MTA 2012 Final Proposed Budget

November Financial Plan 2012 – 2015

Volume 1

November 2011

Metropolitan Transportation Authority

ERRATA SHEET
NOVEMBER FINANCIAL PLAN 2012-2015
VOLUME 1

The following page has minor changes that reflect corrections made subsequent to the November 16, 2011 presentation of this document to the MTA Board:

II-2

This minor correction has no bottom-line Financial Plan impact.

OVERVIEW

MTA 2012 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2012-2015
VOLUME 1

The MTA's November Plan is divided into two volumes. Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, baseline and below-the-line Fare/Toll Increases, MTA Initiatives, and MTA Re-estimates. Volume 1 also includes descriptions of the below-the-line actions as well as the required Certification by the Chairman and Chief Executive Officer, a description of the MTA Budget Process, and the Proposed 2012-2014 Capital Program Funding Strategy.

Volume 2 includes MTA-Consolidated financial and position schedules as well as narratives that support the baseline projections included in the 2012 Final Proposed Budget and the Financial Plan for 2012 through 2015. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

Important Note on LI Bus:

Earlier this year, Nassau County announced that it would be proceeding with an award of a contract to privatize bus and paratransit services in the County of Nassau and that the bus and paratransit services currently furnished by LI Bus are to be furnished by a private operator by January 1, 2012. In June, 2011, the County Executive announced its selection of a private operator.

The MTA Board in April 2011 approved a resolution authorizing actions to facilitate Nassau County's transition to provision of bus and paratransit services by a private operator on or before January 1, 2012. Consistent with the Board's authorization, LI Bus has given notice of the termination of the existing Lease & Operating Agreement between Nassau County and LI Bus effective as of December 31, 2011. The MTA has agreed to continue existing levels of service through 2011 due to additional one-time financial assistance that has been provided by the State Senate.

Consistent with these developments, this financial plan assumes the cessation of LI Bus operations on December 31, 2011. For 2012 and beyond, it assumes the exclusion of LI Bus as a separate operating entity from all budget forecasts for revenue, expenses, cash, subsidies, and headcount. Under the Lease & Operating Agreement, expenses that may be incurred post-December 31, 2011, in connection with the wind down of LI Bus will primarily be the financial responsibility of Nassau County.

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I. Introduction

The November Financial Plan 2012-2015

This 2011 November Forecast, 2012 Final Proposed Budget and November Financial Plan 2012-2015 (the "November Plan" or "Plan") reaffirms the MTA's commitment to establishing fiscal stability for the MTA's finances. The key elements of MTA's previous Financial Plan are embodied in this Plan as well – continued focus on cost cutting to achieve $850 million annual recurring savings by 2015 without budget-driven service cuts; continued receipt of dedicated taxes and subsidies; implementation of biennial, moderate fare and toll increases; and agreement with labor for "net zero" wage savings of more than $300 million annually by 2015. The Plan will protect the revenues budgeted for capital Pay-As-You-Go so that they will be available to pay debt service on new debt critical to funding the final three years of the 2010-14 Capital Program. The capital funding proposal will require approval by the Board and Capital Program Review Board in early 2012.

MTA Building Blocks of Fiscal Stability

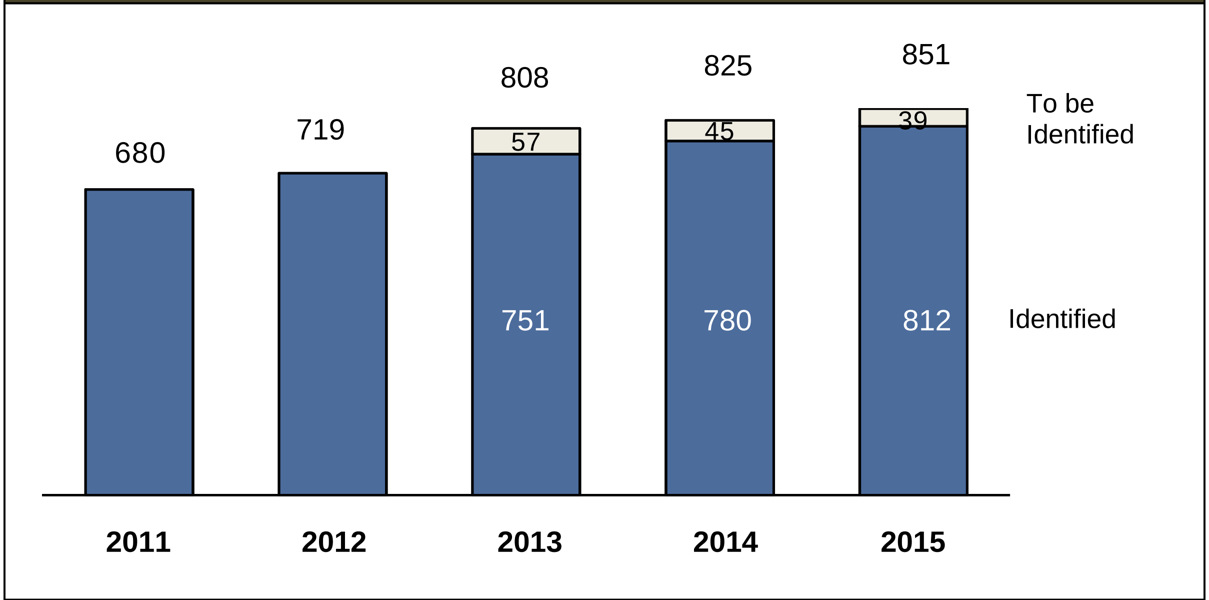
The cornerstone of the Financial Plan is the cost-effective use of MTA's scarce dollars. In early 2010, the MTA responded to a loss of $900 million in dedicated taxes and subsidies by beginning a process that would reduce its cost structure. Those efforts, which included administrative reductions, paratransit efficiencies, overtime efficiencies, departmental consolidations, and painful service reductions, produced annualized savings of over $500 million. The MTA, however, recognized the need to further reduce expenses if a more stable financial position was to be achieved. As part of the November 2010 Plan exercise, MTA identified new processes for reducing expenses which were referred to as "New MTA Efficiencies". At that time, targets were developed that would save an additional $75 million in 2011, increasing to $200 million in 2014 through streamlining, downsizing, smarter procurement, and elimination of redundancies.

