

BUDGETWATCH

May 2016 Flash Report

Summary of April Budgetwatch (reporting on operations through March and subsidies through April):

Overall, preliminary YTD net results were positive. Operating results, encompassing passenger fares, toll revenues and operating expenses, were favorable in most categories; however, subway and bus revenue continued to be adversely impacted by snowfall and low temperatures experienced during the first two months of the year. Toll revenue remained favorable due to low gas prices. YTD expenses were \$93.9 million, or 3.5%, favorable to Budget, largely attributable to lower energy prices and the timing of contractual services. Debt service costs were favorable due to lower than budgeted variable rates, the refunding of Transportation Revenue and TBTA bonds, and the timing of new issuances. YTD subsidies were favorable due to higher PBT, PMT and real estate transaction tax receipts.

Overall Latest Condition (reporting on operations through April and subsidies through May):

Overall, preliminary net results were slightly unfavorable for the month but still favorable YTD.

Passenger revenues were \$13.1 million below Budget in April, which increased the unfavorable YTD variance to \$36.0 million. Overall YTD results remain below Budget mostly due to lower NYCT farebox revenue from winter weather impacts combined with lower April ridership. Toll revenue continues to perform well, as positive results in April increased the YTD variance to \$24.5 million; this result offset some 2/3 of the passenger revenue shortfall.

Expenses in April were \$61.2 million, or 7.1% favorable which increased the YTD favorable variance to \$151.5 million, or 4.3%. Savings have come primarily from lower costs for labor, fringe and energy as well as the timing of costs for contractual services. Excluding a large prefunding payment that resulted in an unfavorable timing variance for the month (to be reversed next month), Debt Service costs were very favorable for the month and YTD. Savings have resulted from lower than budgeted variable rates, the refunding of Transportation Revenue and TBTA bonds, and the timing of new issuances.

With the exception of the Payroll Mobility Tax (PMT), subsidies have been running at or about Budget. PMT collections in May, however, were \$55.6 million, or 35.4%, below budget for the month which resulted in a conversion of YTD results from being favorable through April to \$34.8 million unfavorable through May. At this time, it is unclear if the variance is due to an actual shortage or if it is the result of differences relative to the budgeted timing assumptions.

Passenger and Toll Revenues

	YTD April 2016 (\$ in millions)				Month of April 2016 (\$ in millions)				
	Actual	Adopted Budget	Diff	%Diff	Actual	Adopted Budget	Diff	%Diff	
NYCT:					NYCT:				
Subway	\$1,084.1	\$1,115.7	(\$31.6)	-2.8%	Subway	\$273.3	\$282.3	(\$9.0)	-3.2%
Bus	314.8	320.8	(6.1)	-1.9%	Bus	79.6	81.9	(2.3)	-2.8%
Other	<u>26.2</u>	<u>26.7</u>	<u>(0.6)</u>	<u>-2.1%</u>	Other	<u>6.6</u>	<u>6.7</u>	<u>(0.1)</u>	<u>-1.7%</u>
NYCT	\$1,425.0	\$1,463.2	(\$38.3)	-2.6%	NYCT	\$359.4	\$370.8	(\$11.4)	-3.1%
MTA Bus	68.6	69.9	(1.3)	-1.9%	MTA Bus	17.5	18.0	(0.6)	-3.1%
LIRR	222.3	220.5	1.9	0.8%	LIRR	57.2	57.1	0.1	0.2%
MNR	<u>217.2</u>	<u>215.5</u>	<u>1.7</u>	<u>0.8%</u>	MNR	<u>55.9</u>	<u>57.1</u>	<u>(1.2)</u>	<u>-2.1%</u>
Sub-total	\$1,933.2	\$1,969.2	(\$36.0)	-1.8%	Sub-total	\$490.0	\$503.1	(\$13.1)	-2.6%
B&T	<u>582.3</u>	<u>557.8</u>	<u>24.5</u>	<u>4.4%</u>	B&T	<u>155.0</u>	<u>151.3</u>	<u>3.7</u>	<u>2.4%</u>
Total	\$2,515.4	\$2,527.0	(\$11.6)	-0.5%	Total	\$645.0	\$654.4	(\$9.4)	-1.4%

