

BUDGETWATCH

January 2019 Flash Report

Special 2018 Year-End Flash Report

Overall

The January Budgetwatch is a flash look, focusing on some very preliminary 2018 actual revenue results, along with debt service, compared with the November Forecast that was approved by the Board last month. A review of 2018 operating expenses, which are either unavailable or so preliminary as to not be meaningful, is not included.

Compared with the November Forecast, overall revenue was unfavorable by \$21.1 million, reflecting shortfalls in the Payroll Mobility Tax, MTA Aid, and the Mortgage Recording Tax. Partially offsetting these outcomes were favorable results in farebox and toll revenue and the Urban Tax. Debt Service expense was \$18.6 million favorable.

Passenger and Toll Revenues

YTD December 2018 (\$ in millions)				
	Actual	November Forecast	Diff	% Diff
NYCT:				
Subway	\$3,426.4	\$3,413.3	\$13.2	0.4%
Bus	928.6	925.8	2.8	0.3%
Other	<u>99.0</u>	<u>99.3</u>	<u>(0.2)</u>	<u>-0.2%</u>
NYCT	\$4,454.0	\$4,438.3	\$15.7	0.4%
MTA Bus	220.5	219.3	1.2	0.6%
LIRR	740.4	740.2	0.3	0.0%
MNR	<u>740.2</u>	<u>747.9</u>	<u>(7.7)</u>	<u>-1.0%</u>
Sub-total	\$6,155.2	\$6,145.7	\$9.5	0.2%
B&T	<u>1,976.0</u>	<u>1,967.1</u>	<u>9.0</u>	<u>0.5%</u>
Total	\$8,131.3	\$8,112.8	\$18.5	0.2%

Preliminary 2018 **passenger revenues** were \$9.5 million, or 0.2% favorable. At NYCT, slightly higher subway and bus revenue were partially offset by lower paratransit revenue. Similarly, MTA Bus revenue marginally exceeded the forecast. The LIRR was on target, while MNR was unfavorable mainly due to lower non-commutation ridership and lower yield per passenger for commutation ridership. Favorable **toll revenues** are attributed to unseasonably mild weather and modest improvements in the local economy.

Debt Service

2018 debt Service of \$2,540.6 million was \$18.6 million, or 0.7%, favorable due to timing and lower than budgeted variable rates.

State Dedicated Taxes and Fees

YTD December 2018 (\$ in millions)				
	Actual	November Forecast	Diff	% Diff
MMTOA	\$1,686.6	\$1,686.6	\$0.0	0.0%
PBT	630.7	628.2	2.5	0.4%
PMT ¹	1,498.7	1,526.4	(27.8)	-1.8%
MTA Aid ²	<u>272.6</u>	<u>303.0</u>	<u>(30.4)</u>	<u>-10.0%</u>
Total	\$4,088.5	\$4,144.2	(\$55.7)	-1.3%

¹ PMT replacement funds, that are expected to total \$244.3 million for the year, are excluded from the results reported in this table.

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

For 2018, the MMTOA payment was on target with the forecast, and Petroleum Business Tax (PBT) receipts were \$2.5 million, or 0.4% favorable. Payroll Mobility Tax (PMT) collections were \$27.8 million or (1.8%) unfavorable, and MTA Aid receipts were \$30.4 million (10.0%) unfavorable.

Real Estate Transaction Taxes

YTD December 2018 (\$ in millions)				
	Actual	November Forecast	Diff	% Diff
MRT	\$440.5	\$442.5	(\$2.1)	-0.5%
NYC Urban	656.0	638.1	17.9	2.8%
Total	\$1,096.5	\$1,080.7	\$15.8	1.5%

For the year, real estate transaction taxes were \$15.8 million (1.5%) favorable.

Regional Mortgage Recording Tax³ receipts for 2018 were \$2.1 million (0.5%) favorable; MRT-1 was favorable by \$0.2 million (0.1%), and MRT-2 receipts were unfavorable by \$2.2 million (1.7%).

New York City Urban Tax⁴ receipts were \$17.9 million (2.8%) favorable. The Real Property Transfer Tax (RPTT) component was \$10.4 million (2.5%) favorable, while receipts from the Mortgage Recording Tax (MRT) component were \$7.4 million (3.5%) favorable.

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.