In 2011, the MTA identified more savings opportunities and again increased the MTA Efficiency targets. This Plan includes savings from paratransit efficiencies, health care contract re-bids, increased employee participation in the retiree health care "opt-out" program, non-revenue vehicle fleet reductions, and further consolidations. Savings in paratransit costs, which have been growing at a rate of 17% a year, will be derived by building upon efficiencies implemented in 2011: use of lower cost vouchers and taxis, enforcement of eligibility standards, and greater utilization of the accessible fixed route system.

With these new 2011 initiatives, the total targeted savings have increased to $96 million in 2011, and grow to $241 million in 2014 and $266 million in 2015. MTA has identified all but $45 million of the specific components of the targeted 2014 savings; as recently as a year ago, most of those components had not yet been identified.

These combined efficiencies are now expected to generate recurring savings that will annualize to approximately $850 million by 2015, with a cumulative total efficiency savings in this Plan alone of almost $4 billion. The November Plan incorporates the increased MTA efficiency targets that were established in the July Plan and has significantly reduced the portion of the future targets that are unidentified.

Cumulative savings of efficiency initiatives will grow to $3.9 billion by 2015
$ millions



Vigilance will be required not to backslide where savings have been achieved. The MTA must continue to seek out and pursue new opportunities not just to deliver existing services more efficiently, but also to create savings that can be reinvested for improved reliability and service.

With approximately 60% of the MTA's expenses driven by labor costs, it is essential that growth in this area reflect the economic realities of this region and the State. The MTA's plan includes three years of "net zero" wage savings which are in line with the contract agreements reached by the State and its two largest unions, the CSEA and PEF. By the end of 2011, non-represented employees will have gone three years without a wage increase.

Consistent with the 2009 State agreement on MTA financing, the Plan includes 7.5 % fare and toll increases in 2013 and 2015.

Weather Impacts

Three significant weather events took place during 2011 that affected MTA operations and finances. The July Plan captured the impacts of record breaking January snowfalls, including one major blizzard. In early September, Tropical Storm Irene dumped more than three inches of rain in our service area. To ensure the safety of our customers and employees, the entire system was shut down in advance of the storm; services were restored as soon as the damage was cleared and service could operate safely. The third event was a Nor'easter that, when combined with dropping temperatures, resulted in an unusually early, heavy snowfall on October 29.

Irene caused extensive infrastructure damage to MTA properties with Metro-North's Port Jervis line the hardest hit. Extreme impacts from this storm, including the complete wash-out of large portions of the right-of-way on the Port Jervis Line, will result in projected capital costs of $27 million. As a result of this damage, Metro-North is providing its customers temporary busing service until repairs are finished at the end of November. By all accounts, Metro-North and its employees have done an excellent job of mitigating the impact and cost of that storm. Repairs are being done faster and less expensively than originally estimated.

In the November Plan, Agency baselines include almost $90 million in 2011 operating financial impacts associated with the January record snowfalls and Tropical Storm Irene (and the General Reserve at the corporate level is being maintained at $8 million to cover the Nor'easter and other potential storms through the remainder of the year). Recoveries for Irene from insurance and the Federal Emergency Management Agency (FEMA) are anticipated in 2012. As a result of these weather emergencies, 2011 MTA overtime reduction targets will not be met.

Reinvestments for Improved Reliability and Service

While striving to reduce expenses, the MTA continues to address the important issues of reliability and service quality and has made reinvestments that will improve service. New York City Transit is adding staff to improve signal maintenance and repairs and to improve the reliability and safety of its escalators and elevators. NYC Transit is also adding resources to extend the useful life of its R-32 subway car fleet until replacements are delivered in 2017, and is reinstating its Work Experience Program, which will result in substantial improvements to station and car cleanliness. The Bus Customer Information Systems (CIS) are being rolled out, which will provide real-time information for bus passengers so that riders will know when buses will arrive and what their current locations are. This pilot program will deploy CIS to all Staten Island buses by the end of 2011, and will be rolled-out to all buses throughout the MTA system beginning in 2012.

Metro-North will rehabilitate its Harlem River Lift Bridge, which was severely damaged in a 2010 fire and will purchase equipment to improve its response to heavy snowfall and icing conditions. MNR will also overhaul several West of Hudson locomotives to extend their reliability through 2020 and complete its door modification program for its

M-3 fleet. The Long Island Rail Road is rolling out systems to improve the service and schedule status information it provides to its customers during major service disruptions. MTA Bus is adding road dispatchers for service support and investing in customer convenience and related amenities by expanding the existing Guide-A-Ride program and implementing a Passenger Environment Survey process much like NYCT that will provide information on the customer experience.

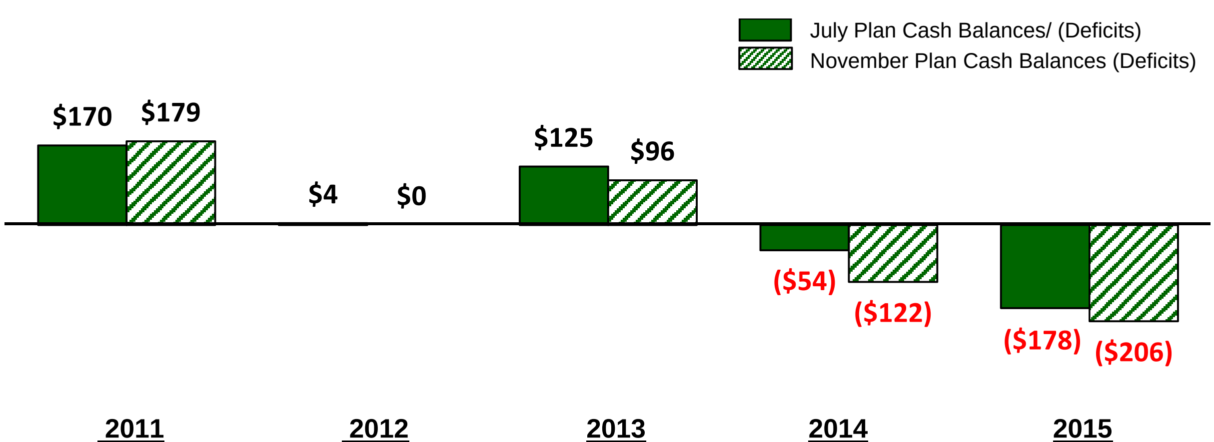
Other Changes

Subsidy projections overall are similar to July. Indications are that State subsidies to the MTA will be lower than anticipated in July because of a slow-down in the economic activity supporting those specific taxes. These losses, however, are expected to be mostly offset by higher real estate revenues. Agency projections are also similar to July as the combination of lower passenger revenues and higher claims costs are being offset by slightly lower costs for health & welfare and energy. Lower debt service and favorable spending in 2011 will help to finance those earlier described reinvestments.

