Financial Outlook for the Metropolitan Transportation Authority

Report 17-2025

OFFICE OF THE NEW YORK STATE COMPTROLLER

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Executive Summary

One year ago, the Metropolitan Transportation Authority's (MTA) finances were in the best condition in years with all five years of its financial plan balanced as a result of new revenues approved by the State fiscal year 2023-24 enacted budget. Over the past year, a number of operating and capital budget issues have emerged, creating new uncertainty for the Authority that threaten the newfound fiscal stability.

The MTA's July Plan reflects some of these uncertainties while identifying other threats. The MTA forecasts a $428 million budget gap in 2027 and a $469 million budget gap in 2028, which have emerged due to subway and bus farebox revenue that is no longer expected to keep pace with ridership recovery projections. Part of this lag is due to paid ridership returning more slowly, meaning that fare evasion, particularly on buses, is also having an impact on paid ridership. In addition, real estate-related tax revenues are also expected to be lower mostly from reductions in mortgage recording tax collections.

The emergence of new budget gaps in the out-years of the MTA's financial plan also does not yet factor in recent uncertainty over capital funding of the 2020-2024 capital program. However, the MTA has been forthright about the potential operating budget risks this may create. The pause on congestion pricing has created a $15 billion funding shortfall in that capital program, which may create additional operating budget costs from higher maintenance costs ($260 million annually) and higher debt servicing costs ($300 million annually).

In sum, the MTA estimates that the operating budget impact from the pause on congestion pricing not being lifted and replacement revenue not being provided in a timely manner could be as high as $640 million by 2027.

The MTA has also self-identified several risks, which are reasonable concerns and should be monitored for their impact on its financial plan including macroeconomic risks (as much as $750 million annually), continued fare evasion ($325 million for each 5 percent of fares not recovered) and delayed casino revenues ($500 million annually)

The Office of the State Comptroller (OSC) has identified additional risks that may impact the MTA's operating budget, such as overtime and assumed savings that remain unidentified that are expected to increase MTA gaps by $211 million in 2024, $176 million in 2025, $217 million in 2026, $195 million in 2027 and $183 million in 2028.

In combination, OSC projected budget gaps are $211 million in 2024 increasing to $623 million in 2027 and $652 million in 2028. Inclusive of more speculative risks identified by the MTA, operating budget gaps could reach as high as $1.5 billion in 2025, $2.3 billion in 2026, $2.8 billion in 2027 and $3 billion in 2028. While these gaps utilize an extremely conservative view of the risks facing the Authority, these figures underline the potential impact of implementation risks from MTA and State decisions on the MTA's finances, in addition to normal macroeconomic risks it faces.

The impact of choices by the State and their implementation comes before the questions raised in the most recently released 2025-2029 capital program approved by the MTA board in September. The MTA has prudently laid out what the lack of funding for the 2025-2029 capital program will entail including the risk to the operating budget.

The program was approved with $33 billion in unidentified funding, much of which is expected to be closed by funding made available through the State Legislature in the upcoming legislative session. This amount comes as the Legislature may also be faced with identifying a partial or full replacement of congestion pricing funds in the 2020-2024 capital program.

While there is much over which the MTA does not have direct control, it can continue to focus on the goal of bringing riders back to the system by focusing on safety, reliability and frequency of service. A faster-than-expected return of ridership remains one of the key means for improving the fiscal stability of the system and highlighting the importance of continued investment in the assets of the system. Continued monitoring of savings initiatives and economic impact on taxes remain as critical steps to ensure the MTA's finances do not deteriorate further. The MTA should also be clear with its board on what it is able to accomplish in terms of capital commitments, which will need to accelerate in the coming years to keep pace with the size of the 2025-2029 capital program.

In the event that the MTA's funding request does not materialize, the choices MTA makes now will impact its system for years. Whatever the MTA chooses, the focus should be on ensuring safe, frequent and reliable service to protect the region's future economic prosperity.

MTA Utilization Trends

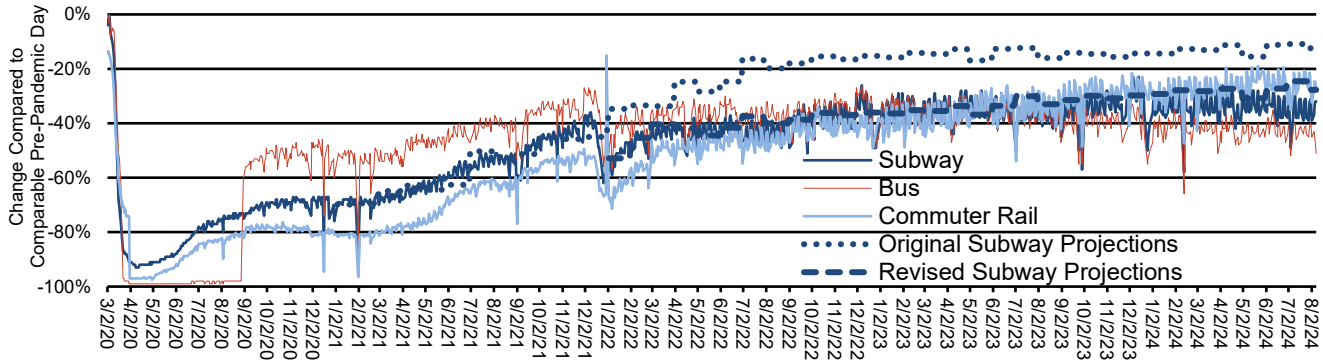
A full fiscal recovery is reliant on the continued return of paid ridership across the MTA's modes of transportation. The COVID-19 pandemic reached New York City in March 2020 causing steep drop-offs in MTA ridership and for transit systems across the country. By May and June 2024, paid subway ridership was consistently around 70 percent of pre-pandemic levels, but has since dipped a few percentage points as some of the ridership increase the MTA projects in July and August has failed to materialize.

The MTA has based its ridership assumptions on those provided by its consultant, McKinsey, since July 2022. McKinsey expects MTA-wide paid utilization trends to reach new baselines at around 80 percent of pre-pandemic levels by the end of 2026. In July 2021, an earlier estimate prepared by McKinsey was ridership returning to 86 percent of pre-pandemic levels by the end of 2024. As shown in Figure 1, actual subway ridership has mostly stayed close to the new McKinsey forecast. However, ridership levels on other modes have diverged somewhat, with bus ridership trending slightly downward and ridership on the commuter rails continuing to improve with Long Island Rail Road's (LIRR) ridership generally being closer to pre-pandemic ridership than Metro-North's ridership.

OSC's subway ridership dashboard shows that ridership has returned unevenly across the City. Initially, ridership returned more slowly in neighborhoods with higher median incomes, while the next phase of the recovery depended upon improvement at certain major hubs.

Citywide, ridership has remained mostly flat over the past year, with Queens, Midtown, lower Manhattan and western Brooklyn outperforming upper Manhattan, eastern Brooklyn and much of the Bronx. Disparities remain between various lines, with stations on the 7, L, 2, and 3 lines outperforming citywide averages while recovery has been slower on the G, J, and Z lines (though various capital projects on those lines may be contributing to lower ridership in recent months). Large hubs in Queens (Flushing and Jackson Heights) have particularly high recovery, and others, such as Grand Central, Fulton Street, and 59th Street/Columbus Circle, record better recovery than hubs at Chambers Street/World Trade Center, 34th Street/Herald Square, and along Lexington Avenue at 53rd Street and 59th Street, potentially related to office occupancy in those neighborhoods.

FIGURE 1
Weekday MTA Ridership Compared to Pre-Pandemic (2019) Equivalent Day



Sources: Metropolitan Transportation Authority; OSC analysis

After peaking at nearly 1.8 billion riders in 2015, annual MTA subway ridership experienced three years of steady decline amid deteriorating service and the growing adoption of ride-hailing apps, particularly in the outer boroughs. After needed repairs to the system that improved performance, ridership began to recover in 2019, prior to the pandemic (see Figure 2).

The subway system provided 640 million trips in 2020, a 62 percent decline compared to 2019. The July Plan assumes that riders will return to the system slowly, reaching a ridership of just under 1.4 billion by 2027, 20 percent below 2019 levels.

Buses, which were free from March to August 2020, saw ridership initially recover faster than the subways or commuter rail. However, ridership has trended slightly downward since June 2023. Combined paid ridership for New York City Transit (NYCT) and MTA Bus is expected to increase from 427 million in 2023 to 551 million in 2027, 19 percent lower than in 2019 (see Figure 3). The MTA cites continued fare evasion as an obstacle to increasing paid bus ridership. The MTA estimates nearly 50 percent of bus riders did not pay the fare in the first quarter of 2024.

The July Plan also does not expect commuter rail ridership to fully recover during the plan period. So far in 2024, ridership on the LIRR has recovered more quickly than the Metro-North Railroad and the MTA expects that to continue for the rest of the financial plan period.

LIRR ridership fell to 30.3 million in 2020, a 67 percent drop from 91.1 million in 2019, the highest level since 1949 (see Figure 4). The July Plan expects ridership to slowly recover, reaching 75.6 million in 2027 and then stabilizing, still about 17 percent lower than 2019 levels.