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Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

- Construction, Mining, Natural Resources
- Professional & Business Services
- Leisure & Hospitality
- Trade
- Education & Health Services
- Other Services

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Information
- Government
- Transportation, Utilities
- Financial Activities

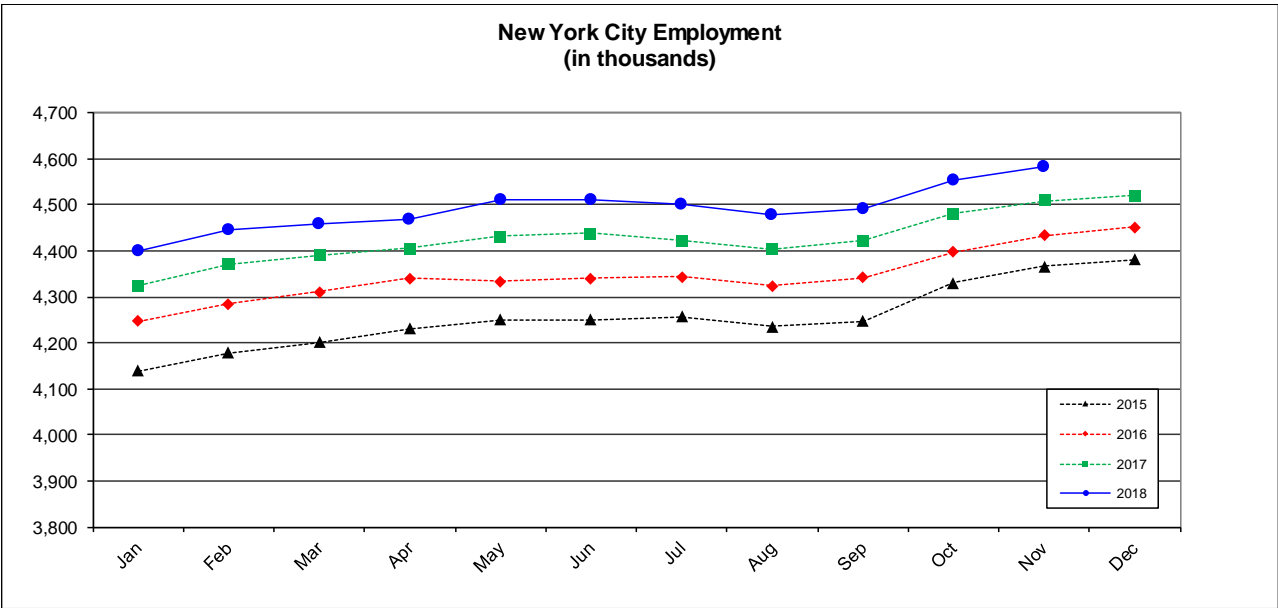
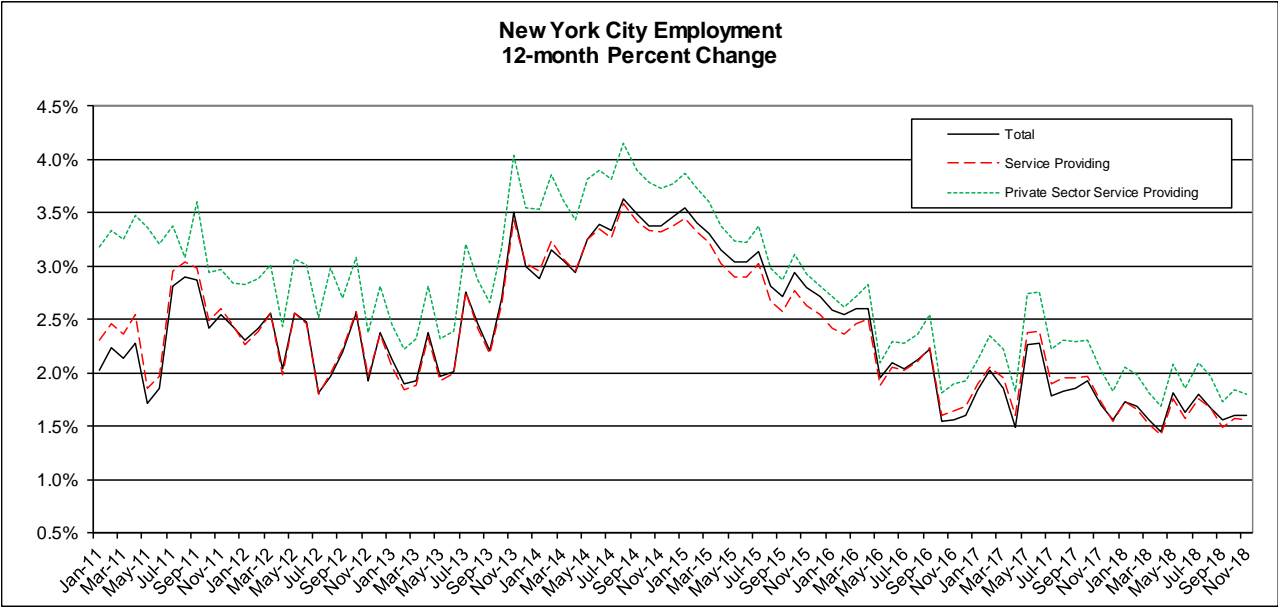
New York City Employment (in thousands)				Nov-18 versus			
	Prelim Nov-18	Revised Oct-18	Nov-17	Oct-18		Nov-17	
				Net	Pct	Net	Pct
Total Employment	4,581.4	4,553.4	4,509.0	28.0	0.6%	72.4	1.6%
Goods Producing	234.3	233.8	228.7	0.5	0.2%	5.6	2.4%
Construction, Mining, Nat Res	161.9	161.5	156.2	0.4	0.2%	5.7	3.6%
Manufacturing	72.4	72.3	72.5	0.1	0.1%	(0.1)	-0.1%
Service Providing	4,347.1	4,319.6	4,280.3	27.5	0.6%	66.8	1.6%
Transportation, Utilities	141.9	138.7	142.2	3.2	2.3%	(0.3)	-0.2%
Trade	513.6	503.4	510.5	10.2	2.0%	3.1	0.6%
Information	199.3	198.9	201.3	0.4	0.2%	(2.0)	-1.0%
Financial Activities	473.2	473.7	473.3	(0.5)	-0.1%	(0.1)	0.0%
Professional & Business Svcs	765.3	762.0	753.3	3.3	0.4%	12.0	1.6%
Education & Health Svcs	1,032.6	1,022.3	994.1	10.3	1.0%	38.5	3.9%
Leisure & Hospitality	466.8	470.3	455.8	(3.5)	-0.7%	11.0	2.4%
Other Services	198.5	197.2	193.8	1.3	0.7%	4.7	2.4%
Government	555.9	553.1	556.0	2.8	0.5%	(0.1)	0.0%