The elimination of most of the remaining general reserve in 2011, and a significant shift in the timing of expenses from 2011 to 2012 will permit the MTA to repay an inter-agency loan of $135 million in 2011 rather than in 2012, as was assumed in the July Plan. In 2012 and beyond, the General Reserve increases to approximately one percent of the MTA's operating budget. Energy fluctuations and weather impacts seen in 2011 alone demonstrate the necessity of an adequate General Reserve. This Plan continues the fuel hedge program through 2015.

The Bottom Line

The November Plan reflects a worsening in out-year results, but remains manageable.



Out-year deficits are largely driven by costs outside of our control that increase at a rate greater than inflation. For example, while CPI is projected to grow at 2% annually over the plan period, retiree and employee healthcare costs will each increase 10% annually and pension costs will increase by 7% annually. By 2015 the budget for these three categories of expenses will grow by $880 million – consuming more than 90% of the increase in revenue from the proposed 2013 and 2015 fare and toll changes.

The November Plan (as well as the February and July Plans) captures the cessation of LI Bus operations as of December 31, 2011. For 2012 and beyond, the Plan assumes the exclusion of LI Bus from all budget forecasts of MTA subsidies.

Risks to the Plan

Despite an improved outlook, significant risks remain. The regional economy remains weak, and if there is a "double dip" recession, the MTA has limited financial reserves to offset lower-than-expected operating revenues and dedicated taxes. The Plan assumes that State budget actions will reflect full remittance to MTA of all resources collected on MTA's behalf and that fare and toll increases will be implemented as forecasted. Additionally, this Plan assumes that labor settlements will include three years of net zero wage growth.

A significant risk to the MTA is the underfunding of the 2010 - 2014 Capital Program. Failure to fund this program puts the MTA at risk of violating the Federal Full Funding Grant Agreements for the mega-projects and/or deferring necessary investment in state of good repair and normal replacement of its capital assets, both of which are essential to the reliability of the system. This outcome would undermine MTA's financial rating and its ability to deliver essential transportation services for the region. For this reason, the Plan continues to protect revenues set aside for capital PAYGO, which are proposed to be re-budgeted to pay debt service on new bonds to fully fund the last three years of the Capital Program, subject to review and approval by the MTA Board and CPRB early in 2012.

2012-2014 Capital Program Funding Proposal Update

Recognizing the current difficult economic environment, in July the MTA proposed an innovative and pragmatic approach to fully fund the last three years of the 2010-2014 capital program. The program is critical to delivering critical safety and reliability investments for core infrastructure projects and to putting East Side Access and Second Avenue Subway into service. This proposed approach accomplishes these benefits without raising taxes or fares and tolls beyond what has been planned.

There are three key elements to this approach:

- Delivering projects more efficiently and reforming processes to assure better bids (with a total program reduction of $4 billion, $2 billion of which is to be achieved over the last three years without deferring projects).

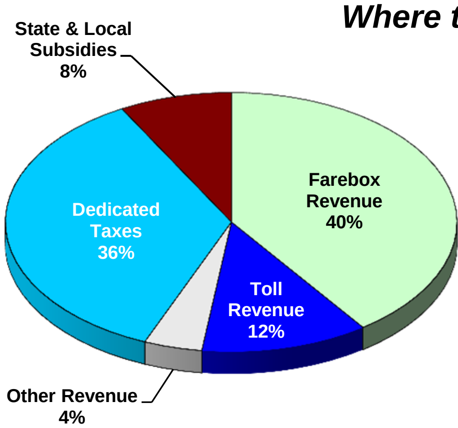
- Embracing an innovative federal loan program and adopting a pragmatic financing approach by reallocating revenues currently in the Financial Plan for capital PAYGO to support additional debt without increasing the burden on the operating budget.
- Re-establishing our historic funding partnerships with NYS and NYC.

In early 2012, the MTA will seek Board and CPRB approval for its funding proposal. This timeframe provides the opportunity for review by new leadership and for finalizing elements of the proposal with our funding partners.

II. MTA Consolidated 2011-2015 Financial Plan

MTA 2012 Final Proposed Budget
Baseline Expenses Including Below-the-Line Adjustments [1]
Non-Reimbursable

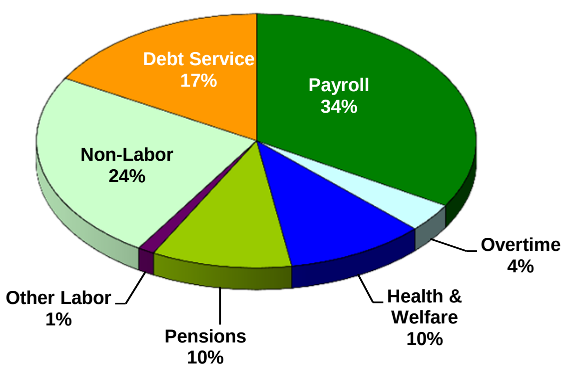
Where the Dollars Come From …



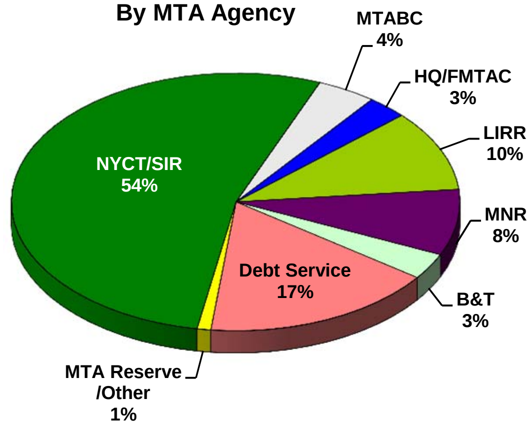
By Revenue Source ($ in millions)	
Farebox Revenue	$5,050
Toll Revenue	1,510
Other Revenue	524
Dedicated Taxes	4,494
State & Local Subsidies	1,015
Total	$12,594

