



# **Changing the MTA Fiscal Year**

**MTA Finance Committee**  
**April 15, 2019**



## **Discussion at March 2019 Finance Committee Meeting**

- More appropriate to align the MTA fiscal year with the State fiscal year.
  - Under this approach, the approval of the MTA Budget would be scheduled for April after the State's budget is passed in March, with the commencement of the fiscal year on May 1st.
  - If the Board approved fare/toll increases at the time of budget adoption in April, fare increases would go into effect in June.
  - To accomplish this schedule, the Board would need to authorize public notice and hearings in February, and hold public hearings in March. Outside parameters of the fare/toll alternatives would have to be published before the public hearings in March.
- It was suggested that the three-month change in fiscal year could be accomplished in steps, such as a one-month shift per year over three years.
  - Under such a plan, implementation costs would be incurred each time a shift took place.



**Implementation Costs Are Estimated to be  
\$7.0 Million to \$8.4 Million  
Each Time the Fiscal Year is Shifted**

**Technology Updates**

Hyperion Budget System	\$3.00 Million
Peoplesoft	<u>\$3.00 Million</u>
	\$6.00 Million

**Audit Fees**

Audit Fees, Additional "Stub Period" to Align with new FY \$1.00 Million to \$2.40 Million

**Note:** The previously identified \$0.50 Million to \$0.75 Million one-time additional expense for Actuary Reports (for GASB/OPEB Requirements) would not be incurred for a 3-month shift in the fiscal year.



## **Cost of 3-Month Delay in Fare/Toll Increase Implementation**

- With an May 1st fiscal year, Board approval of fare/toll increases will likely occur in April, with increases effective in June.
- A three-month delay – from March to June – in the implementation of the proposed 2021 fare/toll increase would result in a reduction of revenue in 2021 of \$84 million.



## Customers Would Cover the Revenue Loss Through Larger Increases Or Earlier Implementation Dates

(dollars in millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	
<b><u>Current Assumption</u></b>				
2021 Fare/Toll Increase @ 4% in March	0.000	280.410	328.882	<b>609.292</b>

<b><u>Proposed Fiscal Year Cycle</u></b>				
2021 Fare/Toll Increase @ 4% in June	0.000	196.305	328.882	<b>525.187</b>
Difference	<b>0.000</b>	<b>(84.105)</b>	<b>0.000</b>	<b>(84.105)</b>

<b><u>Alternative 1</u></b>				
2021 Fare/Toll Increase @ 4.7% in June <sup>1</sup>	0.000	228.204	382.325	<b>610.529</b>
Difference	<b>0.000</b>	<b>(52.206)</b>	<b>53.443</b>	<b>1.237</b>

<sup>1</sup> June 2023 increase would be 3.7%

<b><u>Alternative 2</u></b>				
2021 Fare/Toll Increase @ 5.2% in August <sup>2</sup>	0.000	181.537	427.546	<b>609.083</b>
Difference	<b>0.000</b>	<b>(98.873)</b>	<b>98.664</b>	<b>(0.209)</b>

<sup>2</sup> Assuming Board authorizes notices and public hearings when budget is adopted.  
August 2023 increase would be 3.2%

<b><u>Alternative 3</u></b>				
2020 Fare/Toll Increase @ 1.9% in August	66.704	156.873	157.041	
2021 Fare/Toll Increase @ 1.9% in August	0.000	67.906	159.928	
Total	<b>66.704</b>	<b>224.779</b>	<b>316.969</b>	<b>608.452</b>
Difference	<b>66.704</b>	<b>(55.631)</b>	<b>(11.913)</b>	<b>(0.840)</b>