Preliminary November 2018 employment in New York City shows a gain of 72,400 jobs (1.8%) when compared to last November's employment level. This marks the 104th consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and Professional & Business Services sectors experienced the greatest gains in the number of jobs among the major sectors, adding 38,500 and 12,000 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 66,800 jobs (1.6%) over the November 2017 level. Private-sector service-providing employment in New York City increased by 66,900 jobs (1.8%), the 105th consecutive month of year-to-year improvement.

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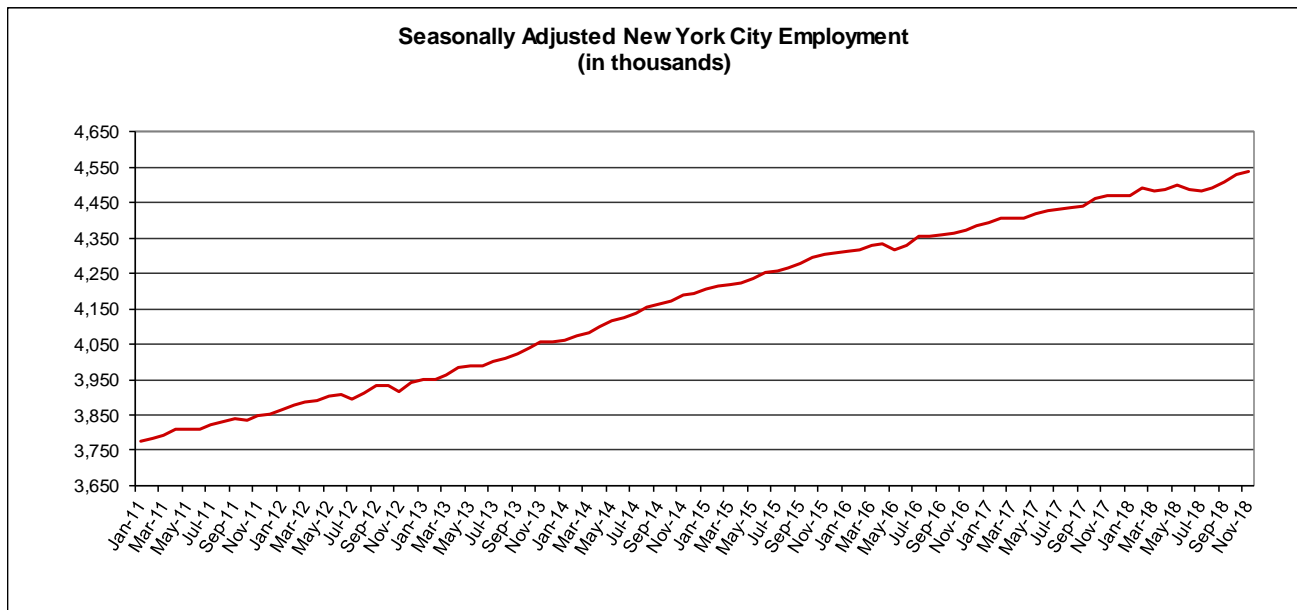
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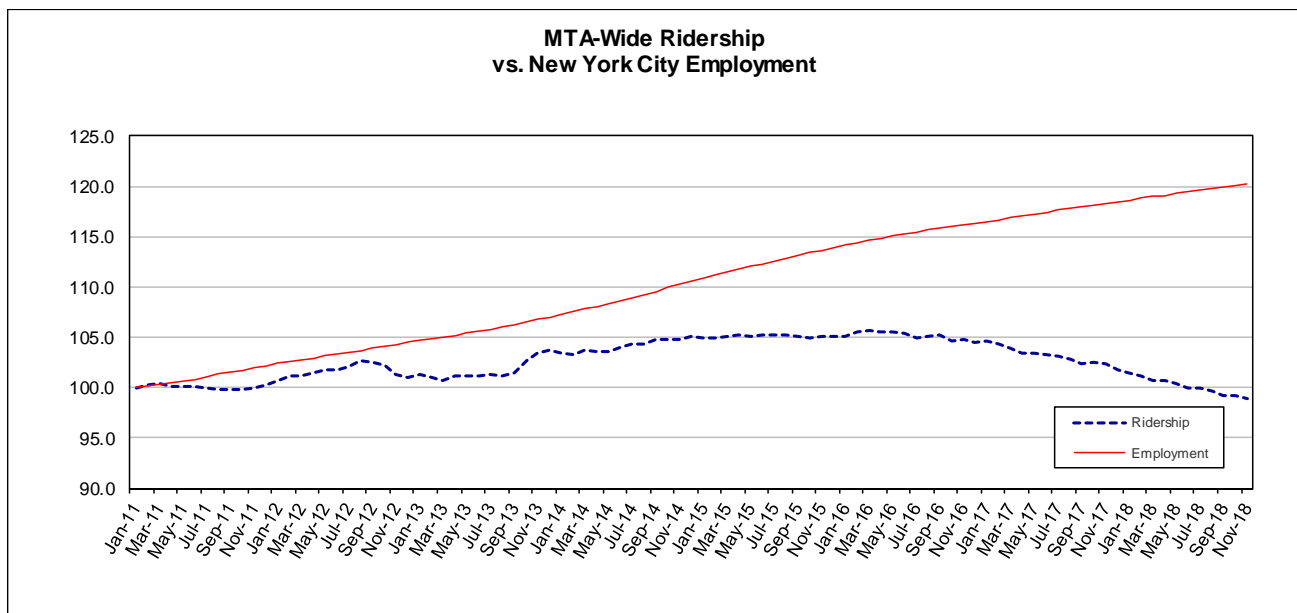
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In November 2018, seasonally adjusted New York City employment of 4.54 million was higher than in November 2017 by 67,700 jobs (1.52%), and was higher than the prior month by 7,100 jobs (0.16%).