FIGURE 2
Annual MTA Subway Ridership

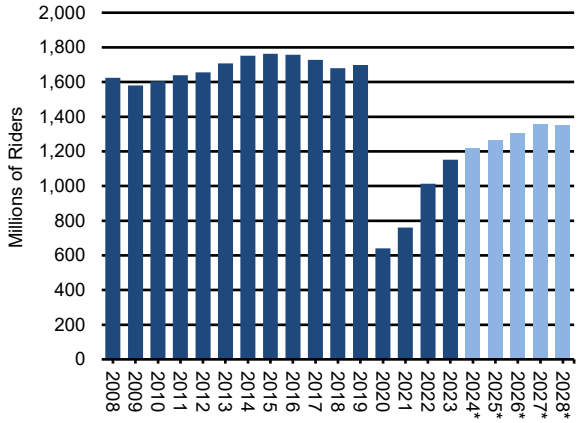


FIGURE 3
Annual Bus Ridership, NYCT and MTA Bus

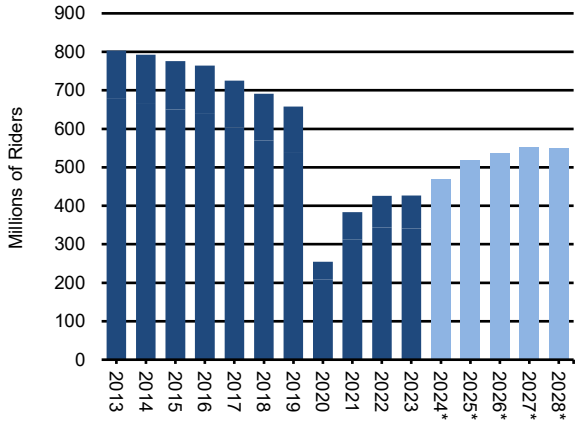
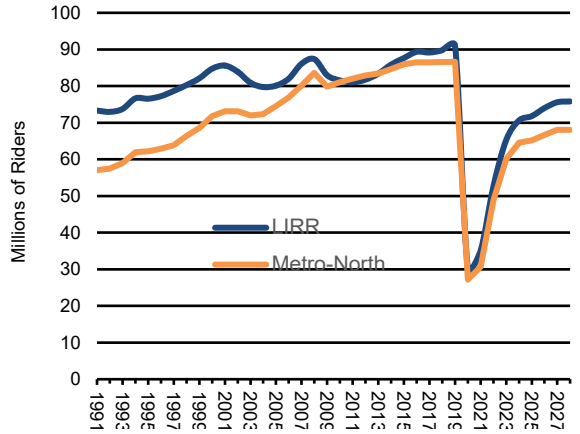


FIGURE 4
MTA Commuter Rail Ridership



Sources: Metropolitan Transportation Authority; OSC analysis

Figure 4 also shows ridership trends for Metro-North Railroad. Ridership reached a record of 86.6 million in 2019 before dropping 69 percent to 27.2 million in 2020. The July Plan expects Metro-North ridership to return more slowly than on the LIRR, reaching roughly 68.1 million in 2027 and 2028, 21 percent lower than 2019.

MTA Bridges and Tunnels crossings reached a record 329 million in 2019. Crossings fell 23 percent in 2020 to 253 million, a smaller drop than transit and commuter rail ridership, as commuters turned to motor vehicles instead of using transit. Crossings set a new record in 2023 of 335 million and the July Plan expects to set a new record of 339 million crossings in 2024 and hold above 2019 levels throughout the plan period.

MTA Customer Satisfaction

In recognition of the important role the ridership experience plays in commuter choices, in June 2022, NYCT shifted from a quarterly survey to a monthly survey of its riders on customer satisfaction. That month, 52 percent of subway riders were satisfied (or better) with subway service and 67 percent were satisfied with bus service.

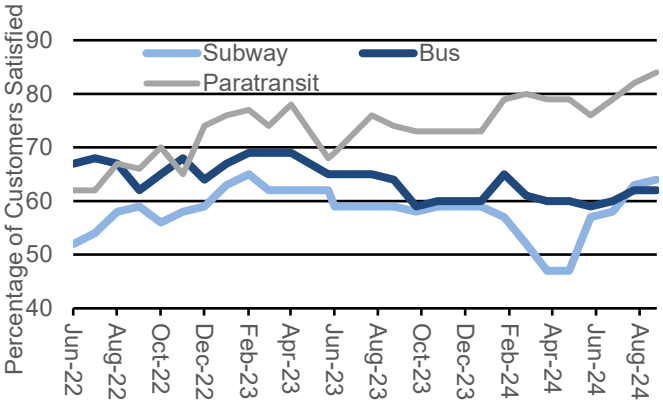
The surveys include a question on what aspects of the rider experience could be remedied to improve satisfaction. In June 2022, three of the top five responses for subway riders were related to fewer people acting erratically, more police presence and personal security. For bus riders, the main concerns were wait times and more reliable service.

In October 2022, NYCT set as its goal by June 2024 to have its customer satisfaction scores to be at or above 70 percent. Since then, customer satisfaction scores for subways and buses peaked at 65 percent and 69 percent, respectively, in February 2023. However, subway service satisfaction dipped, reaching 47 percent in March 2024 due to customer safety concerns. That month, the Governor announced a subway safety plan that included an increased police presence and bag checks. Satisfaction rose to 64 percent in August 2024 (see Figure 5). Bus satisfaction remained at or above 65 percent in 2023 before falling to 60 percent in September 2023 where it has hovered ever since, with the exception of January 2024. Paratransit customer satisfaction reached 80 percent in February 2024, dipped to 76 percent in May before peaking at 84 percent in August 2024.

In August 2024, 71 percent of riders reported feeling safe on their last trip on the subway and 69 percent in subway stations, a big improvement from March 2024 (45 percent on trains and in stations.)[1]

Commuter rail satisfaction surveys have maintained their pre-pandemic frequency of twice a year (in the spring and the fall). In the fall of 2023, overall satisfaction on the Long Island Rail Road was at 70 percent, better than in the spring (68 percent) but down from the 81 percent satisfaction in the fall of 2022. The decline from the fall of 2022 is driven by riders dissatisfied with new service patterns set up with the start of service to Grand Central Madison. By contrast, riders on Metro-North had an 86 percent customer satisfaction rating in the fall of 2023.

FIGURE 5
NYCT Customer Satisfaction



Sources: Metropolitan Transportation Authority; OSC analysis

[1] In July 2024, NYCT changed the way they tracked customer satisfaction from asking about their overall experience to asking customers their satisfaction with their last trip.

Changes Since the MTA's February Plan

In February 2024, the MTA projected balanced budgets through 2027 fueled by increased financial support provided in the fiscal year 2024 State Enacted Budget. The February Plan also assumed that fare and toll yields would rise by 4 percent in both 2025 and 2027, and that the MTA would still need to identify around $70 million annually in savings starting in 2025.

The July Plan, however, forecasts a $428 million budget gap in 2027 (see Figure 6) and a $469 million budget gap in 2028 due to several factors. Subway and bus farebox revenue is expected to be $811 million less through 2027 as ridership continues to track below the midpoint of the farebox recovery scenario when compared to 2019. Fare evasion, particularly on buses, is also having an impact on paid ridership. While implementing initiatives to reduce fare evasion, the MTA is assuming an annual $200 million farebox revenue loss provision through 2028.[2] The July Plan also includes $209 million over four years from higher-than-forecasted toll revenues and $114 million more over the same period from commuter railroad fare revenues, mostly because of higher-than-expected ridership on Metro-North.

Real estate-related tax revenues are expected to be $790 million lower over four years, as compared to the February plan, with most of the reduction attributable to lower than expected commercial real estate activity in New York City.

The July Plan reallocates local subsidies freed up by the use of federal funding to reimburse

FIGURE 6

MTA Budget Changes in July Plan Since the February 2024 Financial Plan
(in millions)

	2024	2025	2026	2027
February Cash Surplus/(Deficit)	**$ - - -**	**$ - - -**	**$ - - -**	**$ - - -**
Subway & Bus Farebox Revenue	(130)	(268)	(206)	(207)
Real Estate Related Taxes	(340)	(273)	(178)	1
Other Dedicated Taxes & Subsidies	(77)	(95)	87	82
Commuter Railroad Fare Revenue	26	27	28	33
Toll Revenue	50	52	53	54
Other Operating Revenue	82	70	80	85
Operating Expenses	(132)	48	15	26
Debt Service	156	137	12	65
Reallocation Of Local Subsidy	549	- - -	52	(419)
Use of PAYGO in Operating Budget	109	232	65	1
Timing and Cash Adjustments	(294)	70	(9)	(148)
Deficit After Gap-Closing Actions	**$ - - -**	**$ - - -**	**$ - - -**	**$(428)**

Sources: Metropolitan Transportation Authority; OSC analysis

[2] The MTA's February Plan included a $100 million farebox revenue loss provision in 2024. As of April 2024, fare revenue was already $63 million less than planned.

operating losses during the pandemic. In 2024, $549 million for a total of $769 million is reallocated mostly from 2027 to help balance the 2024 budget. The MTA is using $240 million of the reallocation to make debt service interest prepayments which is expected to help lower debt service costs by $370 million over four years. The MTA has determined that it no longer needs to use $407 million in operating budget resources to help fund the 2015-2019 capital program, so these resources have been freed up to use in the operating budget. If not for these two nonrecurring actions, budget gaps would have opened up in 2024 and 2025, much sooner than currently forecast in the July Plan.