Where the Dollars Go …

By Expense Category



By MTA Agency



By Expense Category [1] includes below-the-line adjustments ($ in millions)	
Payroll	$4,197
Overtime	463
Health & Welfare	1,298
Pensions	1,308
Other Labor	156
Non-Labor	3,037
Debt Service	2,129
Total	$12,588

By MTA Agency [2 3] includes below-the-line adjustments ($ in millions)	
NYCT/SIR	$6,762
MTABC	539
HQ/FMTAC	362
LIRR	1,288
MNR	1,050
B&T	414
Debt Service	2,129
MTA Reserve	125
MTA Below-the-Line Adjustments [4]	-81
Total	$12,588

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

[1] *The generic expense categories and totals include the below-the-line adjustments captured in Volume 1 that were not included in Volume 2 (baseline plan).*

[2] *The financial plan assumes the cessation of LI Bus operations on December 31, 2011.*

[3] *MTA Capital Construction is not included in the above charts, as its budget contains reimbursable expenses only.*

[4] *The below-the-line adjustments have not been allocated to specific Agencies.*

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2012-2015

MTA Consolidated Statement Of Operations By Category

($ in millions)

Non-Reimbursable	2010 Actual[1]	2011 November Forecast	2012 Final Proposed Budget	2013	2014	2015
Operating Revenue						
Farebox Revenue	$4,586	$4,991	$5,050	$5,122	$5,208	$5,286
Toll Revenue	1,417	1,499	1,510	1,508	1,514	1,520
Other Revenue	491	496	524	551	589	630
Capital and Other Reimbursements	0	0	0	0	0	0
Total Operating Revenue	**$6,495**	**$6,986**	**$7,085**	**$7,181**	**$7,310**	**$7,436**
Operating Expense						
Labor Expenses:						
Payroll[1]	$4,171	$4,206	$4,248	$4,265	$4,358	$4,461
Overtime[1]	443	523	463	460	467	475
Health & Welfare	738	776	863	938	1,026	1,123
OPEB Current Payment	356	390	435	484	530	581
Pensions	1,030	1,091	1,308	1,321	1,374	1,434
Other-Fringe Benefits	540	485	489	500	514	530
Reimbursable Overhead	(345)	(328)	(334)	(316)	(317)	(311)
Sub-total Labor Expenses	**$6,933**	**$7,143**	**$7,473**	**$7,651**	**$7,952**	**$8,293**
Non-Labor Expenses:						
Traction and Propulsion Power	$325	$337	$385	$428	$477	$530
Fuel for Buses and Trains	190	244	240	254	255	263
Insurance	10	15	23	33	46	56
Claims	285	232	229	234	245	257
Paratransit Service Contracts	380	356	404	468	550	637
Maintenance and Other Operating Contracts	542	616	670	682	706	764
Professional Service Contracts	203	189	213	213	218	221
Materials & Supplies	511	525	583	599	617	669
Other Business Expenses	190	170	160	164	166	170
Sub-total Non-Labor Expenses	**$2,636**	**$2,684**	**$2,906**	**$3,075**	**$3,281**	**$3,568**
Other Expense Adjustments:						
Other	($18)	$5	$36	$34	$35	$35
General Reserve	0	8	125	130	135	145
Sub-total Other Expense Adjustments	**($18)**	**$13**	**$161**	**$164**	**$170**	**$180**
Total Operating Expense before Non-Cash Liability Adj.	**$9,550**	**$9,840**	**$10,540**	**$10,891**	**$11,403**	**$12,041**
Depreciation	$1,981	$2,077	$2,179	$2,245	$2,325	$2,420
OPEB Obligation	1,167	1,241	1,256	1,281	1,306	1,338
Environmental Remediation	19	9	9	9	9	9
Total Operating Expense after Non-Cash Liability Adj.	**$12,717**	**$13,167**	**$13,984**	**$14,426**	**$15,043**	**$15,809**
Net Deficit Before Subsidies and Debt Service	**($6,222)**	**($6,181)**	**($6,899)**	**($7,245)**	**($7,733)**	**($8,372)**
Conversion to Cash Basis: Non-Cash Liability Adjs.	$3,166	$3,326	$3,444	$3,535	$3,640	$3,768
Debt Service (excludes Service Contract Bonds)	(1,781)	(1,949)	(2,129)	(2,271)	(2,418)	(2,555)
Total Operating Expense with Debt Service	**$11,332**	**$11,789**	**$12,669**	**$13,162**	**$13,822**	**$14,596**
Dedicated Taxes and State/Local Subsidies	$4,914	$5,249	$5,509	$5,782	$6,023	$6,246
Net Deficit After Subsidies and Debt Service	**$77**	**$446**	**($76)**	**($199)**	**($488)**	**($914)**
Conversion to Cash Basis: GASB Account	(67)	($39)	(57)	(61)	(65)	(67)
Conversion to Cash Basis: All Other	20	($419)	(27)	(267)	(343)	(400)
CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	**$30**	**($13)**	**($160)**	**($527)**	**($896)**	**($1,381)**
ADJUSTMENTS	**0**	**32**	**(19)**	**624**	**678**	**1,176**
PRIOR-YEAR CARRY-OVER	**130**	**160**	**179**	**0**	**96**	**0**
NET CASH BALANCE	**$160**	**$179**	**$0**	**$96**	**($122)**	**($206)**

[1] In order to establish consistency among Agencies when reporting overtime results, certain overtime-related expenses that had been captured within payroll (straight-time) were shifted to the overtime category beginning in 2011. However, the 2010 Actual results do not reflect the change. The result would have been a zero-sum shift of approximately $48 million from payroll to overtime, making the 2010 Actual for Overtime $491 million and Payroll $4,121 million.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2012-2015
Plan Adjustments
($ in millions)

	2010 Actual	2011 November Forecast	2012 Final Proposed Budget	2013	2014	2015
Cash Balance Before Prior-Year Carry-over	**$30**	**($13)**	**($160)**	**($527)**	**($896)**	**($1,381)**
Fare/Toll Increases:						
Fare/Toll Yields on 1/1/13: 7.5%		*0*	*0*	*449*	*466*	*472*
Fare/Toll Yields on 1/1/15: 7.5%		*0*	*0*	*0*	*0*	*494*
Sub-Total		0	0	449	466	966
MTA Initiatives:						
New MTA Efficiencies		*6*	*30*	*93*	*84*	*79*
3 Zeroes Salary/Wage Initiative		*15*	*26*	*35*	*83*	*95*
Accelerate 3 Zeroes		*11*	*25*	*27*	*24*	*15*
MetroCard Green Fee and Cost Savings		*0*	*0*	*20*	*20*	*20*
Sub-Total		32	81	175	212	210
MTA Re-Estimates:						
Continuing Energy Hedge Program		*0*	*(100)*	*0*	*0*	*0*
Sub-Total		0	(100)	0	0	0
TOTAL ADJUSTMENTS		**32**	**(19)**	**624**	**678**	**1,176**
Prior-Year Carry-Over	*130*	*160*	*179*	*0*	*96*	*0*
Net Cash Surplus/(Deficit)	**$160**	**$179**	**$0**	**$96**	**($122)**	**($206)**