Ridership and Employment

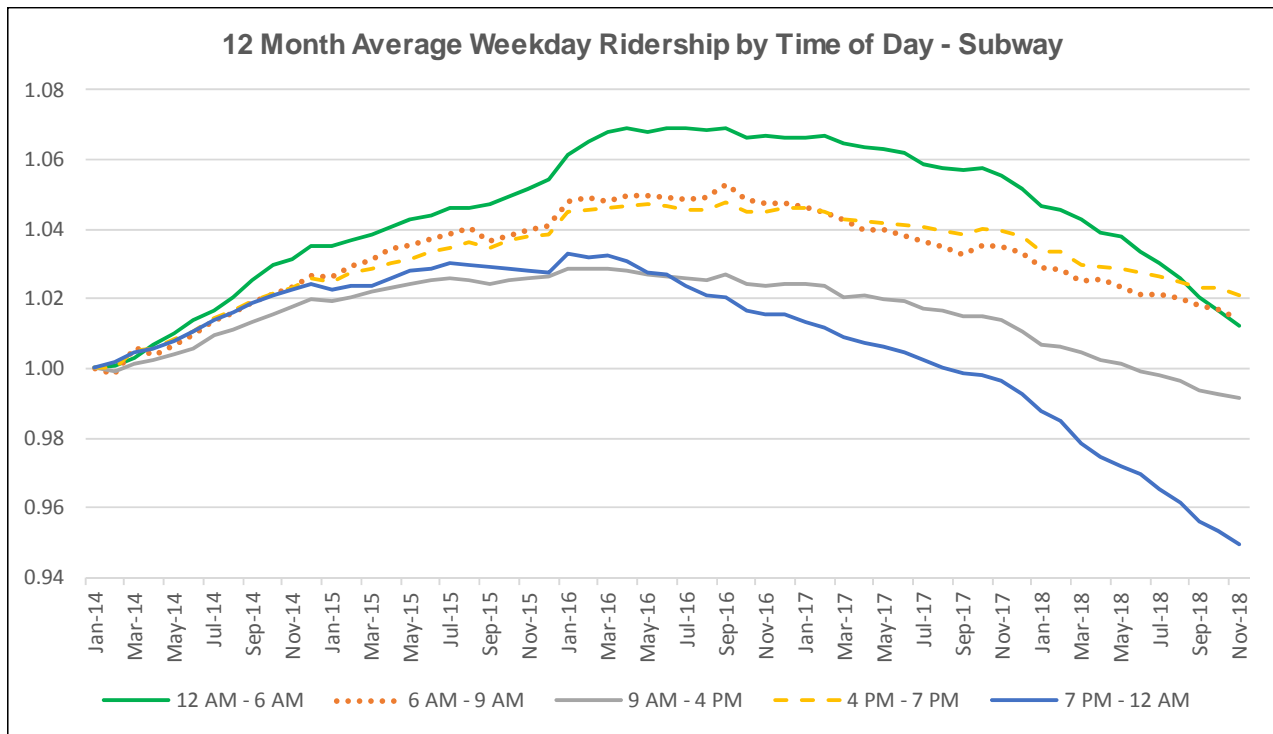
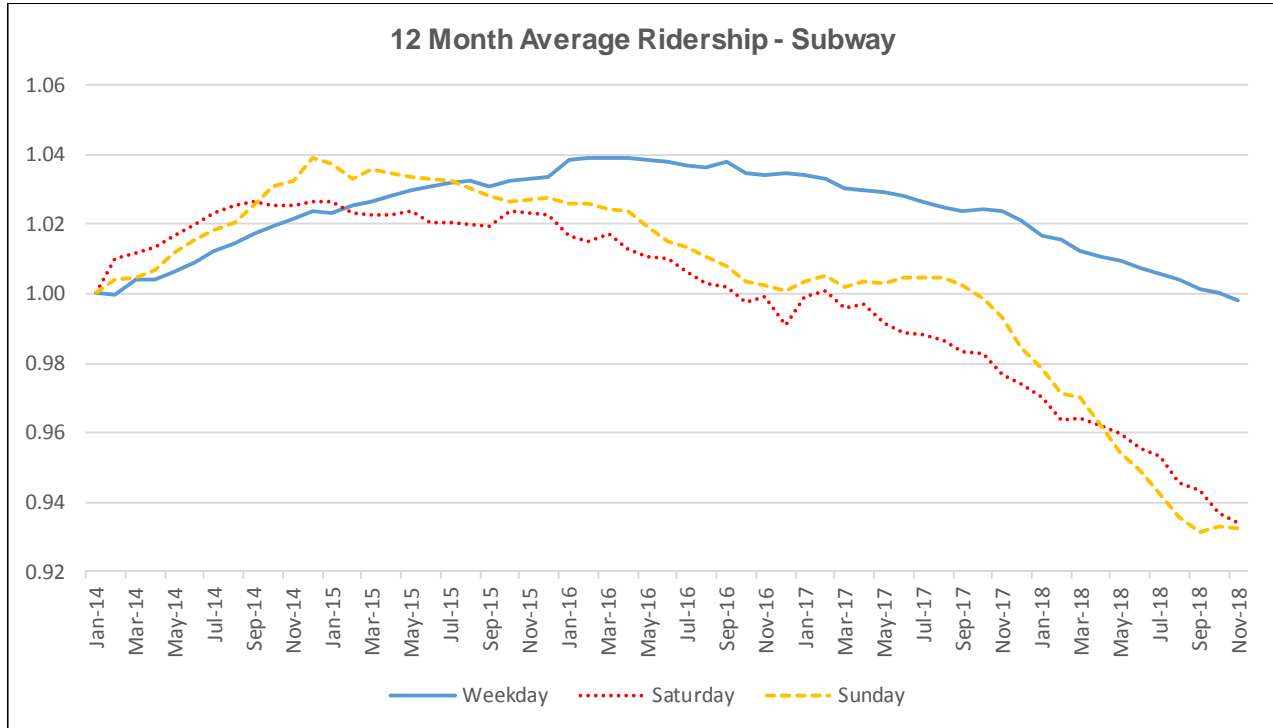
In December 2008, the twelve-month moving average for employment began to decline after increasing in 56 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month employment average has increased with almost no interruption. Considering the more recent period since January 2011, the twelve-month average for employment has increased by 20.3% through November 2018, while the 12-month average MTA-wide ridership has fallen by 1.1%. The twelve-month average for ridership in November 2018 was 3.4% lower than one year earlier.