Operating Budget Trends

On July 31, 2024, the MTA released a midyear update to its 2024 budget and a four-year financial plan with a preliminary budget for 2025. The July Plan projects that the MTA's operating budget will total $19.9 billion in 2025 including a projected 4 percent increase in fare and toll yields, a $200 million farebox loss provision and debt service on bonds, excluding debt backed by capital lockbox funds issued to finance the capital program. The July Plan's forecasted gaps are the result of projected expenses growing faster than projected revenues even with the shift in revenue composition from fares and tolls to dedicated taxes and subsidies.

As shown in Figure 7, 40 percent of the MTA's 2025 revenues are expected to come from fare and toll revenue (27 percent and 13 percent, respectively). By comparison, in 2019, more than half of the MTA's revenues came from fares and tolls. Dedicated taxes enacted by the State will account for 43 percent of total revenue, up from 37 percent in 2019, and State and local subsidies and other funding agreements will contribute another 7 percent. Other operating revenues, which include paratransit funding from the City, advertising and concessions, make up 10 percent.

As in 2019, around 60 percent of the MTA's 2025 operating budget is devoted to personnel costs, including payroll, overtime and fringe benefits (see Figure 8). Debt service represents 14 percent of total expenses down from 16 percent in 2019, while other nonlabor costs, such as maintenance contracts, materials and supplies, and energy costs, make up 24 percent of expenses, up from 22 percent in 2019.

Looking beyond 2024, on an accrual basis of accounting, revenues are expected to increase at an annual rate of 3.4 percent between 2024 and 2028. This increase does not include

FIGURE 7
MTA Sources of Revenue

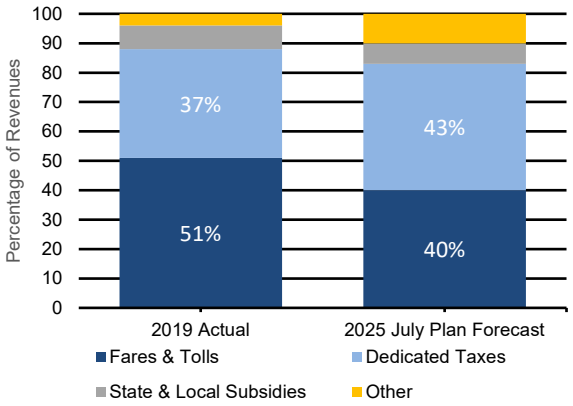


FIGURE 8
Planned Spending (2025)

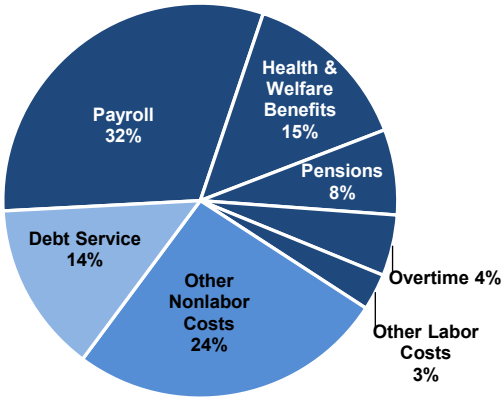
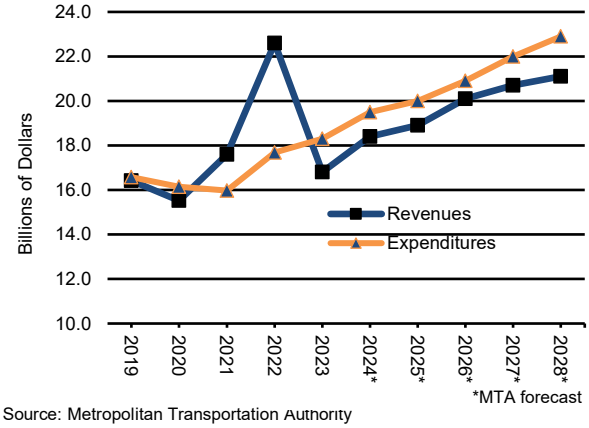


FIGURE 9
Revenue and Expenditure Trends



Source: Metropolitan Transportation Authority

planned fare and toll increases. If those increases are added, revenues are expected to grow by 4.1 percent during that period. At the same time, baseline spending is projected to increase at an average annual rate of 4.1 percent, excluding unidentified savings. This rate does not reflect spending pressures that may occur, such as higher overtime costs, or savings from unanticipated sources, such as staffing at levels below target. Appendix A shows detailed baseline forecasts for MTA revenues and expenditures for calendar years 2024 through 2028, before the additional MTA actions to close the budget gaps.

Revenue Trends

Total revenues, including all operating revenues and subsidies), are expected to increase by an average of 3.4 percent annually between 2024 and 2028 (see Figure 9). In 2025, total revenues are expected to rise by 2.7 percent to $18.9 billion as tax revenues increase by 5.4 percent and farebox revenue rises by 4.2 percent. State and local subsidies are expected to decrease by 10 percent in 2025 as 2024 benefited from $150 million in non-recurring State subsidies.

The MTA anticipates that baseline farebox revenues will increase by 2.4 percent annually between 2024 and 2028, excluding projected fare increases in 2025 and 2027, but the 2028 level would still be 12 percent below 2019, prior to planned fare increases. The MTA includes a farebox loss provision of $137 million in 2024 and $200 million each year from 2025 through 2028 outside its baseline budget as it begins to implement fare evasion initiatives. The July Plan also removed $30 million in additional fare revenue expected in 2024 from increased ridership due to drivers shifting to mass transit after the implementation of congestion pricing.

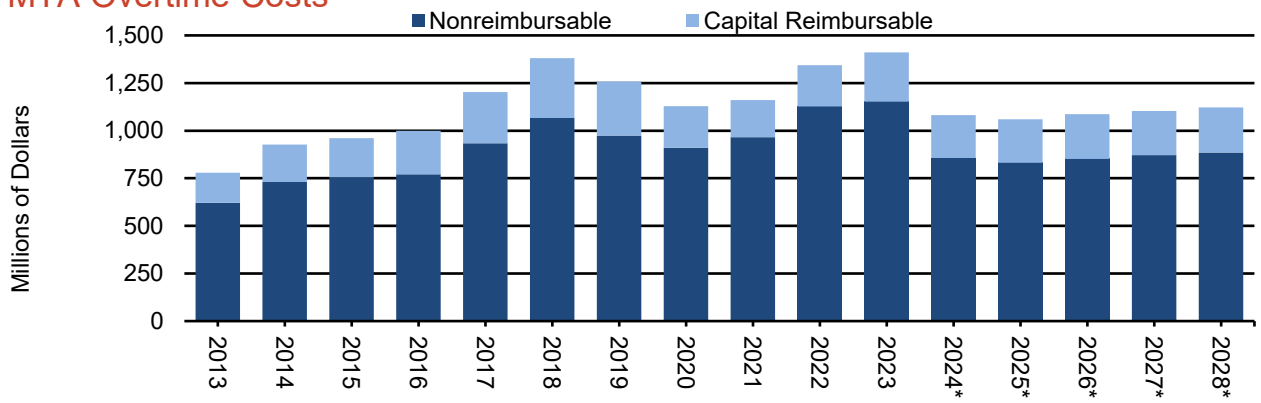
Tax revenue is expected to increase by an average of 5.3 percent annually between 2024 and 2028. Revenues from the largest dedicated tax source to the MTA, the Metropolitan Mass Transportation Operating Assistance account, are expected to increase by 5.7 percent in 2024 and 5 percent in 2025 due to increased economic activity. Collections are then expected to be relatively flat through 2028. This forecast follows the enacted State budget projection which is subject to change. The State Division of Budget cites declines in the value of commercial real estate which could lead to losses at Wall Street firms as risks to State tax revenue forecasts.

Payroll mobility tax (PMT) revenue, the largest source of tax revenue growth for the MTA, is expected to increase by 33 percent in 2024, which is the first full year of the State's increased tax rate for large businesses in New York City. PMT revenue is expected to grow by 3.7 percent annually between 2024 and 2028 as wage disbursements are expected to continue to grow.

Collections from real estate transaction taxes are projected to decrease 10 percent in 2024 after declining by 45 percent in 2023. These revenues are expected to increase by 22 percent in 2025, as interest rates are expected to decline from the current high level. Real estate transaction tax revenues are expected to increase by 15 percent annually through 2028 to approach the 2021 level.[3] The MTA uses New York City's projections for the City portion of the real estate transaction taxes in its budget. In past reports on the City's

[3] These tax estimates exclude newly authorized taxes for the 2020-2024 capital program.

FIGURE 10
MTA Overtime Costs



Sources: Metropolitan Transportation Authority; OSC analysis

* MTA forecast

financial plan, OSC has noted that these projections are reasonable.