For the month of April, **passenger revenues** were unfavorable by \$13.1 million, or 2.6%, mostly due to ridership at NYCT, MNR and MTA Bus that was lower than the budgeted growth forecasts; inclement weekend weather further reduced ridership. Overall YTD results remain below Budget mostly due to lower NYCT farebox revenue from winter weather impacts combined with the lower April ridership. **Toll revenues** were favorable for both the month and YTD, with higher than anticipated traffic levels resulting from low gas prices and milder weather.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD April 2016 (\$ in millions)					Month of April 2016 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$2,211.0	\$2,271.6	60.7	2.7%	NYCT	\$506.0	\$540.7	\$34.7	6.4%
MTA Bus	219.4	222.4	3.0	1.3%	MTA Bus	55.5	55.3	(0.1)	-0.3%
LIRR	445.4	495.2	49.7	10.0%	LIRR	106.4	125.5	19.1	15.2%
MNR	391.0	412.3	21.3	5.2%	MNR	93.9	100.6	6.7	6.7%
B&T	135.0	151.8	16.9	11.1%	B&T	35.0	35.8	0.8	2.3%
Total	\$3,401.9	\$3,553.4	\$151.5	4.3%	Total	\$796.8	\$858.0	\$61.2	7.1%

Overall expenses for April were lower than Budget by \$61.2 million, or 7.1%. NYCT was favorable by \$34.7 million, due to lower fringe benefit expenses attributable to favorable rates and timing, as well as lower expenses for payroll, overtime, materials & supplies, energy, and paratransit service contracts. Partly offsetting this were higher costs for materials and maintenance contracts. The LIRR was favorable by \$19.1 million, mostly due to lower labor expenses attributable to vacancies, lower materials & supplies and contracted services expenses due to timing, and lower energy costs. MNR was favorable by \$6.7 million, largely due to lower energy, contracted services expenses (timing), and overtime costs. B&T was on target.

Overall, YTD preliminary expenses were \$151.5 million, or 4.3%, favorable to Budget, largely attributable to lower labor, energy prices and the timing of costs for contractual services. NYCT was favorable by \$60.7 million, reflecting lower fringe benefits, energy, paratransit, and professional services expenses, partly offset by higher overtime resulting from Jonas and several days of inclement weather in February, and higher materials and maintenance contract expenses (timing). The LIRR was favorable by \$49.7 million, reflecting lower materials and supplies (timing), labor, and energy expenses, partly offset by higher overtime and claims. MNR was favorable by \$21.3 million, mainly due to lower overtime, energy, contracted services expenses (timing), and lower subsidy payments to NJT for West-of-Hudson operations, partly offset by higher expenses for payroll, reimbursable overhead, and materials. MTA Bus was favorable by \$3.0 million, mostly due to lower costs for fuel and professional services (timing). B&T was favorable by \$16.9 million, mainly due to lower payroll and overtime costs, and the timing of major maintenance projects and E-ZPass tag purchases.

Overtime

YTD April 2016 (\$ in millions)					Month of April 2016 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$149.1	\$143.9	(\$5.1)	-3.6%	NYCT	\$29.0	\$31.1	\$2.1	6.7%
MTA Bus	18.4	18.0	(0.4)	-2.1%	MTA Bus	4.7	4.5	(0.1)	-3.2%
LIRR	41.4	38.6	(2.9)	-7.4%	LIRR	7.6	7.9	0.2	2.8%
MNR	29.9	32.2	2.3	7.1%	MNR	6.4	7.9	1.5	19.0%
B&T	7.8	9.1	1.4	15.0%	B&T	1.8	2.0	0.2	9.7%
Total	\$246.6	\$241.9	(\$4.7)	-1.9%	Total	\$49.6	\$53.4	\$3.9	7.2%

Preliminary overtime expenses for the month were \$3.9 million, or 7.2%, favorable to Budget. NYCT and MNR had favorable results largely due to lower weather-related overtime requirements. Monthly variances for the other Agencies were minor. The YTD variance mainly reflects higher track-work-related overtime at the LIRR and higher overtime at NYCT in response to the Jonas storm.

Debt Service

Debt service for April was \$262.5 million, which was \$29.2 million, or 12.5%, unfavorable to budget due to the \$56 million prefunding of Transportation Revenue Bond deposits scheduled for May 15th. The timing variance impact will be reversed next month and it should be noted that were it not for this prefunding, Debt Service for the month would have been \$26.8 million favorable.