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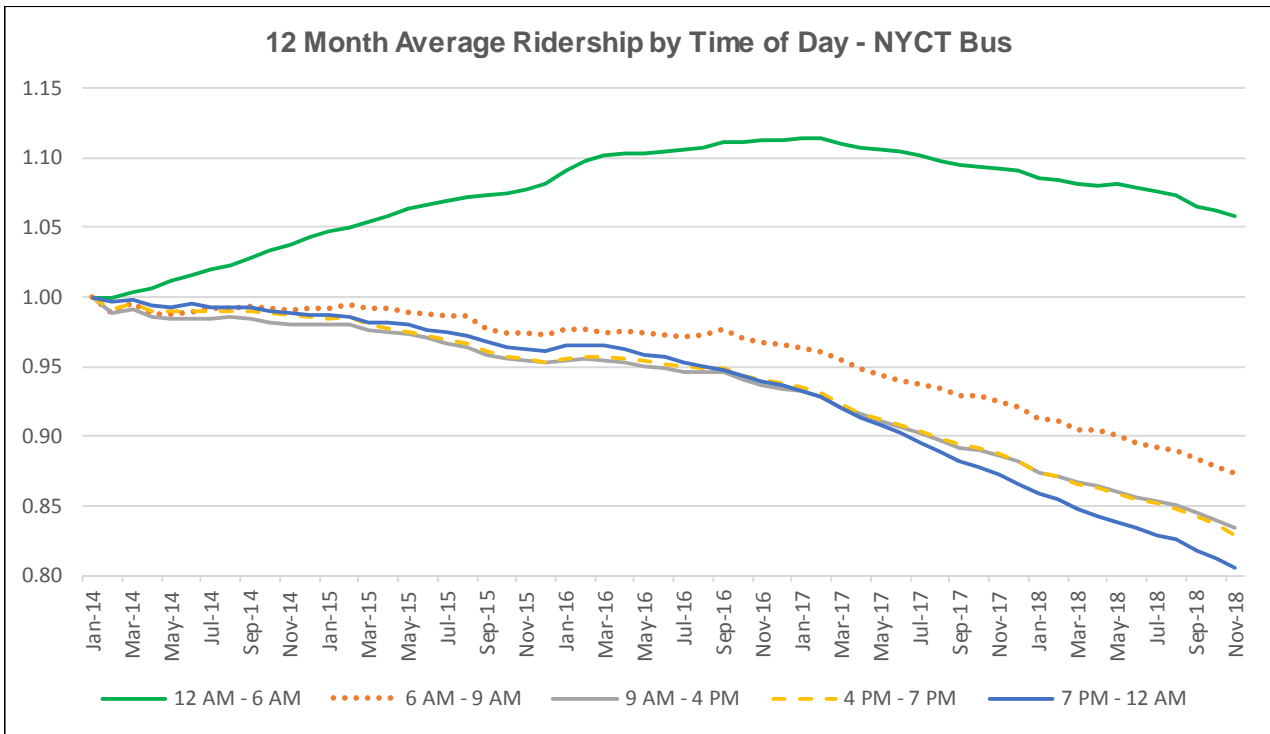
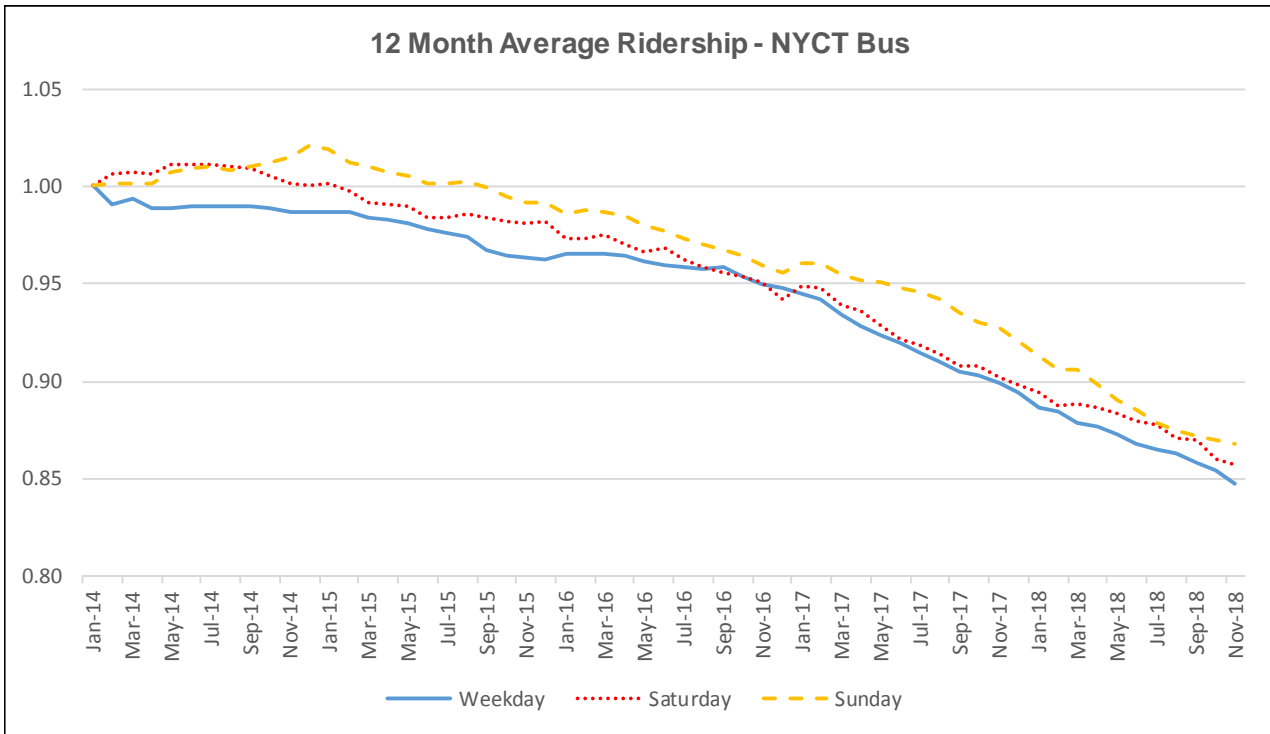
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The following ridership trend graphs depict 12-month averages; for example, the January 2014 data point is the average of February 2013 to January 2014, and the February 2014 data point is the average of March 2013 to February 2014, providing a visual representation of trends over time. Further, data have been standardized to 1.0, allowing for an easier comparison of trends on a single graph.