Expenditure Trends

Baseline expenditures are expected to increase by 4.1 percent annually between 2024 and 2028, driven by an average annual increase of 7.6 percent in health and welfare costs for active employees and retirees. Another factor in the growth of expenditures is a 6.8 percent annual increase in debt service as projected borrowing for the capital program increases even without addressing the current capital funding shortfall in the 2020-2024 capital program. Other factors include a 6.2 percent annual increase in the cost of materials and supplies and a 5.4 percent increase in paratransit contract costs.

Payroll costs are expected to increase by 2.4 percent annually during this period, reflecting pattern settlements and then projected wage increases of 2 percent annually after the labor contracts' expirations.

MTA overtime spending grew by 77 percent between 2013 and 2018, reaching a record of nearly $1.4 billion (including costs reimbursed by the capital budget). The increase was mainly driven by high priority maintenance as a result of infrastructure failures and to cover positional vacancies.

In 2019, overtime declined by 8.9 percent to nearly $1.3 billion as the MTA began to better manage its overtime, including instituting electronic approval forms for some workers and instituting consistent written supervisory approvals for overtime. In 2020 it fell another 10.3 percent to $1.1 billion as services and construction work were reduced during the pandemic. From 2020 through 2023, however, overtime has increased every year, increasing by 25 percent and reaching a record level of $1.4 billion in 2023, slightly higher than the previous record set in 2018 (see Figure 10). This change is mostly due to vacancy coverage and lower employee availability although the MTA did spend less than planned on payroll costs.

The July Plan assumes overtime will decrease by 23 percent in 2024 as hirings pick up reducing the need for overtime and measures are taken to reduce unneeded overtime. Overtime spending is expected to decrease another 2 percent in 2025 but then increase an

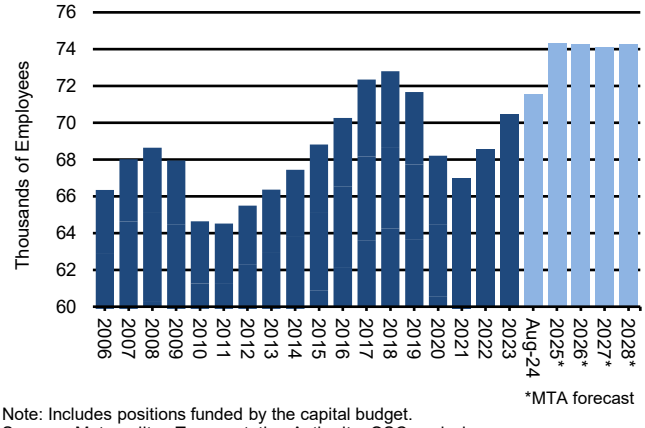
average of 2 percent annually in 2026 through 2028 due to projected wage increases.

As shown in the Potential Budget Risks section of the report, it is possible that overtime will be $250 million higher than planned in 2024 if current trends continue through the end of the year (although a portion of this is expected to be offset by payroll savings as in recent years).

Staffing Levels

The size of the MTA's workforce has fluctuated based on the Authority's financial position and operational need since the Great Recession. Between 2008 and 2011, the MTA cut its workforce by 4,116 employees to offset a sharp drop in revenues caused by the Great Recession. The workforce then gradually increased by 8,277, about 84 percent of which were operations and maintenance personnel, peaking at 72,800 in December 2018 (see Figure 11).

FIGURE 11
MTA Staffing Levels



Note: Includes positions funded by the capital budget.
Sources: Metropolitan Transportation Authority; OSC analysis

In 2019, the number of employees dropped by more than 1,100 as the MTA instituted a hiring freeze on administrative and nonoperational positions. In 2020, the workforce dropped further by nearly 3,500 positions as the hiring freeze expanded to operational positions in response to fiscal pressures created by the pandemic.

The hiring freeze on operational positions was lifted in February 2021 as the MTA's budget pressures eased due to an unprecedented level of federal funding. However, operational struggles mounted and the MTA initially had difficulty hiring as fast as employees were retiring or leaving. In December 2021, the workforce was about 1,200 employees lower than the year before and at the lowest level since 2013. By December 2023, hiring had picked up, as 3,450 positions were added compared to two years before. About 800 of these positions were added to LIRR for the opening of Grand Central Madison service.

In the first eight months of 2024, the MTA added another 1,089 employees, more than two-thirds of whom were for maintenance and operations. As of August 2024, the MTA workforce totaled 71,531 employees, 1,269 fewer than at the end of 2018. Operational and maintenance headcount that month totaled 63,119, 3,687 more than in December 2021 but 918 fewer than in December 2018, after the rollout of the Subway Action Plan.

The July Plan authorizes the MTA to hire 2,803 employees between August 2024 and December 2025 (including 2,326 operational and maintenance positions) to reach 74,334 employees, which would be a record (see Appendix B). The MTA then expects the number of staff to drop slightly thereafter and be at 74,277 in 2028.

The July Plan forecast for operational and maintenance staff in 2025 (65,645) would be more than 1,400 higher than the peak in 2018 and would require a substantial increase in hiring. Staffing is expected to decrease slightly to 65,580 in 2028.

Administrative staffing in August 2024 declined by 112 since December 2018. However, the MTA has added 826 administrative employees since the end of 2022 for a total of 4,334 as vacancies were filled. The July Plan expects the number of administrative positions to decline to 4,215 by the end of 2025.

Public safety positions are expected to increase by 177 by December 2025, mostly through the hiring of additional MTA police officers to support efforts to reduce fare evasion and quality of life infractions throughout the MTA subway and rail system and more than 100 new members of the bus system's Eagle teams to help deter fare evasion. Capital and engineering positions, which are funded from the capital budget, are expected to increase by 420 between August 2024 and December 2025.

The MTA historically does not hire up to its authorized level, so it is unlikely that all those positions will be filled. For example, staffing in August 2024 was 2,768 positions below the July Plan forecast. As a result, OSC anticipates potential savings of about $200 million in 2024 if the MTA does not pick up its pace of hiring.

MTA Savings Program

In the MTA's February 2023 Plan, the MTA assumed that it would achieve unidentified savings of $100 million in 2023, $400 million in 2024, $408 million in 2025 and $416 million in 2026. In the July 2023 Plan, the MTA identified $107 million of financial plan savings in 2023, $207 million in 2024, $206 million in 2025, $220 million in 2026 and $181 million in 2027. That plan then increased the overall savings target to more than $500 million starting in 2025. This year's July Plan still contains around $75 million annually of unidentified savings between 2025 and 2028.

NYCT has identified the largest share of savings: $300 million in 2024 of which $72 million has been achieved and $160 million is on track to be achieved. The MTA is closely monitoring $34 million of savings at NYCT and another $35 million will be delayed to 2025.

The MTA expects to identify alternative savings in the November Plan to make up the $35 million shortfall in 2024.

Of the $60 million in savings the Long Island Rail Road has identified, $10 million has been achieved, $40 million is on track and $9 million is being closely monitored.

Of the $40 million in savings Metro-North has identified, $7 million has been achieved, $10 million is on track and $9 million is being closely monitored. Due to hiring needs as ridership has increased, previously identified savings initiatives at Metro-North, valued at $13 million, have been replaced with alternative savings actions for 2024.

Potential Budget Risks

The MTA has identified various budgetary risks to its financial plan that include the pause on congestion pricing not being lifted and replacement revenue not being provided and ridership not returning as quickly as it forecasts. These self-identified risks are reasonable concerns and should be monitored for their impact on its financial plan. The first and largest of these risks are macroeconomic trends that could increase recurring costs or reduce revenues. An economic slowdown or no real estate tax recovery could adversely impact ridership and tax revenues. The MTA estimates that a slowdown could lower dedicated tax revenues by $250 million to $750 million annually.

Even if the economy improves as quickly as the independent forecasts used by MTA expect, there is still a risk that ridership will not return to planned levels. The MTA has cited continued fare evasion as a factor that could hinder ridership recovery. The MTA estimates that fare revenue could be lower by $325 million annually for each drop of 5 percent in ridership recovery.

The MTA estimates that the operating budget impact from the pause on congestion pricing not being lifted or replacement revenue not being provided in a timely manner could be $245 million in 2025 and rise to $640 million by 2027, mostly from accelerating the issuance of debt backed by the operating budget ($300 million for debt service starting in 2027) and increases to bus maintenance ($150 million annually by 2027).

Balancing the July Plan requires the MTA to implement more than $400 million in savings starting in 2024. The MTA still has not identified an average of $74 million starting in 2025.