YTD Debt Service of \$893.0 million was \$40 million, or 4.3% favorable. Excluding the above-mentioned timing variance, that favorable variance would have increased to \$96.1 million. Both April and YTD variances reflect lower than budgeted variable rates, savings from bond refundings and the timing of new money bond issuances.

State Dedicated Taxes and Fees

YTD May 2016 (\$ in millions)					Month of May 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MMTOA	\$162.1	\$162.1	\$0.0	0.0%	MMTOA	\$162.1	\$162.1	\$0.0	0.0%
PBT	250.7	241.7	9.0	3.7%	PBT	46.8	46.3	0.5	1.0%
PMT ¹	642.1	676.9	(34.8)	-5.1%	PMT ¹	101.5	157.1	(55.6)	-35.4%
MTA Aid ²	68.4	71.4	(3.0)	-4.2%	MTA Aid ²	0.0	0.0	0.0	0.0%
Total	\$1,123.3	\$1,152.1	(\$28.8)	-2.5%	Total	\$310.4	\$365.6	(\$55.1)	-15.1%

The first MMTOA payment, received in May for \$162.1 million, was on target with the Budget. Petroleum Business Tax (PBT) receipts for May were on target, and were favorable \$9.0 million (3.7%) through May.

May Payroll Mobility Tax (PMT) receipts were unfavorable by \$55.6 million (35.4%), which converted an April YTD favorable variance to a \$34.8 million (5.1%) unfavorable variance through May. At this time, it is unclear if the variance is due to an actual shortage or if it is the result of differences relative to the budgeted timing assumptions. MTA Aid receipts are disbursed quarterly, most recently in March.

Real Estate Transaction Taxes

YTD May 2016 (\$ in millions)					Month of May 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MRT	\$187.8	\$186.3	\$1.4	0.8%	MRT	\$35.5	\$37.3	(\$1.8)	-4.8%
NYC Urban	\$378.5	375.0	\$3.6	1.0%	NYC Urban	\$57.3	65.5	(\$8.2)	-12.5%
Total	\$566.3	\$561.3	\$5.0	0.9%	Total	\$92.7	\$102.7	(\$10.0)	-9.7%

Total real estate transaction taxes for May were \$10.0 million (9.7%) unfavorable to Budget, with the YTD variance favorable by \$5.0 million (0.9%). When compared with last year through May, real estate taxes were \$35.5 million (5.9%) lower; Urban Tax was off last year's level by \$53.5 million, or 12.4%, while MRT is running ahead of last year by \$18.0 million, or 10.6%.

Regional Mortgage Recording Tax³ receipts for April were \$1.8 million, or 4.8%, lower than Budget; MRT-1 was unfavorable by \$1.3 million, and MRT-2 receipts were unfavorable by \$0.5 million. YTD MRT receipts were favorable by \$1.4 million, or 0.8%, with MRT-1 receipts \$4.1 million favorable and MRT-2 receipts \$2.6 million unfavorable.

New York City Urban Tax⁴ receipts for April were \$8.2 million, or 12.5%, unfavorable, making YTD Urban Tax receipts \$3.6 million (1.0%) favorable. For April, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was unfavorable by \$8.3 million, or 19.0%, while the MRT portion of the Urban Tax was \$0.1 million or 0.5% favorable.

¹ PMT replacement funds totaling \$309 million for the year, excluded from the results reported in this table, are projected to be received in five equal \$61 million installments.

² MTA Aid includes the License Fee, Vehicle Registration Fee, Taxi Fee and Automobile Rental Fee.

³ Mortgage Recording Taxes consist of two separate taxes on mortgages recorded in the twelve-county region: MRT-1 is a tax on all mortgages, while MRT-2 is also imposed on residential real estate structures containing up to six dwelling units.

⁴ New York City Urban Taxes are imposed on commercial property and apartment building transactions within New York City. The MRT component is imposed on mortgages exceeding \$500,000, and the Real Property Transfer Tax component is imposed on transfers exceeding \$500,000.