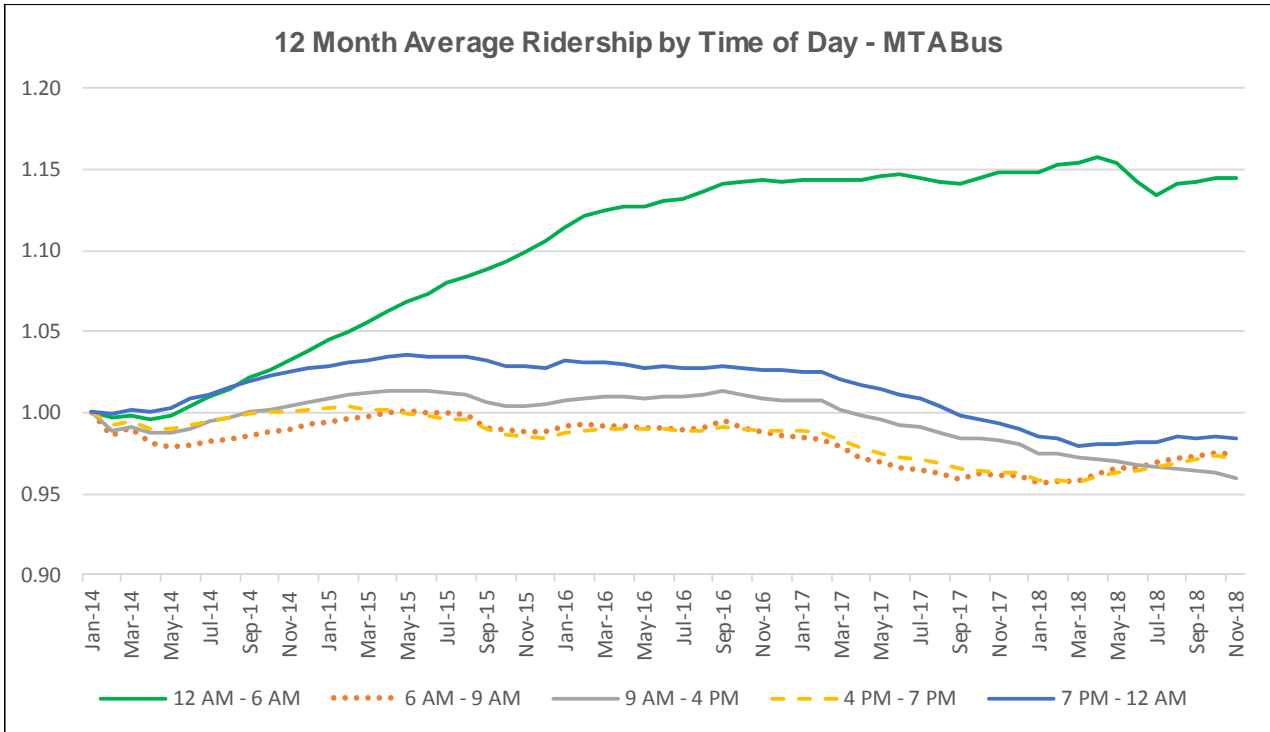
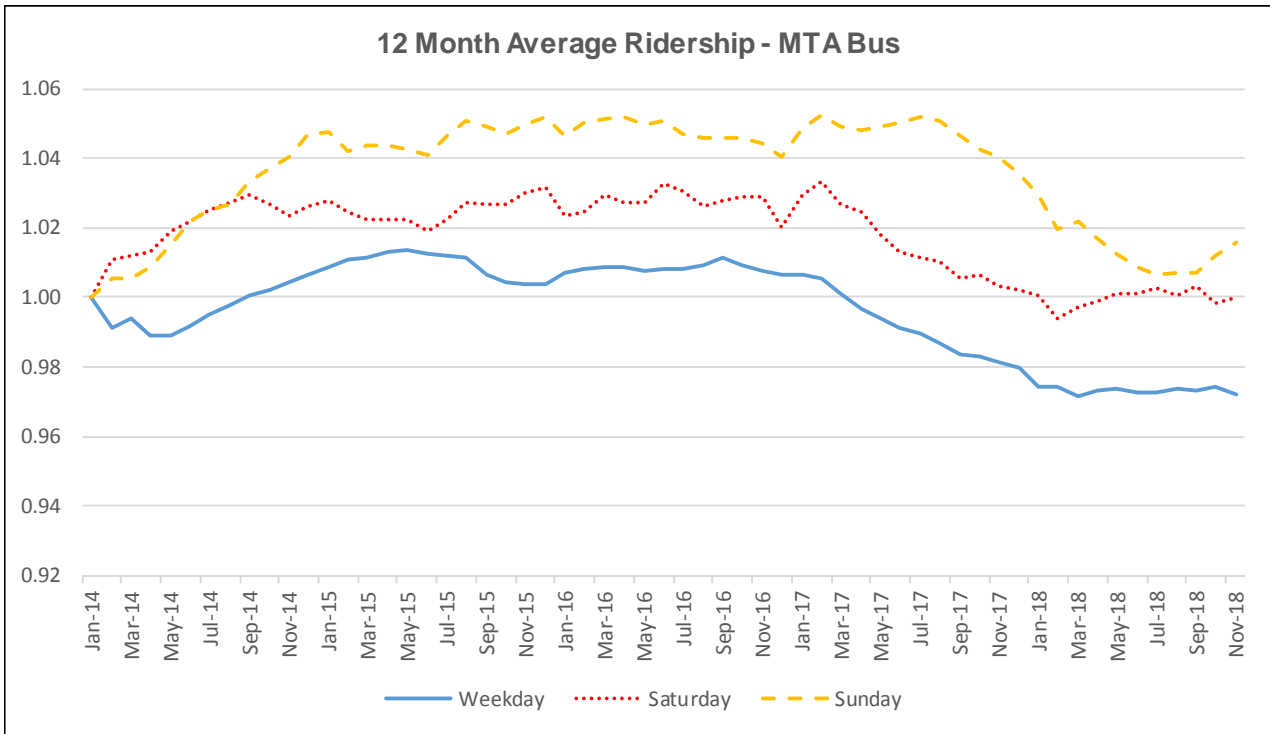