FIGURE 12
OSC Risk Assessment of MTA July Plan, Including Offsets
(in millions)

	2024	2025	2026	2027	2028
Projected Cash Balance	**$ - - -**	**$ - - -**	**$ - - -**	**$ (428)**	**$ (469)**
NYCERS Pension Contributions	- - -	13	29	45	60
Unidentified Savings	- - -	(72)	(70)	(75)	(78)
Overtime	(250)	(170)	(150)	(125)	(115)
Payroll	139	136	139	125	115
Farebox Revenue	(100)	- - -	- - -	- - -	- - -
NYC Paratransit Contribution	- - -	(83)	(165)	(165)	(165)
Total Risks and Offsets	**(211)**	**(176)**	**(217)**	**(195)**	**(183)**
MTA-Identified Risks					
State Tax Revenue	- - -	(750)	(750)	(750)	(750)
Congestion Pricing Impact	- - -	(245)	(490)	(640)	(640)
Low Case Ridership Scenario	- - -	(325)	(325)	(325)	(325)
Timing of Casino Revenue	- - -	- - -	(500)	(500)	(600)

Sources: Metropolitan Transportation Authority; OSC analysis

The MTA also has identified a risk in the timing of receipt of casino revenue, as the financial plan relies on $500 million from casinos in both 2026 and 2027 and $600 million in 2028. Any delay in approving the casinos would lead to a delay in the MTA receiving license fee revenue and open up potential budget gaps.

OSC projects that other risks not included in the MTA's projections could increase the MTA's budget gaps by $211 million in 2024, $176 million in 2025, $217 million in 2026, $195 million in 2027 and $183 million in 2028 (see Figure 12). For example, overtime costs paid out of its operating budget through August 2024 were $740 million, $175 million higher than forecast in the July Plan for the same period. Overtime spending would have to average $29 million monthly for the remainder of 2024 to meet the current budget of $856 million when it averaged $93 million a month in the first eight months of the year. Since vacancies and availability challenges are still leading to higher-than-planned overtime at NYCT, this may be unrealistic. As a result, OSC forecasts that overtime costs could be $250 million higher than planned in 2024 with the risk declining to $115 million in 2028.

The Enacted FY 2023-24 State Budget increased the City's contribution to paratransit for the period July 1, 2023, through June 30, 2025. The July Plan reflects this revenue but also assumes the City will pay this increased share after this period. If State law is not changed to extend the additional contribution, MTA revenues could be lower by $83 million in 2025 and $165 million annually thereafter.

Through August, farebox revenue is $75 million lower than the July Plan forecast. If this trend continues, farebox revenues could be $100 million lower than budgeted, even if a $137 million farebox loss provision is included.

In combination, OSC projected budget gaps rise from $211 million in 2024 to $652 million in 2028. Inclusive of more speculative risks identified by the MTA, operating budget gaps could reach as high as $1.5 billion in 2025, $2.3 billion in 2026, $2.8 billion in 2027 and $3 billion in 2028, prior to offsets.

These risks may also be offset by other savings or reserves. OSC forecasts lower pension costs for the MTA than in the July Plan. All MTA Bridge and Tunnel employees and two-thirds of NYCT employees are members of the New York City Employees' Retirement System (NYCERS). These agencies make pension contributions as billed by NYCERS. Since NYCERS assumes a 7 percent return on investment and reported a 10 percent gain in the fiscal year ending June 30, 2024, OSC estimates that the MTA's pension contribution to NYCERS will be lower by $13 million in 2025, rising to $60 million lower in 2028.

Even with the increased overtime, given the MTA's slower-than-expected hiring, there is potential for offsetting payroll savings. Although the MTA has increased hiring, staffing in August 2024 was 2,768 positions below the July Plan forecast. Through August 2024, payroll costs were $139 million lower than the July Plan and based on historical patterns, MTA could see similar savings in the out years of the July Plan.

The July Plan includes an annual general reserve of 1 percent of operating expenses (excluding debt service) to be used in each year. In 2024, the reserve is $195 million, rising to $225 million in 2028. Another $381 million in unused reserve funds from 2022 and 2023 is also available as a "rainy-day" fund. As much as $421 million in one-time funding that has been set aside for Bridge and Tunnel capital projects can also be used for operating purposes, if needed.

Status of MTA Capital Programs

Capital Program Progress

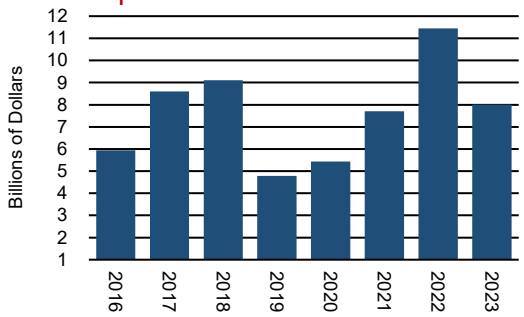
The MTA's capital programs, which generally span five-year periods, are critical to bringing the overall system into a state of good repair, maintaining normal replacement of assets, and improving and expanding the system to meet its riders' needs. Capital programs are funded through various sources including debt issued by the Authority. The vast majority of MTA debt has been issued to fund its capital programs (see Capital Funding section for details).

Historically, the MTA has had multiple capital programs active at the same time. It normally takes more than five years to commit (i.e., award) all the projects in a capital program to contractors and even more time to complete the work. For various reasons, some of which were outside the MTA's control, both the 2010-2014 and 2015-2019 capital programs have taken longer than seven years to commit their projects. The 2020-2024 capital program will almost certainly take more than seven years to commit all its projects as well given the pause of congestion pricing revenue and uncertainty over the availability and timing of revenue from the program. The slower the pace of commitments, the greater potential for capital disinvestment to occur and costs to rise, allowing assets to deteriorate.

Before the pandemic, the MTA had difficulty increasing the level of its capital commitments. In the four years prior to the pandemic, 2016 through 2019, it committed an average of $7.1 billion per year. In 2020, just $5.4 billion across all capital programs was committed, due to the pause in capital spending during the early days of the pandemic (see Figure 13).

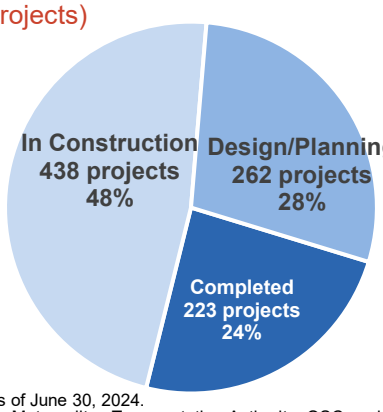
Since the COVID-19 pause was lifted, the MTA has increased the pace of commitments. In 2021, the MTA committed $7.7 billion. In 2022, it committed $11.4 billion, a record amount.

FIGURE 13
MTA Capital Commitments



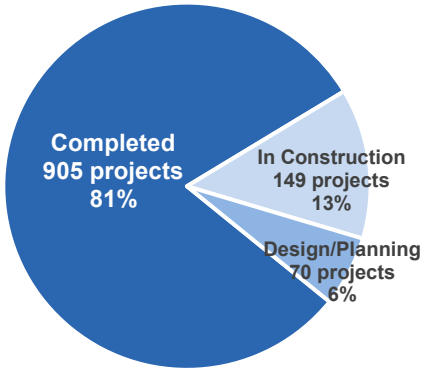
Source: Metropolitan Transportation Authority

FIGURE 14
Status of MTA 2020-2024 Capital Program
(923 Projects)



Note: As of June 30, 2024.
Sources: Metropolitan Transportation Authority; OSC analysis

FIGURE 15
Status of MTA 2015-2019 Capital Program
(1,124 Projects)



Note: As of June 30, 2024.
Sources: Metropolitan Transportation Authority; OSC analysis

However, in 2023, commitments fell to $8 billion, $2 billion less than the MTA's goal, with the MTA choosing to slow commitments given the uncertainty around litigation challenging the implementation of congestion pricing for the drop.

In February 2024, the MTA announced that, amid continued uncertainty in the implementation of congestion pricing, it would not initiate any new construction procurements besides those for emergency work and projects funded with federal funding. As a result, the commitment goal in 2024 is only $2.9 billion, less than the amount MTA committed in 2020 during the pandemic and 25 percent of the commitments in 2022. The MTA also said that if there was no pending litigation, its goal would have been $12 billion for capital commitments in 2024. Subsequently, the Governor paused the implementation of congestion pricing and promised to provide replacement funding so capital work can resume.

As of September 1, 2024, $33 billion in the MTA's capital programs since 2010 remains to be committed. As of September 1, 2024, $27.4 billion (49.4 percent) of the 2020-2024 program has been committed, leaving $28.1 billion remaining. Since September 2023, $7.2 billion has been committed for this program but only $1.2 billion since April 2024. According to the MTA capital dashboard, as of June 30, 2024, 661 of 923 projects in the 2020-2024 capital program had been completed or begun (see Figure 14). The program got off to a slow start in 2020 as the MTA halted capital commitments at the start of the pandemic but by 2022, the MTA had increased its annual commitment to over $11 billion. The pace of commitments has slowed yet again after the start of congestion pricing was paused which has resulted in a net impact of $16.5 billion in available funding. As in the past, the MTA is expected to split larger budget allocations into specific projects during the life of the program, which ultimately will increase the total number of projects as the plan continues.

At the same time as the MTA continues work on its 2020-2024 capital program, it must still finish its 2015-2019 and prior programs. Partly due to the 2015-2019 program being approved 18 months late because of a funding dispute between the State and the City, 19 percent of the 1,124 projects that make up the 2015-2019 capital program were not finished as of June 30, 2024 (see Figure 15). The MTA had completed 905 projects, but 149 (13 percent) were still in construction, and the remaining 70 projects (7 percent) were in the design or planning stage. Most of the remaining work relates to Phase 2 of the Second Avenue subway, the start of which was delayed while awaiting federal approval to start preliminary work, and the completion of 12 Americans with Disabilities Act subway station projects. As of September 1, 2024, $2.9 billion (8.6 percent) of this $33.8 billion program still must be committed.