BUDGETWATCH

Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

- Construction, Mining, Natural Resources
- Information
- Professional and Business Services
- Leisure and Hospitality
- Government
- Transportation, Utilities
- Financial Activities
- Education and Health Services
- Other Services
- Manufacturing

Sectors with Year-over-Year Employment Losses

- Trade

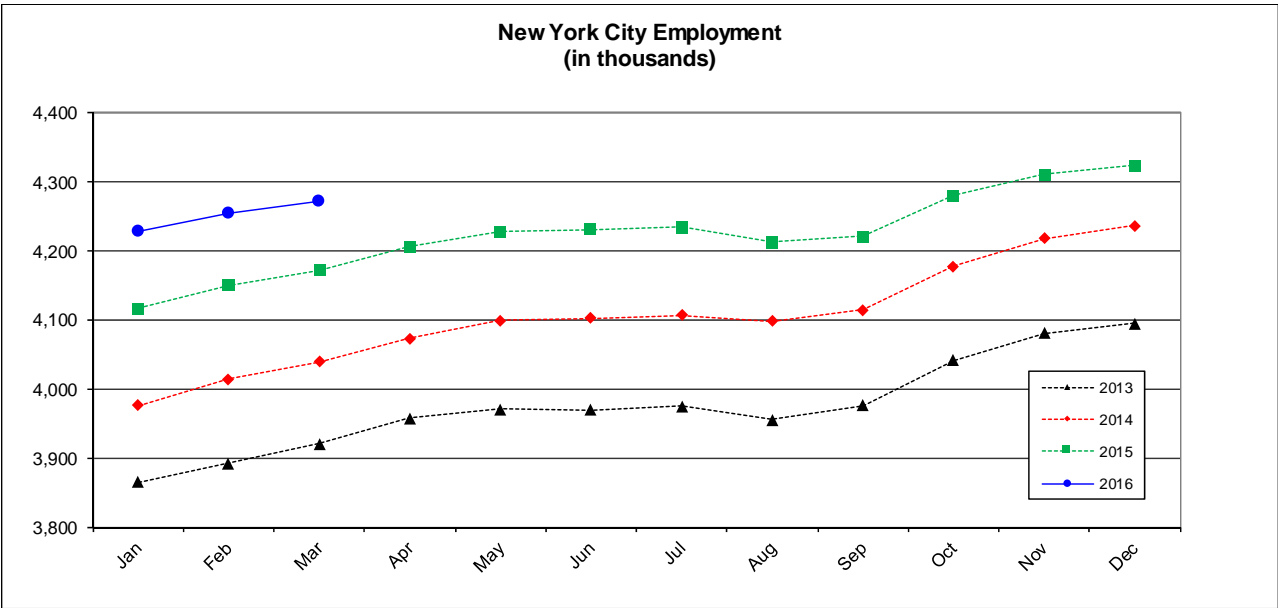
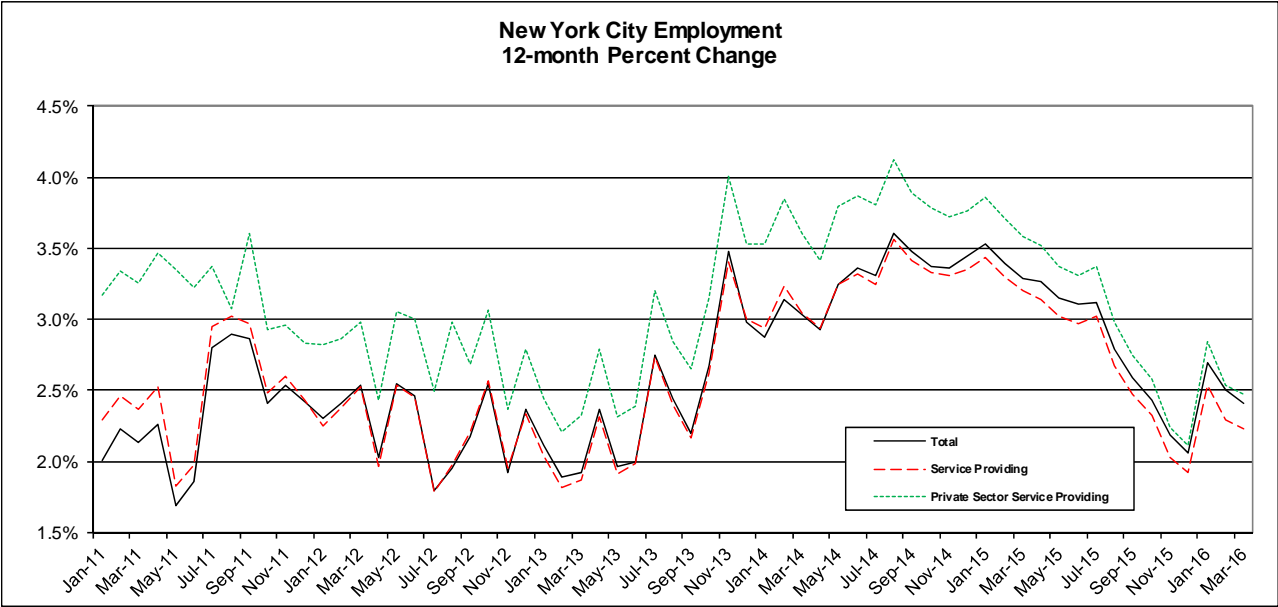
New York City Employment (in thousands)	Mar-16 versus			Feb-16		Mar-15	
	Prelim	Revised	Mar-15	Net	Pct	Net	Pct
	Mar-16	Feb-16					
Total Employment	4,272.5	4,254.1	4,172.1	18.4	0.4%	100.4	2.4%
Goods Producing	219.6	217.4	207.8	2.2	1.0%	11.8	5.7%
Construction, Mining, Nat Res	139.5	137.7	130.5	1.8	1.3%	9.0	6.9%
Manufacturing	80.1	79.7	77.3	0.4	0.5%	2.8	3.6%
Service Providing	4,052.9	4,036.7	3,964.3	16.2	0.4%	88.6	2.2%
Transportation, Utilities	133.3	133.3	129.4	0.0	0.0%	3.9	3.0%
Trade	488.3	492.3	491.1	(4.0)	-0.8%	(2.8)	-0.6%
Information	192.5	192.7	187.4	(0.2)	-0.1%	5.1	2.7%
Financial Activities	458.0	457.1	453.2	0.9	0.2%	4.8	1.1%
Professional & Business Svcs	713.4	708.8	685.5	4.6	0.6%	27.9	4.1%
Education & Health Svcs	905.9	896.0	873.4	9.9	1.1%	32.5	3.7%
Leisure & Hospitality	421.8	419.7	413.7	2.1	0.5%	8.1	2.0%
Other Services	187.8	188.1	182.8	(0.3)	-0.2%	5.0	2.7%
Government	551.9	548.7	547.8	3.2	0.6%	4.1	0.7%

