remove Proposed Service Adjustments	0	0	(220)	(206)	(206)	(632)
Remove Proposed Two-Year Wage Freeze	0	(171)	(174)	(191)	(198)	(734)
Debt Service	21	(46)	(48)	(83)	(142)	(298)
Defer 2021 Fare Increase to July 2022	(17)	(88)	0	0	0	(105)
FEMA Reimbursement Adjustments	(220)	190	165	0	0	135
CRRSAA Federal Funding - Timing Change	(561)	561	0	0	0	0
ARPA Federal Funding - Timing Change	(22)	(643)	27	277	361	0
Use of Deficit Borrowing Proceeds - Timing Change	0	0	0	0	48	48
Other BTL Changes	(24)	4	(4)	(3)	(6)	(34)
<b>November Financial Plan</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



Federal funds and the 2022/2023/2025 fare and toll increases are required to balance 2021 through 2024.

Balancing 2025 also requires the use of \$1.4 billion in deficit borrowing proceeds.



\* Federal funds – from CARES Act (all expended in 2020), CRRSAA, ARPA – total \$14.5 billion.



## Risks to MTA's Financial Future

**Even with federal funding, the financial plan is out of balance, with expense growth outpacing revenue growth.**

**Achieving long-term balance after the end of federal funding and the use of deficit borrowing proceeds will require actions, including some or all of the following:**

- **Implementation of biennial fare and toll increases, including those in 2022, 2023, and 2025 that are in this financial plan;**
- **Finding and implementing innovative savings actions;**
- **Achieving affordable wage settlements;**
- **Aligning service to match Board-adopted service guidelines;**
- **Working with our funding partners to identify new recurring and sustainable funding sources.**