The 2010-2014 capital program has completed 93 percent of the 1,264 projects in the program, with 92 projects left to be completed. Most of the outstanding projects are for Superstorm Sandy-related work. As of September 1, 2024, approximately $2 billion (6.4 percent) of this $31.6 billion program still must be committed.

Capital Funding

The composition of sources for funding capital programs has important implications for the MTA's outstanding debt and eventual debt servicing costs. The provision of capital funding from its partners, including the State, City and federal governments, can substantially alter the makeup of MTA debt, and therefore, of the eventual cost of debt service.

FIGURE 16
MTA Capital Program Funding
(in millions)

Source	2000-2004	2005-2009	2010-2014	2015-2019	2020-2024	2025-2029
Federal Funding	$7,454	$7,723	$14,179	$6,801	$13,072	$14,000
New York State	- - -	1,450	770	9,064	3,007	4,000
New York City	516	2,833	745	2,666	3,101	4,000
MTA Bonds	8,770	5,100	8,698	11,505	10,218	13,000
Dedicated Tax Bonds	3,796	5,624	- - -	- - -	- - -	- - -
Payroll Mobility Tax MTA Bonds	- - -	- - -	6,000	- - -	- - -	- - -
Congestion Pricing Bonds/Cash (PAYGO)	- - -	- - -	- - -	- - -	15,503	- - -
Sales Tax and Mansion Tax	- - -	- - -	- - -	- - -	10,000	- - -
MTA Asset Sales and Other	1,127	1,630	1,312	3,876	542	- - -
Unidentified	- - -	- - -	- - -	- - -	- - -	33,400
Total	**$21,663**	**$24,360**	**$31,704**	**$33,913**	**$55,442**	**$68,400**

Note: 2010-2014 program includes funding for Superstorm Sandy projects.
Sources: Metropolitan Transportation Authority; OSC analysis

As seen in Figure 16, in recognition of the increasing burden on the MTA's operating budget from debt, the MTA received substantial funding from both the State and the City in the 2015-2019 capital program. The State, starting with the 2015-2019 program, has required the City to provide additional capital funding to the MTA.

In 2019, the State elected to provide congestion pricing, a portion of New York City sales taxes capturing internet marketplace sales and a real estate transfer tax surcharge on properties over $2 million ("mansion tax"). These revenues total $25 billion for the 2020-2024 capital program and are separated from the MTA's operating budget and placed in a lockbox so the impact on the operating budget is not felt. The federal government has also appreciably increased its level of capital formula funding for state of good repair and normal replacement projects in the 2020-2024 program.

These additional sources of funding, including the lockbox funding kept separate from the MTA's operating budget, have allowed the MTA to maintain the level of capital funding coming from MTA bonds at levels close to prior capital programs. However, as a share of the program, MTA debt backed by funds used for the operating budget dropped from 37 percent in the 2015-2019 capital program to 18 percent in the 2020-2024 capital program, ultimately reducing the impact on its operating budget.

2025-2029 Capital Program

On September 25, 2024, the MTA presented its proposed 2025-2029 capital program to the MTA board which then approved the program and submitted the non-Bridge and Tunnel portion of the program ($65.4 billion) to the Capital Program Review Board by October 1 as required by State law.

The proposed program is expected to cost $68.4 billion and would be the largest in MTA history, although $33.4 billion of the funding (49 percent) is currently unidentified and there are uncertainties surrounding the funding that have been identified. For example, the MTA assumes it will receive $14 billion (20 percent) from the federal government for the program, which is uncertain given that federal authorization for transit funding expires in 2026 and there is no assurance that currently high levels of federal funding, authorized by the Infrastructure Investment and Jobs Act, will continue. The MTA also assumes federal funding will be provided for a portion of the Interborough Express.

The MTA assumes that the State and City will each provide at least $4 billion (12 percent in total) which has not yet been approved. The plan assumes that the MTA will bond $13 billion, 19 percent of the expected funding and about the same share as in the 2020-2024 program.

About 70 percent of the program ($47.8 billion) is expected to go to New York City Transit (including Staten Island Railway and MTA Bus) while LIRR and Metro-North are expected to receive $6 billion each (17 percent in total). Bridges and Tunnels will receive $3 billion for investments (4 percent). Another $5.3 billion is allocated for expansion and major projects including half ($2.8 billion) of the projected cost of the Interborough Express, $1.7 billion for major repair work along the Grand Central artery and $800 million for other unspecified regional investments. Finally, $300 million is allocated to MTA interagency projects.

The large funding gap for the 2025-2029 proposed capital program is being considered by the MTA's funding partners at the same time that the MTA is expecting the State to either resume the start of congestion pricing or identify $15 billion in alternative funding for the 2020-2024 capital program.

OSC recently released a report that estimated that identified funding for the proposed 2025-2029 capital program would ultimately be between $30.8 billion and $71.5 billion.

MTA Debt Outstanding and Debt Service

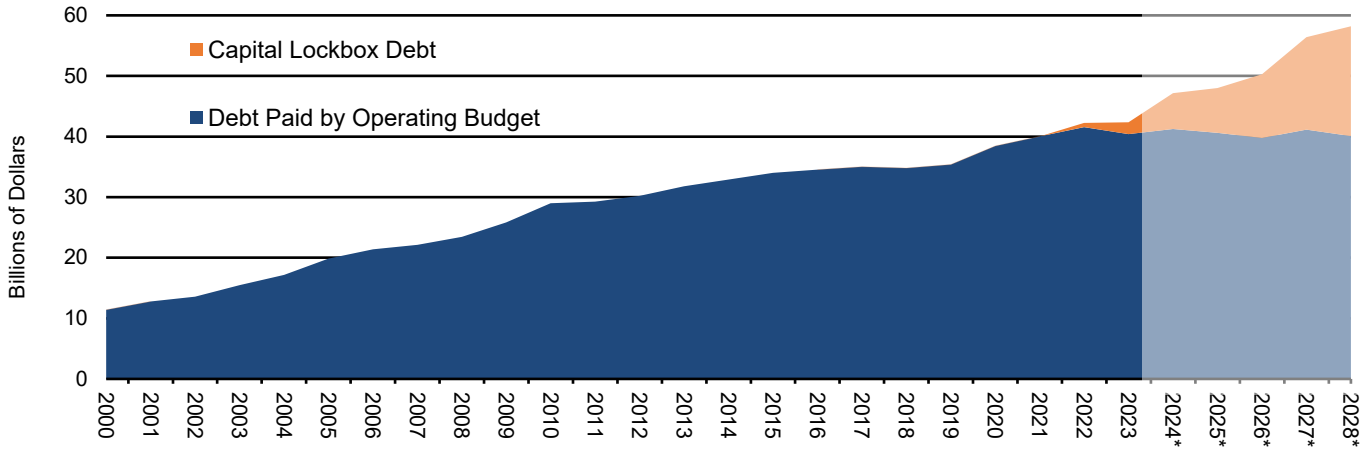
The amount of outstanding long-term debt issued by the MTA more than doubled from 2000 to 2010, from $11.4 billion in 2000 to $29 billion in 2010, as the MTA funded a significant portion of its capital programs with bonds. The pace of growth slowed to 22 percent from 2010 to 2019, to reach $35.4 billion, as State support rose from the decade prior. Since 2019, however, debt has risen to accommodate increased capital spending, reaching $40.4 billion in long-term debt paid from the operating budget in 2023, a 14 percent increase since 2019 (see Figure 17). A substantial portion of recently-issued debt has been backed by the PMT and aid trust account receipts which are provided to the MTA outside of the State's appropriation process, with residual funds flowing through to the operating budget.

In 2022, the MTA began issuing capital lockbox debt that is backed by City sales tax revenues dedicated for the 2020-2024 and successor capital programs; however, the MTA has indicated that it cannot issue debt by this source going forward, given the limits of the revenue source. These sales tax contributions are the result of the elimination of a tax exemption for third-party internet marketplace providers from collecting and remitting New York sales tax from transactions conducted on their sites. The July Plan assumes that it will issue $2.3 billion in lockbox bonds backed by New York City "mansion tax" revenues in 2024 and the MTA has received permission from the State Capital Program Review Board to issue the bonds.

The July Plan assumes that it will still receive the amount of revenue expected to be generated from congestion pricing. When or if congestion pricing is operational, the MTA plans to then issue lockbox bonds backed by those revenues. Including capital lockbox debt, which is kept outside of the operating budget to eliminate any impact on operational spending, the MTA expects debt outstanding to rise from $42.4 billion in 2023 to $58.2 billion in 2028.