Preliminary March 2016 employment in New York City shows a gain of 100.4 thousand jobs (2.4%) compared to last March's employment level. This marks the sixty-eighth consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and the Professional & Business Services sectors experienced the greatest gains among the major sectors, adding 32,500 and 27,900 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 88.6 thousand jobs (2.2%) over the March 2015 level. Private-sector service-providing employment in New York City increased by 84.5 thousand jobs (2.5%), the seventy-third consecutive month of year-to-year improvement.

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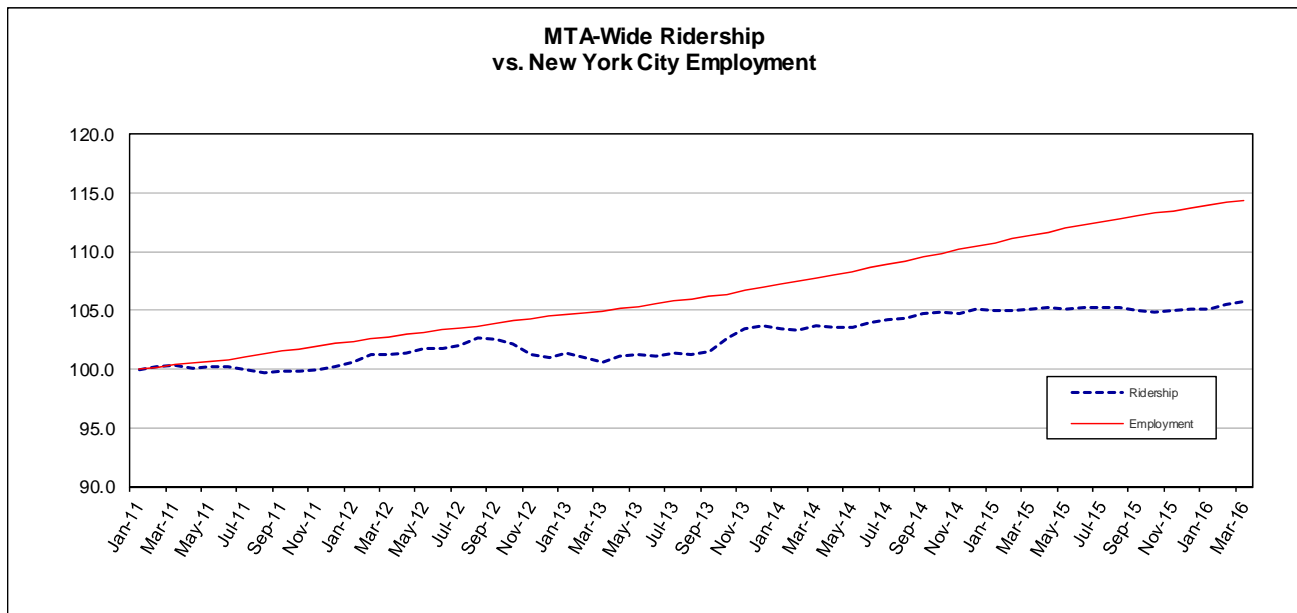
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In March, seasonally adjusted New York City employment of 4.3 million was higher than in March 2015 by 101.8 thousand jobs (2.4%), and was unchanged from last month.