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2012-2015

MTA Consolidated Cash Receipts and Expenditures

($ in millions)

Line No	Cash Receipts and Expenditures	2010 Actual	2011 November Forecast	2012 Final Proposed Budget	2013	2014	2015
10	**Receipts**						
11	Farebox Revenue	$4,613	$5,041	$5,102	$5,170	$5,250	$5,329
12	Other Operating Revenue	505	548	547	574	612	653
13	Capital and Other Reimbursements	1,427	1,292	1,686	1,394	1,398	1,406
14	**Total Receipts**	**$6,544**	**$6,882**	**$7,334**	**$7,138**	**$7,260**	**$7,388**
15							
16	**Expenditures**						
17	***Labor:***						
18	Payroll	$4,567	$4,544	$4,677	$4,609	$4,706	$4,804
19	Overtime	543	605	540	531	540	547
20	Health and Welfare	752	855	892	970	1,060	1,158
21	OPEB Current Payment	347	377	419	467	512	561
22	Pensions	1,170	1,098	1,316	1,329	1,362	1,429
23	Other Fringe Benefits	579	583	588	590	607	624
25	Contribution to GASB Fund	67	39	57	61	65	67
26	Reimbursable Overhead	0	0	0	0	0	0
27	**Total Labor Expenditures**	**$8,026**	**$8,101**	**$8,488**	**$8,557**	**$8,852**	**$9,190**
28							
29	***Non-Labor:***						
30	Traction and Propulsion Power	$327	$363	$394	$430	$480	$533
31	Fuel for Buses and Trains	195	238	242	254	255	263
32	Insurance	10	33	29	38	53	64
33	Claims	210	216	204	208	219	227
34	Paratransit Service Contracts	386	368	402	466	548	635
35	Maintenance and Other Operating Contracts	551	594	665	643	657	695
36	Professional Service Contracts	202	198	219	228	236	235
37	Materials & Supplies	566	550	720	696	723	773
38	Other Business Expenditures	208	181	180	168	170	174
39	**Total Non-Labor Expenditures**	**$2,656**	**$2,741**	**$3,055**	**$3,133**	**$3,341**	**$3,599**
40							
41	***Other Expenditure Adjustments:***						
42	Other	$56	$82	$107	$96	$102	$114
43	General Reserve	0	8	125	130	135	145
44	**Total Other Expenditure Adjustments**	**$56**	**$90**	**$232**	**$226**	**$237**	**$259**
45							
46	**Total Expenditures**	**$10,738**	**$10,932**	**$11,775**	**$11,916**	**$12,431**	**$13,048**
47							
48	**Net Cash Deficit Before Subsidies and Debt Service**	**($4,194)**	**($4,051)**	**($4,440)**	**($4,778)**	**($5,171)**	**($5,659)**
49							
50	Dedicated Taxes and State/Local Subsidies	$5,396	$5,354	$5,773	$5,864	$6,006	$6,111
51	Debt Service (excludes Service Contract Bonds)	(1,172)	(1,316)	(1,492)	(1,613)	(1,731)	(1,833)
52							
53	**CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER**	**$30**	**($13)**	**($160)**	**($527)**	**($896)**	**($1,381)**
54	**ADJUSTMENTS**	**0**	**32**	**(19)**	**624**	**678**	**1,176**
55	**PRIOR-YEAR CARRY-OVER**	**130**	**160**	**179**	**0**	**96**	**0**
56	**NET CASH BALANCE**	**$160**	**$179**	**$0**	**$96**	**($122)**	**($206)**

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2012-2015
MTA Consolidated - November Financial Plan Compared with July Financial Plan
Cash Reconciliation
($ in millions)

	Favorable/(Unfavorable)				
	2011	2012	2013	2014	2015
JULY FINANCIAL PLAN NET CASH SURPLUS	**$170**	**$4**	**$125**	**($54)**	**($178)**
MTA Efficiencies/Savings Initiatives	**$34**	**$70**	**$88**	**$113**	**$145**
Paratransit Savings	*19*	*59*	*76*	*111*	*140*
Non-Revenue Fleet Savings	*6*	*9*	*6*	*4*	*4*
B&T's E-ZPass Tag Initiative	*9*	*2*	*6*	*(2)*	*(0)*
New Needs (primarily maintenance)	**$14**	**($29)**	**($14)**	**$13**	**($46)**
Agency Baseline Adjustments	**($19)**	**($30)**	**($12)**	**$25**	**$80**
Farebox/ Toll Revenue	*(28)*	*(16)*	*(9)*	*(6)*	*(2)*
Traction and Propulsion Power	*9*	*(11)*	*(16)*	*(20)*	*(8)*
Fuel for Buses and Trains	*4*	*19*	*16*	*21*	*28*
Health & Welfare (includes OPEB)	*3*	*10*	*28*	*44*	*57*
Tropical Storm Irene - Operating	*(49)*	*49*	*0*	*0*	*0*
Tropical Storm Irene - Capital	*(16)*	*16*	*0*	*0*	*0*
Claims	*(28)*	*(18)*	*(13)*	*(15)*	*(19)*
Other Expense Reductions	*45*	*(4)*	*(4)*	*(1)*	*(1)*
East Side Access Delay	*0*	*0*	*4*	*15*	*62*
2011 Timing Adjustments	*41*	*(33)*	*1*	*(1)*	*(2)*
Baseline Re-estimates	*2*	*(42)*	*(19)*	*(12)*	*(36)*
B&T Adjustments [1]	**($15)**	**($4)**	**($9)**	**($1)**	**($6)**
General Reserve	**$42**	**($25)**	**($30)**	**($35)**	**($45)**
Subsidies:	**($57)**	**$103**	**($8)**	**($47)**	**($10)**
Reduction in MMTOA Revenues	*0*	*(100)*	*(38)*	*(50)*	*(54)*
Real Estate Tax Receipts	*70*	*49*	*42*	*48*	*82*
Other Subsidies	*2*	*(3)*	*(23)*	*(37)*	*(39)*
Payback of Inter-Agency Loan	*(135)*	*135*	*0*	*0*	*0*
Other Subsidy Adjustments	*(7)*	*13*	*(2)*	*(6)*	*6*
B&T Operating Surplus Transfer	*13*	*11*	*13*	*(1)*	*(4)*
Debt Service Adjustments	**$38**	**$28**	**$27**	**$30**	**$20**
MTA Efficiencies/Re-estimates:	**($28)**	**($126)**	**($69)**	**($137)**	**($168)**
MTA Efficiencies [2]	*(21)*	*(75)*	*(88)*	*(121)*	*(152)*
Accelerate 3 Zeroes	*(7)*	*(16)*	*(16)*	*(16)*	*(16)*
Continuing Energy Hedge Program	*0*	*(35)*	*35*	*0*	*0*
Other Adjustments	**$0**	**($0)**	**$1**	**$1**	**$3**
Prior-Year Carry-Over	**$0**	**$9**	**($4)**	**($29)**	**$0**
NOVEMBER FINANCIAL PLAN NET CASH SURPLUS/(DEFICIT)	**$179**	**$0**	**$96**	**($122)**	**($206)**