Non-lockbox long-term debt outstanding (which has an operating budget impact) is expected to increase from $40.4 billion in 2023 to $41.3 billion in 2024, but then decrease to $37.2 billion in 2030 as the MTA focuses on issuing its lockbox debt. As a result, debt service paid from the operating budget is also expected

FIGURE 17
MTA Debt Outstanding Including Capital Lockbox Debt



Note: Excludes short-term bond anticipation notes (BANs). Shaded area beginning in 2024 are projections.
Sources: Metropolitan Transportation Authority; OSC analysis

*MTA forecast

to stabilize in the short term, but the MTA may be called upon to accelerate this bonding in the absence of the $15 billion assumed from congestion pricing which would increase debt outstanding in the short term.

The MTA's July Plan debt forecast includes $15.2 billion of future bonding from a total of $18.8 billion backed by capital lockbox revenues including congestion pricing.

The inclusion of capital lockbox debt, the majority of which comes from congestion pricing, is critical to managing the overall debt load of the MTA and its impact on debt service and its operating budget. Future declines in debt outstanding for non-lockbox debt are reliant on capital lockbox debt providing funds to pay for capital projects. Capital lockbox debt is expected to grow from 5 percent of debt outstanding in 2023 to 31 percent by 2028. However, risks over the implementation of congestion pricing already are having an impact on the delivery of the MTA's current capital program — reducing planned spending and increasing reliance on existing types of debt, including short-term notes, which are paid from operating revenues. The July Plan has pushed back the receipt of the congestion pricing funds to 2025 and has decided to reduce planned capital commitments amid uncertainty over the implementation date or the availability of replacement funds.

The forecast includes $7.1 billion of long-term debt the MTA expects to bond for projects in the transit and commuter portions of the 2020-2024 capital program. The debt is not expected to be issued until the 2027 through 2033 period but the MTA has indicated it may have to issue this debt sooner if the revenue projected from congestion pricing or from alternative sources does not materialize. Projected borrowing for any future capital programs after the 2020-2024 program is not included in the MTA's July Plan.

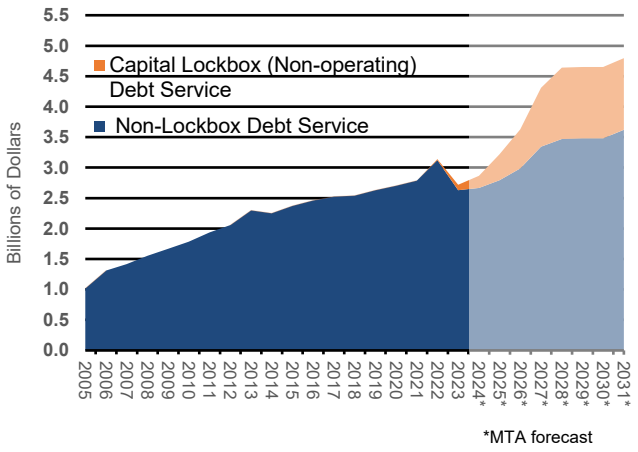
Debt Service and Debt Burden

Debt service is the payment made for combined principal and interest for debt obligations. Debt service on any issued bond is a fixed cost that can stretch to 30 years or more after issuance, potentially crowding out operating spending of other types, as there is limited control over the ability to reduce these costs over time.

Federal aid allowed the MTA to free up $1.4 billion of other resources, which it used to defease bonds and pre-pay interest in 2023. These moves are expected to save $1.5 billion between 2023 and 2026, which accounts for most of the $490 million decrease in non-lockbox debt service in 2023 compared to the previous year. The MTA was able to use additional local resources freed up by the use of federal operating aid to make a $240 million prepayment of interest, which is expected to save $125 million in each of 2024 and 2025.

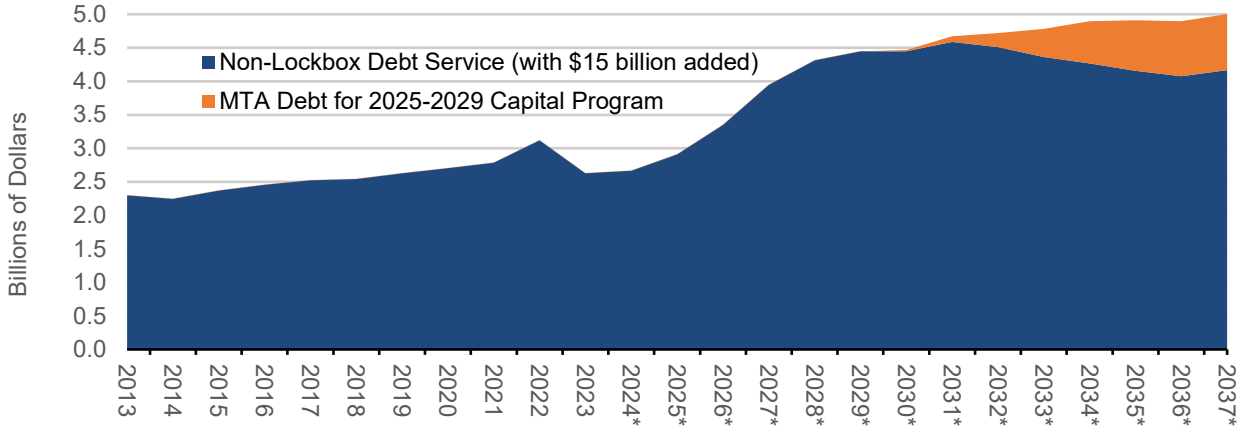
MTA-budgeted debt service (including lockbox debt service) is projected to reach $4.8 billion by 2031 (see Figure 18), $2.1 billion more than in 2023 (76 percent higher). Non-lockbox debt service between 2023 and 2031 is also expected

FIGURE 18
MTA Debt Service



Note: Data as of the MTA's July 2024 Financial Plan.
Shaded area beginning in 2024 are projections.
Sources: Metropolitan Transportation Authority; OSC analysis

FIGURE 19
MTA Debt Service with Potential New Debt



Note: Non-lockbox debt service as of the MTA's July 2024 Financial Plan. *MTA forecast
Sources: Metropolitan Transportation Authority; OSC analysis

to rise by $1 billion to $3.6 billion, even as overall non-lockbox debt outstanding is expected to decline. The higher payments on a reduced amount of debt are mostly due to the MTA still having to issue $1.5 billion in long-term bonds to pay outstanding bond anticipation notes (BANs) and fund a portion of the 2020-2024 capital program.

As noted earlier, the MTA's debt service forecast includes the issuance of $7.1 billion in anticipated debt backed by the PMT for the 2020-2024 transit and commuter rail capital projects. The MTA expects to start issuing BANs for this capital contribution in 2024, and the long-term bonds to pay back these BANs would not start to be issued until 2027; they would have deferred principal for 10 years.

The MTA is assuming congestion pricing will eventually be implemented or replacement funding be provided; however, if the MTA had to bond out of its operating budget, debt service could increase by nearly $1 billion annually.

As noted earlier, the MTA's debt forecast does not include any future bonding that might occur to fund future capital programs. The proposed 2025-2029 capital program was released in September 2024. The program is proposed at $68.4 billion which would be the MTA's largest in history.

The MTA has proposed to bond a combined $13 billion for the 2025-2029 program, inclusive of $3 billion in Triborough Bridge and Tunnel Authority (TBTA) bonds, consistent with past contributions which OSC estimates could cost as much as $825 million annually in debt service costs. The program currently has a $33.4 billion funding gap. If this funding is not provided, the MTA may need to issue more debt, which could lead to higher debt service costs or as an alternative, defer needed projects. The MTA anticipates including the debt service impact of the $13 billion included in the 2025-2029 capital program in its November financial plan.

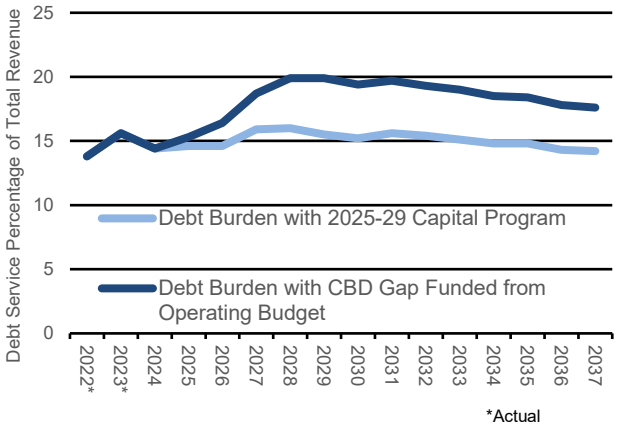
Filling the $15 billion funding shortfall for the 2020-2024 capital program with debt paid from the operating budget as well as bonding $13 billion as proposed for the 2025-2029 program would increase debt service by $2.4 billion between 2023 and 2037, reaching $5 billion that year (see Figure 19). An increase

in the MTA's debt servicing costs to pay for additional debt would reduce the remaining amount for operations and maintenance needed to ensure high quality service, as the cost of providing the services rise over time. The MTA could choose to reduce service in response, which could lower costs, but also come at a cost of ridership revenue. The MTA could also raise fares and tolls, which would likely come from the same pool of fare and tollpayers that would have been subject to congestion pricing. Assuming all other projections remain on their current trajectory (e.g., ridership, toll and tax revenues), the cost of servicing this debt would necessitate the equivalent of raising the subway fare by 16 percent in 2037.