Ridership and Employment

In December 2008, the twelve-month moving average for employment began to decline after increasing in 51 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month monthly employment average has increased with almost no interruption. Considering the more recent period since January 2011, while the twelve-month average for employment has increased 14.4%, annualized (12-month average) MTA-wide ridership has grown by 5.7%. The twelve-month average for ridership in March 2016 was 0.6% higher than one year earlier.



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Consumer Price Index

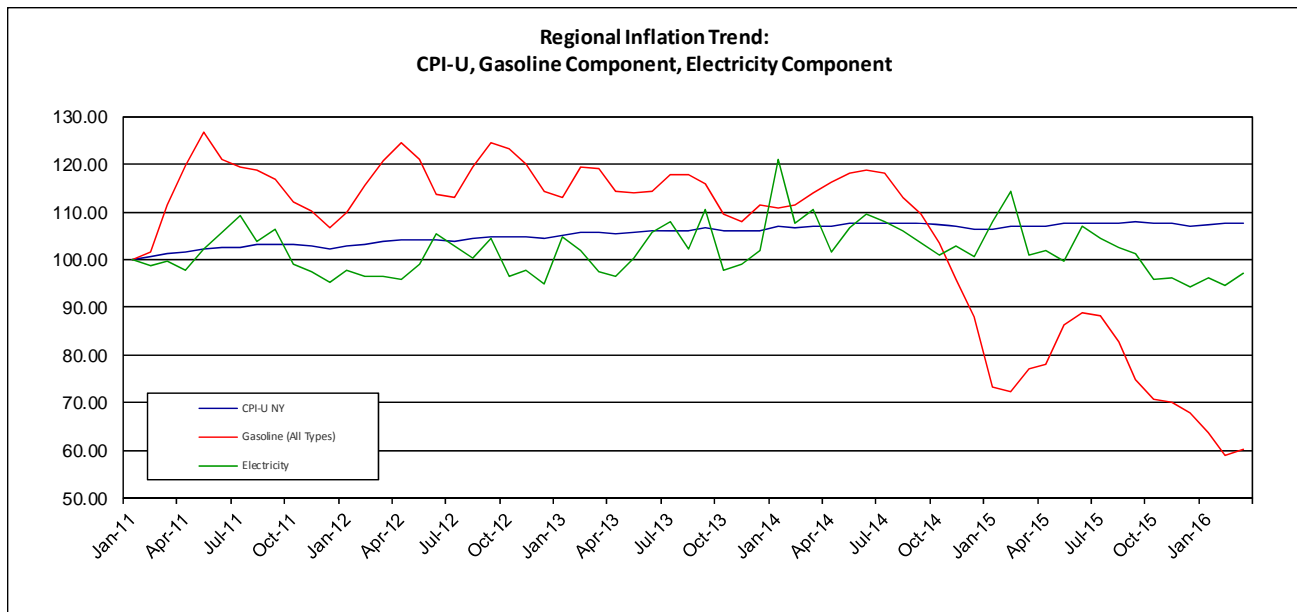
Goods Reporting Month-over-Month Price Increases