[1] *B&T Operating Surplus Transfer is captured as a subsidy. While B&T's impacts are also captured in individual reconciliation categories in the Agency Baseline Adjustments above, the duplication is eliminated with the line "B&T Adjustments."*

[2] *These are now incorporated in the baseline.*

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2012-2015
Consolidated Subsidies
Cash Basis

($ in millions)

	2010 Actual	2011 November Forecast	2012 Final Proposed Budget	2013	2014	2015
Subsidies						
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assist (MMTOA)	$1,359	$1,306	$1,420	$1,550	$1,623	$1,702
Petroleum Business Tax (PBT) Receipts	604	620	631	634	636	637
Mortgage Recording Tax (MRT)	239	248	273	323	362	359
MRT Transfer to Suburban Counties	(3)	(3)	(2)	(4)	(5)	(7)
Reimburse Agency Security Costs	(10)	(10)	(10)	(10)	(10)	(10)
MTA Bus Debt Service	(25)	(25)	(25)	(25)	(25)	(25)
Interest	2	4	4	4	5	5
Urban Tax	174	358	393	421	469	494
Investment Income	0	1	1	1	1	1
	$2,338	**$2,500**	**$2,685**	**$2,895**	**$3,055**	**$3,157**
New State Taxes and Fees						
Payroll Mobility Tax	$1,352	$1,415	$1,484	$1,551	$1,618	$1,687
MTA Aid	275	290	295	299	304	308
	$1,626	**$1,706**	**$1,779**	**$1,850**	**$1,921**	**$1,995**
State and Local Subsidies						
State Operating Assistance	$190	$191	$188	$188	$188	$188
Local Operating Assistance	153	245	222	216	218	219
Nassau County Subsidy	9	5	0	0	0	0
CDOT Subsidy	78	101	102	103	100	101
Station Maintenance	149	153	155	158	161	164
AMTAP	5	6	0	0	0	0
	$585	**$700**	**$668**	**$666**	**$666**	**$673**
Other Subsidy Adjustments						
Interagency Loan	$135	($269)	$0	$0	$0	$0
NYCT Charge Back of MTA Bus Debt Service	(11)	(12)	(12)	(12)	(12)	(12)
Forward Energy Contracts - 2009 (12 mth Contract)	76	0	0	0	0	0
Forward Energy Contracts - 2011 (12 mth Contract)	0	(104)	100	0	0	0
MNR Repayment for 525 North Broadway	0	(7)	(2)	(2)	(2)	(2)
Repayment of Loan to Capital Financing Fund	0	0	(100)	(100)	(100)	(100)
Committed to Capital	(47)	(21)	(150)	(200)	(250)	(300)
	$153	**($414)**	**($164)**	**($314)**	**($364)**	**($414)**
Sub-total Dedicated Taxes & State and Local Subsidies	**$4,701**	**$4,493**	**$4,967**	**$5,096**	**$5,279**	**$5,411**
City Subsidy for MTA Bus	$242	$342	$346	$339	$350	$382
Total Dedicated Taxes & State and Local Subsidies	**$4,943**	**$4,834**	**$5,313**	**$5,436**	**$5,629**	**$5,793**
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	$406	$497	$460	$429	$377	$317
MTA Subsidy to Subsidiaries	47	23	(0)	0	0	0
	$453	**$520**	**$460**	**$429**	**$377**	**$317**
GROSS SUBSIDIES	**$5,396**	**$5,354**	**$5,773**	**$5,864**	**$6,006**	**$6,111**

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the July and November Financial Plans
Consolidated Subsidies
Cash Basis
($ in millions)

	2011	2012	2013	2014	2015
Subsidies					
Dedicated Taxes					
Metropolitan Mass Transportation Operating Assist (MMTOA)	$0	($100)	($38)	($50)	($54)
Petroleum Business Tax (PBT) Receipts	0	0	0	0	0
Mortgage Recording Tax (MRT)	6	(27)	(30)	(53)	(22)
MRT Transfer to Suburban Counties	0	0	0	0	0
Interest	0	0	0	0	0
Urban Tax	64	75	72	101	104
Investment Income	0	0	0	0	0
	$70	**($51)**	**$4**	**($2)**	**$28**
New State Taxes and Fees					
Payroll Mobility Tax	$0	$0	$0	$0	$0
MTA Aid	0	0	0	0	0
	$0	**$0**	**$0**	**$0**	**$0**
State and Local Subsidies					
State Operating Assistance	$0	$0	$0	$0	$0
Local Operating Assistance (18-b)	(5)	4	(1)	(1)	(0)
Nassau County Subsidy (includes 18-b local match)	0	0	0	0	0
CDOT Subsidy	6	(7)	(22)	(35)	(38)
Station Maintenance	0	(0)	(1)	(1)	(1)
AMTAP	0	0	0	0	0
	$2	**($3)**	**($23)**	**($37)**	**($39)**
Other Subsidy Adjustments					
Inter-Agency Loan	($135)	$135	$0	$0	$0
NYCT Charge Back of MTA Bus Debt Service	0	0	0	0	0
Forward Energy Contracts - 2009 (12 mth Contract)	0	0	0	0	0
Forward Energy Contracts - 2011 (12 mth Contract)	(4)	(0)	0	0	0
MNR Repayment for 525 North Broadway	0	0	0	0	0
Repayment of Loan to Capital Financing Fund	0	0	0	0	0
Committed to Capital	0	0	0	0	0
	($139)	**$134**	**$0**	**$0**	**$0**
Sub-total Dedicated Taxes & State and Local Subsidies	**($68)**	**$80**	**($19)**	**($39)**	**($12)**
City Subsidy for MTA Bus	($12)	$13	($2)	($6)	$6
Total Dedicated Taxes & State and Local Subsidies	**($80)**	**$93**	**($21)**	**($46)**	**($6)**
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	$13	$11	$13	($1)	($4)
MTA Subsidy to Subsidiaries	10	0	0	0	0
	$23	**$11**	**$13**	**($1)**	**($4)**
GROSS SUBSIDIES	**($57)**	**$103**	**($8)**	**($47)**	**($10)**