The separation of funds for the explicit purpose of paying for the capital program, such as the lockbox, avoids conflating pressures from the operating budget onto the capital program. Debt service on the assumed $18.8 billion of lockbox bonding is expected to rise to $1.2 billion annually starting in 2028.[4] This debt service, however, is expected to be paid from the capital lockbox, which is separate from the MTA's operating budget and will not compete for other resources in the operating budget without changes to State law.

As noted in earlier OSC reports, the MTA has used the deferral of principal as long as 20 years to provide short-term operating budget relief while pushing costs up for future generations. OSC encourages the MTA to avoid these financing techniques and to structure debt service payments evenly over the life of the bonds so that the overall financial impact to the agency does not increase over time.

FIGURE 20
MTA Debt Burden with Future Capital Program



Note: Revenues are assumed to grow 3 percent annually.
Sources: Metropolitan Transportation Authority; OSC analysis

The share of total revenue needed to fund debt service averaged 16.1 percent from 2010 through 2019. The MTA's July Plan benefits from the MTA using federal funding to free up its own resources to pre-pay interest in 2024 as well as lowering debt service through debt refundings. As a result, the Authority reports that the debt burden is expected to rise to 15.6 percent in 2023, decrease to 14.4 percent in 2024, stay at about that level in 2025 and 2026 and then increase to 16.1 percent in 2028. These totals assume a 4 percent yield increase in fares and tolls will be approved for both 2025 and 2027.

If the capital lockbox debt service and revenues were not separated but were instead included as part of the operating budget, the debt burden would be even higher than currently budgeted; it would rise to 19.1 percent by 2031, assuming all $18.8 billion of lockbox debt is issued.[5]

Assuming revenues grow by 3 percent annually and the MTA issues $13 billion in bonds as proposed to fund the 2025-2029 capital program,

[4] The remaining $6 billion of the $25 billion expected from capital lockbox resources is expected to be from pay-as-you-go cash contributions to the MTA's 2020-2024 capital program.

[5] OSC analysis includes 100 percent of anticipated capital lockbox revenue being available for debt service of related bonds. The analysis assumes 3 percent growth in non-lockbox revenue for 2029 through 2031.

the debt burden would be at 16 percent in 2028 and drop to 14.2 percent in 2037 as existing non-lockbox debt is amortized (see Figure 20). If the $15 billion of funding from congestion pricing is not provided and if the MTA decided to cover this funding gap with debt paid for out of its operating budget, the debt burden would increase to 19.9 percent in 2028 before dropping to 17.6 percent in 2037. In the future, the MTA's goal is to limit the debt burden to under 15 percent, but there is no assurance it will be able to do so.

If the MTA bonded another $15 billion in addition to $13 billion for the 2025-2029 capital program, in order to reach the MTA's goal of a debt burden of 15 percent, operating revenues would have to increase by $10.7 billion (4.5 percent annually) during that period. Unless alternative operating revenues can be identified to fill these gaps, the MTA will have to turn to additional fare and toll increases, as it has done in the past. Success in bringing riders back to the system, and thereby boosting revenue, would help alleviate the debt burden in the long term.

APPENDIX A

MTA Revenue and Expenditure Trends in the July Plan

(in millions)

	← Forecast →					Average Four-Year Growth Rate
	2024	2025	2026	2027	2028	
Revenues						
Farebox Revenue	**5,061**	**5,276**	**5,426**	**5,585**	**5,566**	**2.4%**
Toll Revenue	**2,576**	**2,581**	**2,585**	**2,588**	**2,591**	**.02%**
Dedicated Taxes						
Payroll Mobility Tax	3,265	3,394	3,522	3.648	3,775	3.7%
Metro. Mass Trans. Operating Asst.	3,000	3,150	3,150	3,150	3,213	1.7%
Real Estate-Related Taxes	627	768	940	1,135	1,174	16.9%
Petroleum Business Tax	598	595	595	595	595	(0.1%)
Casino Revenue	---	---	500	500	600	N/A
Other	717	743	749	765	724	0.2%
Subtotal – Dedicated Taxes	**8,207**	**8,650**	**9,454**	**9,792**	**10,081**	**5.3%**
State and Local Subsidies	**1,592**	**1,431**	**1,609**	**1,695**	**1,718**	**1.9%**
Other Revenue	**999**	**996**	**1,035**	**1,077**	**1,121**	**2.9%**
Total Baseline Revenues	**18,435**	**18,934**	**20,109**	**20,737**	**21,077**	**3.4%**
Expenditures						
Payroll	6,310	6,453	6,620	6,768	6,928	2.4%
Debt Service	2,666	2,791	2,986	3,344	3,469	6.8%
Health and Welfare (with Retirees)	2,713	2,919	3,138	3,372	3,638	7.6%
Pensions	1,439	1,604	1,673	1,745	1,791	5.6%
Overtime	856	831	852	872	885	0.8%
Other Fringe Benefits	1,084	1,118	1,173	1,236	1,292	4.5%
Maintenance and Other Contracts	1,083	969	945	976	1,018	(1.5%)
Professional Service Contracts	789	729	768	793	748	(1.3%)
Energy (Fuel and Electric)	771	825	860	863	897	3.9%
Insurance	19	15	16	20	31	13.0%
Claims	399	426	439	453	467	4.0%
Paratransit Service Contracts	582	606	639	672	718	5.4%
Materials & Supplies	685	666	716	806	870	6.2%
Other	333	330	338	353	354	1.5%
Reimbursable Overhead	(476)	(491)	(501)	(487)	(490)	0.7%
General Reserve	195	200	205	220	225	3.6%
Other Adjustments	19	13	14	14	14	(7.4%)
Total Baseline Expenditures	**19,467**	**20,004**	**20,881**	**22,020**	**22,855**	**4.1%**

Note: May not add due to rounding.
Sources: Metropolitan Transportation Authority; OSC analysis

APPENDIX B

MTA Staffing Levels by Function and Agency in the July Plan

(Full-Time and Full-Time-Equivalents)

	Actual	Actual	Actual	Projected for the End of the Calendar Year			
	December 2022	December 2023	August 2024	2025	2026	2027	2028
Administration	**3,508**	**3,827**	**4,334**	**4,215**	**4,218**	**4,218**	**4,218**
NYC Transit	718	660	651	894	903	903	903
Long Island Rail Road	415	432	447	505	499	499	499
Metro-North Railroad	412	443	449	501	501	501	501
Bridges & Tunnels	46	52	52	85	85	85	85
Headquarters (w/GCM)	1,756	2,041	2,251	2,016	2,016	2,016	2,016
Staten Island Railway	18	17	27	31	31	31	31
Capital Construction Co.	71	106	380	63	63	63	63
Bus Company	72	76	77	120	120	120	120
Operations	**30,473**	**31,009**	**31,534**	**32,130**	**32,103**	**32,210**	**32,203**
NYC Transit	22,897	23,195	23,549	24,069	24,045	24,041	24,034
Long Island Rail Road	2,671	2,827	2,874	2,803	2,802	2,913	2,913
Metro-North Railroad	2,062	2,185	2,232	2,313	2,313	2,313	2,313
Bridges & Tunnels	98	118	101	165	165	165	165
Headquarters	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Staten Island Railway	134	140	133	145	143	143	143
Capital Construction Co.	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Bus Company	2,611	2,545	2,644	2,635	2,635	2,635	2,635
Maintenance	**30,775**	**31,563**	**31,785**	**33,515**	**33,437**	**33,212**	**33,377**
NYC Transit	21,243	21,817	21,852	23,099	22,989	22,669	22,854
Long Island Rail Road	4,291	4,385	4,412	4,607	4,652	4,759	4,759
Metro-North Railroad	3,694	3,811	3,913	4,043	4,035	4,035	4,035
Bridges & Tunnels	335	351	352	388	388	388	388
Headquarters	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Staten Island Railway	190	188	205	236	231	219	199
Capital Construction Co.	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Bus Company	1,022	1,010	1,051	1,142	1,142	1,142	1,142
Engineering/Capital	**1,570**	**1,726**	**1,484**	**1,904**	**1,913**	**1,913**	**1,913**
NYC Transit	951	854	758	1,240	1,240	1,240	1,240
Long Island Rail Road	158	149	148	208	209	209	209
Metro-North Railroad	62	61	56	90	98	98	98
Bridges & Tunnels	130	121	113	158	158	158	158
Headquarters	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Staten Island Railway	7	5	6	4	4	4	4
Capital Construction Co.	240	515	381	178	178	178	178
Bus Company	22	21	22	26	26	26	26
Public Safety	**2,223**	**2,318**	**2,394**	**2,571**	**2,566**	**2,566**	**2,566**
NYC Transit	594	672	721	840	835	835	835
Long Island Rail Road	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Metro-North Railroad	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Bridges & Tunnels	440	393	348	405	405	405	405
Headquarters	1,178	1,242	1,314	1,313	1,313	1,313	1,313
Staten Island Railway	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Capital Construction Co.	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Bus Company	11	11	11	13	13	13	13
Baseline Total Positions	**68,548**	**70,442**	**71,531**	**74,334**	**74,236**	**74,118**	**74,276**

Source: Metropolitan Transportation Authority

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