- Gasoline
- Transportation

Goods Reporting Month-over-Month Price Declines

- Apparel
- Medical Care
- Food

	Mar-16	Feb-16	Mar-15	Mar-16 versus			
				Feb-16		Mar-15	
				Net	Pct	Net	Pct
Regional CPI-U	261.51	260.88	259.65	0.63	0.2%	1.86	0.7%
Medical Care Component	457.08	457.22	449.78	(0.15)	0.0%	7.29	1.6%
Electricity Component	177.43	172.53	184.47	4.90	2.8%	(7.04)	-3.8%
Gasoline (all grades) Component	149.41	146.46	190.96	2.95	2.0%	(41.55)	-21.8%
National CPI-U	238.13	237.11	236.12	1.02	0.4%	2.01	0.9%

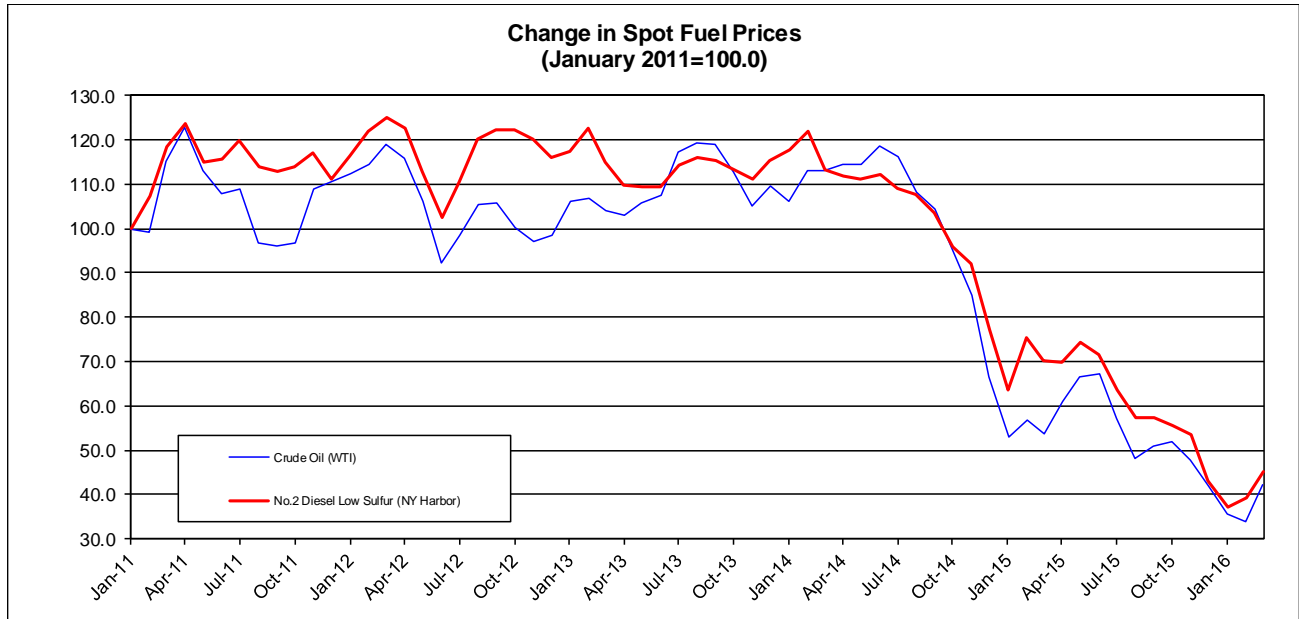


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price			Mar-16 versus		
	05/02/16	Mar-16	Feb-16	Mar-15	Feb-16	Mar-15
Crude Oil (\$/bbl)	44.75	37.55	30.32	47.82	23.8%	-21.5%
Conventional Regular Gasoline (\$/gal)	1.54	1.20	1.06	1.64	13.5%	-26.9%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.36	1.19	1.04	1.86	14.9%	-35.9%
No.2 Heating Oil (\$/gal)	1.30	1.13	0.97	1.63	16.5%	-30.6%