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III. Adjustments

III. ADJUSTMENTS

The discussion below reflects proposed Fare/Toll Revenue increases, MTA Initiatives, and MTA Re-estimates that are not included in the Baseline (as shown in Volume II of the November Plan).

Fare/Toll:

2013 Increased Fare and Toll Yields – A 7.5% increase in MTA consolidated farebox and toll revenue yields is proposed for implementation on January 1, 2013. Consolidated fare and toll revenues, excluding MTA Bus revenues, are expected to increase by $449 million in 2013, $466 million in 2014 and $472 million in 2015. MTA Bus revenue is expected to increase by $14 million a year for 2013 through 2015; these additional MTA Bus revenues will be used to hold down the NYC subsidy used to cover the costs associated with MTA Bus operations.

The current MTA consolidated projections are slightly higher than the estimates prepared for the July Plan. While fare and toll revenue forecasts are lower in the November Plan, the base farebox and toll revenue used to estimate the proposed 7.5% yield increase did not include the additional NYCT farebox revenue that, due to time constraints, were omitted from the Volume II baseline projections but captured instead under MTA Re-estimates in Volume I in the July Financial Plan. Consequently, consolidated fare and toll revenues from the 7.5% yield increase are higher by $1 million in 2013, 2014 and 2015. For MTA Bus, farebox revenue from this action is marginally lower – by about $0.2 million a year – compared with projections in the July Plan.

2015 Increased Fare and Toll Yields – Another 7.5% consolidated farebox and toll revenue yield increase is proposed for implementation on January 1, 2015, and is estimated to yield an additional $494 million in 2015, excluding yield increases for MTA Bus. The 7.5% farebox yield increase at MTA Bus is expected to generate additional revenue of $15 million, and will be used to hold down the NYC subsidy to MTA Bus.

The MTA consolidated projections from the action are $1 million favorable compared with the July Plan estimate, the result of the additional NYCT farebox revenue not included in the July Plan baseline estimates. MTA Bus farebox revenue from this action is $0.1 million lower.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions

Including the Impact of 2013 & 2015 Fare & Toll Yield Increases

		2011 November Forecast	2012 Final Proposed Budget	2013	2014	2015
Fare Revenue						
Long Island Bus [1]	- Baseline	$45.105	$0.000	$0.000	$0.000	$0.000
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	0.000
	- 1/1/15 Fare Yield	0.000	0.000	0.000	0.000	0.000
		$45.105	**$0.000**	**$0.000**	**$0.000**	**$0.000**
Long Island Rail Road	- Baseline	$567.454	$570.727	$575.234	$579.630	$584.163
	- 1/1/13 Fare Yield	0.000	0.000	43.143	43.472	43.812
	- 1/1/15 Fare Yield	0.000	0.000	0.000	0.000	47.098
		$567.454	**$570.727**	**$618.377**	**$623.102**	**$675.074**
Metro-North Railroad [2]	- Baseline	$566.059	$588.964	$610.419	$633.428	$650.090
	- 1/1/13 Fare Yield [3]	0.000	0.000	27.999	28.925	29.754
	- 1/1/15 Fare Yield [3]	0.000	0.000	0.000	0.000	31.184
		$566.059	**$588.964**	**$638.418**	**$662.353**	**$711.028**
MTA Bus Company	- Baseline	$177.351	$180.168	$181.879	$183.956	$185.964
	- 1/1/13 Fare Yield [4]	0.000	0.000	13.641	13.797	13.947
	- 1/1/15 Fare Yield [4]	0.000	0.000	0.000	0.000	14.993
		$177.351	**$180.168**	**$195.520**	**$197.753**	**$214.905**
New York City Transit [1]	- Baseline	$3,557.795	$3,631.243	$3,676.509	$3,730.279	$3,781.867
	- 1/1/13 Fare Yield	0.000	0.000	275.738	279.771	283.640
	- 1/1/15 Fare Yield	0.000	0.000	0.000	0.000	304.913
		$3,557.795	**$3,631.243**	**$3,952.247**	**$4,010.050**	**$4,370.420**
Staten Island Railway	- Baseline	$5.587	$5.726	$5.809	$5.904	$5.995
	- 1/1/13 Fare Yield	0.000	0.000	0.436	0.443	0.450
	- 1/1/15 Fare Yield	0.000	0.000	0.000	0.000	0.483
		$5.587	**$5.726**	**$6.245**	**$6.347**	**$6.928**
Total Farebox Revenue	*- Baseline*	*$4,919.352*	*$4,976.828*	*$5,049.850*	*$5,133.197*	*$5,208.079*
	- 1/1/13 Fare Yield	*0.000*	*0.000*	*360.956*	*366.408*	*371.603*
	- 1/1/15 Fare Yield	*0.000*	*0.000*	*0.000*	*0.000*	*398.672*
		$4,919.352	***$4,976.828***	***$5,410.806***	***$5,499.605***	***$5,978.355***
Toll Revenue						
Bridges & Tunnels	- Baseline	$1,498.521	$1,510.495	$1,508.101	$1,513.687	$1,520.452
	- 1/1/13 Toll Yield [5]	0.000	0.000	101.797	113.485	113.983
	- 1/1/15 Toll Yield [5]	0.000	0.000	0.000	0.000	110.328
		$1,498.521	**$1,510.495**	**$1,609.898**	**$1,627.172**	**$1,744.763**
TOTAL FARE & TOLL REVENUE [2]						
	- Baseline	$6,417.873	$6,487.323	$6,557.951	$6,646.884	$6,728.532
	- 1/1/13 Fare/Toll Yield	*0.000*	*0.000*	*462.753*	*479.892*	*485.586*
	- 1/1/15 Fare/Toll Yield	*0.000*	*0.000*	*0.000*	*0.000*	*509.000*
		$6,417.873	***$6,487.323***	***$7,020.704***	***$7,126.777***	***$7,723.118***

1 Excludes Paratransit Operations.

2 MNR baseline utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

3 MNR utilization changes from the fare yield increases reflect impacts to both East-of-Hudson and West-of-Hudson utilization.

4 MTA Bus revenue from Fare Yield will be used to reduce NYC subsidy to MTA Bus.

5 Reflects 10% delay in the distribution of surplus toll revenues per MTA Board resolution. This has no impact on traffic.

MTA Initiatives:

New MTA Efficiencies – Last year, the MTA introduced new efficiencies to improve business operations, better manage IT systems, reduce inventory, and consolidate additional operations. In the July Financial Plan, additional consolidations, paratransit efficiencies and health care savings were identified. These new initiatives, together with the existing program, increased the total targeted savings to $80 million in 2011, $139 million in 2012, $216 million in 2013, $241 million in 2014, and $266 million in 2015. In the November Plan, the MTA identified additional savings, increasing its efficiencies to $96 million in 2011 and $140 million in 2012, while savings targets for 2013 to 2015 are unchanged from July.

Most notable is that the level of unidentified savings has dropped dramatically. In 2013, unidentified savings decreased from $153 million in July to $57 million in November. Results are even more dramatic in 2014 and 2015.

The following efficiencies are now included in Agency baseline forecasts:

- Additional Paratransit Savings – NYCT has identified additional efficiencies in Paratransit operations, resulting in savings of $19 million in 2011 and growing to $140 million in 2015.

- Non-Revenue Fleet Savings – The sale and delayed replacement of the MTA's non-revenue fleet will result in reduced acquisition and maintenance costs related to vehicle ownership from 2011 to 2015. This will lead to savings of $6 million in 2011, $9 million in 2012, $6 million in 2013 and $4 million in 2014 to 2015.

- IT Consolidations and Communications – Compared with the July Plan, MTA Headquarters identified an additional savings of $7 million in 2011 in the November Plan. This savings is due to the late opening of the Integrated Electronic Security System (IESS)/Command, Communication and Control (C3) program, which will enhance security throughout the New York transportation region.

- MTA Headquarters Efficiencies/Consolidations – Due to consolidations and other efficiencies at MTA Headquarters, an additional $3 million in savings will be achieved in 2011, growing to $5 million in 2015.

- Right-Sizing Office Space – A more efficient use of MTA office space, including the securing of lower cost leases, has resulted in recurring savings of $2.5 million per year.

After accounting for those items that have been incorporated into Agency baselines, efficiencies of $6 million in 2011, $30 million in 2012, $93 million in 2013, $84 million in 2014, and $79 million in 2015 remain below the line, including additional savings in these areas:

- Strategic Initiatives – Consists of various initiatives that will reduce operating costs, such as efficiencies in hiring and severance, benefit administration savings, and dental and vision benefit premium reductions. Projected savings were $2 million in 2011, which will increase to $4 million by 2015.

- Health Care Opt Out – By offering employees who possess dual health insurance coverage incentives to participate in the health care opt out plan, the MTA has identified additional savings of $14 million in 2012, which will increase to $23 million by 2015.

3 Net Zeroes Salary/Wage Initiative – In the July Financial Plan, a third year of net zero wage growth for both represented and non-represented employees was added, which is in line with the tentative contract agreement reached by the State with its two largest unions, the CSEA and PEF. The July Plan estimated that a third year of net zero wage growth will result in savings of $15 million in 2011 and growing to $96 million by 2015. In the November Plan, the savings projection remained the same for 2011 to 2013, while decreasing by $1 million in the out-years to $95 million in 2015.

Accelerate 3 Zeroes – In the July Plan, it was assumed that the three-year net zero growth pattern would begin one year early. In the November Plan, the savings are $11 million in 2011, $25 million in 2012, $27 million in 2013, $24 million in 2014, and $16 million in 2015, which have been re-estimated from the original July Plan savings.

MetroCard Green Fee and Cost Savings – As described in the July Plan, the MTA is implementing a $1.00 "green" fee for each new MetroCard bought in the subway system. The implementation of the "green" fee will be delayed from 2012 to 2013, and is projected to result in annual savings of $20 million. The MetroCard green fee cost savings estimate remains the same in the November Plan.

MTA Re-Estimates:

Continuing Energy Hedge Program - The July Plan assumed that the MTA would continue its energy hedge strategy, but based on cash projections assumed that only $65 million of the preferred $100 million hedge would be made in 2012. The November Plan increases the energy hedge amount to $100 million in 2012 and maintains it at this level through 2015. This will give the MTA greater budget certainty and will provide a measure of price protection should prices rise significantly above projections.

IV. Appendix

Certification of the Acting Chairman and Chief Executive Officer
of the
Metropolitan Transportation Authority
in accordance with Section 202.3(l)
of the
State Comptroller's Regulations

I, Andrew M. Saul, Acting Chairman and Chief Executive Officer of the Metropolitan Transportation Authority ("MTA"), hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: ______________________________
Andrew M. Saul
Acting Chairman and Chief Executive Officer

Dated: November 16, 2011

V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough process that begins in the spring and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three future calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I supports the complete financial plan, including the baseline as well as below-the-line Plan Adjustments, which may include Fare/Toll Increases, MTA Initiatives, MTA Re-estimates and other adjustments;

- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting MTA actions taken to increase savings as well as individual Agency Budget Reduction Programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year's finances, a preliminary presentation of the following year's proposed budget, and a three-year reforecast of out-year finances. This Plan may include a series of gap-closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast is allocated over the period of 12 months and becomes the basis in which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year, the finalization of the proposed budget for the upcoming year, and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance, which is ultimately presented to the MTA Board for review and approval.

February Plan

Finally, in the Adopted Budget below-the-line policy issues are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The current year (the Adopted Budget) is allocated over the period of 12 months and becomes the basis in which monthly results are compared until it is replaced by the 12-month allocation of the Mid-Year Forecast.

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