BUDGETWATCH

Regional Economy Report

Nassau, Suffolk Employment (in thousands)				Mar-16 versus			
	Prelim	Revised	Mar-15	Feb-16		Mar-15	
	Mar-16	Feb-16		Net	Percent	Net	Percent
Total Employment	1,298.4	1,276.5	1,273.4	21.9	1.7%	25.0	2.0%
Goods Producing	141.4	136.7	138.1	4.7	3.4%	3.3	2.4%
Construction, Mining, Nat Res	69.2	64.7	67.1	4.5	7.0%	2.1	3.1%
Manufacturing	72.2	72.0	71.0	0.2	0.3%	1.2	1.7%
Service Providing	1,157.0	1,139.8	1,135.3	17.2	1.5%	21.7	1.9%
Transportation, Utilities	41.3	40.5	41.0	0.8	2.0%	0.3	0.7%
Trade	223.7	222.0	227.0	1.7	0.8%	-3.3	-1.5%
Information	20.0	19.9	20.5	0.1	0.5%	-0.5	-2.4%
Financial Activities	74.4	73.3	72.8	1.1	1.5%	1.6	2.2%
Professional & Business Svcs	169.8	165.1	164.3	4.7	2.8%	5.5	3.3%
Education & Health Svcs	256.2	252.6	248.2	3.6	1.4%	8.0	3.2%
Leisure & Hospitality	116.1	111.1	109.8	5.0	4.5%	6.3	5.7%
Other Services	57.0	57.6	56.7	-0.6	-1.0%	0.3	0.5%
Government	198.5	197.7	195.0	0.8	0.4%	3.5	1.8%

Orange, Rockland, Westchester Employment (in thousands)				Mar-16 versus			
	Prelim	Revised	Mar-15	Feb-16		Mar-15	
	Mar-16	Feb-16		Net	Percent	Net	Percent
Total Employment	701.3	694.5	684.6	6.8	1.0%	16.7	2.4%
Goods Producing	73.0	71.4	66.0	1.6	2.2%	7.0	10.6%
Construction, Mining, Nat Res	43.8	42.2	36.1	1.6	3.8%	7.7	21.3%
Manufacturing	29.2	29.2	29.9	0.0	0.0%	-0.7	-2.3%
Service Providing	628.3	623.1	618.6	5.2	0.8%	9.7	1.6%
Transportation, Utilities	25.3	25.3	25.2	0.0	0.0%	0.1	0.4%
Trade	117.1	116.9	116.4	0.2	0.2%	0.7	0.6%
Information	13.0	13.0	13.3	0.0	0.0%	-0.3	-2.3%
Financial Activities	37.0	37.3	36.8	-0.3	-0.8%	0.2	0.5%
Professional & Business Svcs	85.4	85.0	83.1	0.4	0.5%	2.3	2.8%
Education & Health Svcs	149.9	149.3	145.1	0.6	0.4%	4.8	3.3%
Leisure & Hospitality	57.0	54.1	59.0	2.9	5.4%	-2.0	-3.4%
Other Services	33.3	32.5	30.9	0.8	2.5%	2.4	7.8%
Government	110.3	109.7	108.8	0.6	0.5%	1.5	1.4%

Dutchess, Putnam Employment (in thousands)				Mar-16 versus			
	Prelim	Revised	Mar-15	Feb-16		Mar-15	
	Mar-16	Feb-16		Net	Percent	Net	Percent
Total Employment	144.5	142.7	142.0	1.8	1.3%	2.5	1.8%
Goods Producing	17.9	17.7	17.6	0.2	1.1%	0.3	1.7%
Construction, Mining, Nat Res	7.1	6.9	7.1	0.2	2.9%	0.0	0.0%
Manufacturing	10.8	10.8	10.5	0.0	0.0%	0.3	2.9%
Service Providing	126.6	125.0	124.4	1.6	1.3%	2.2	1.8%
Transportation, Utilities	4.4	4.2	3.8	0.2	4.8%	0.6	15.8%
Trade	19.0	18.7	19.8	0.3	1.6%	-0.8	-4.0%
Information	2.0	2.0	1.8	0.0	0.0%	0.2	11.1%
Financial Activities	4.8	4.8	4.8	0.0	0.0%	0.0	0.0%
Professional & Business Svcs	11.2	11.2	11.1	0.0	0.0%	0.1	0.9%
Education & Health Svcs	38.8	38.4	37.4	0.4	1.0%	1.4	3.7%
Leisure & Hospitality	12.9	12.5	12.9	0.4	3.2%	0.0	0.0%
Other Services	7.2	7.1	6.8	0.1	1.4%	0.4	5.9%
Government	26.3	26.1	26.0	0.2	0.8%	0.3	1.2%