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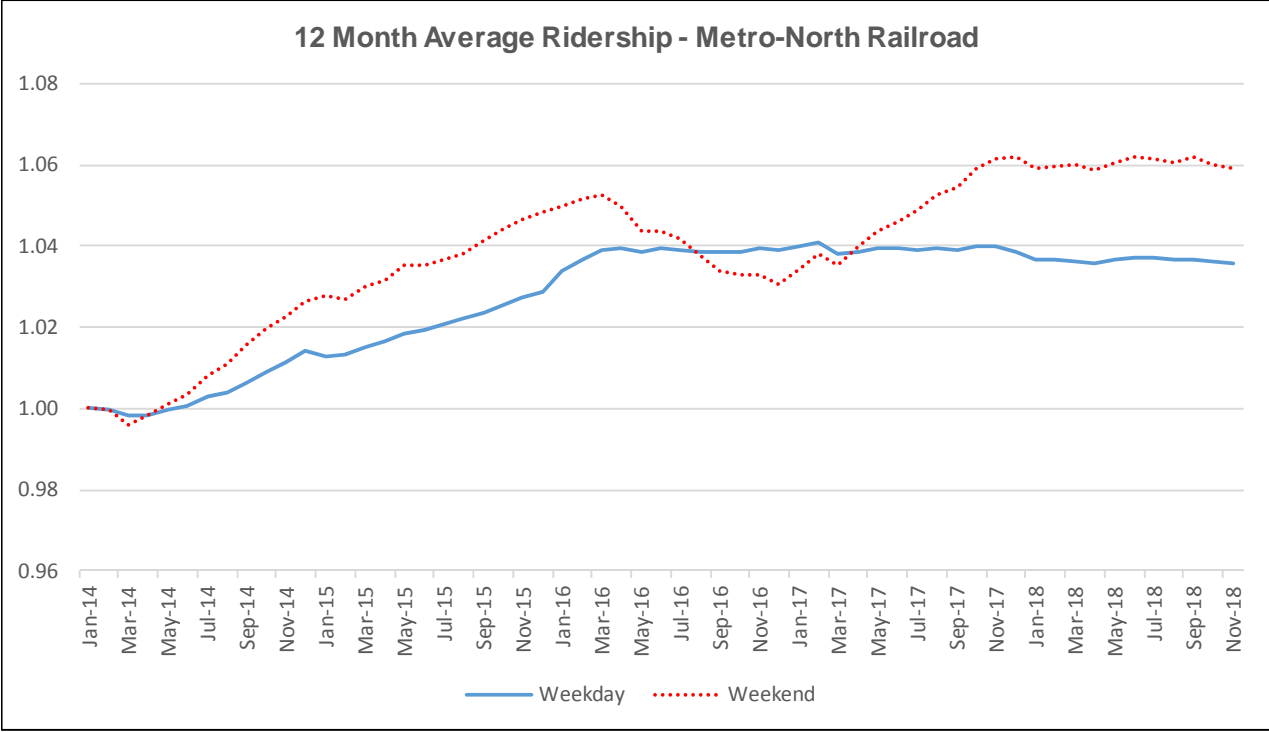
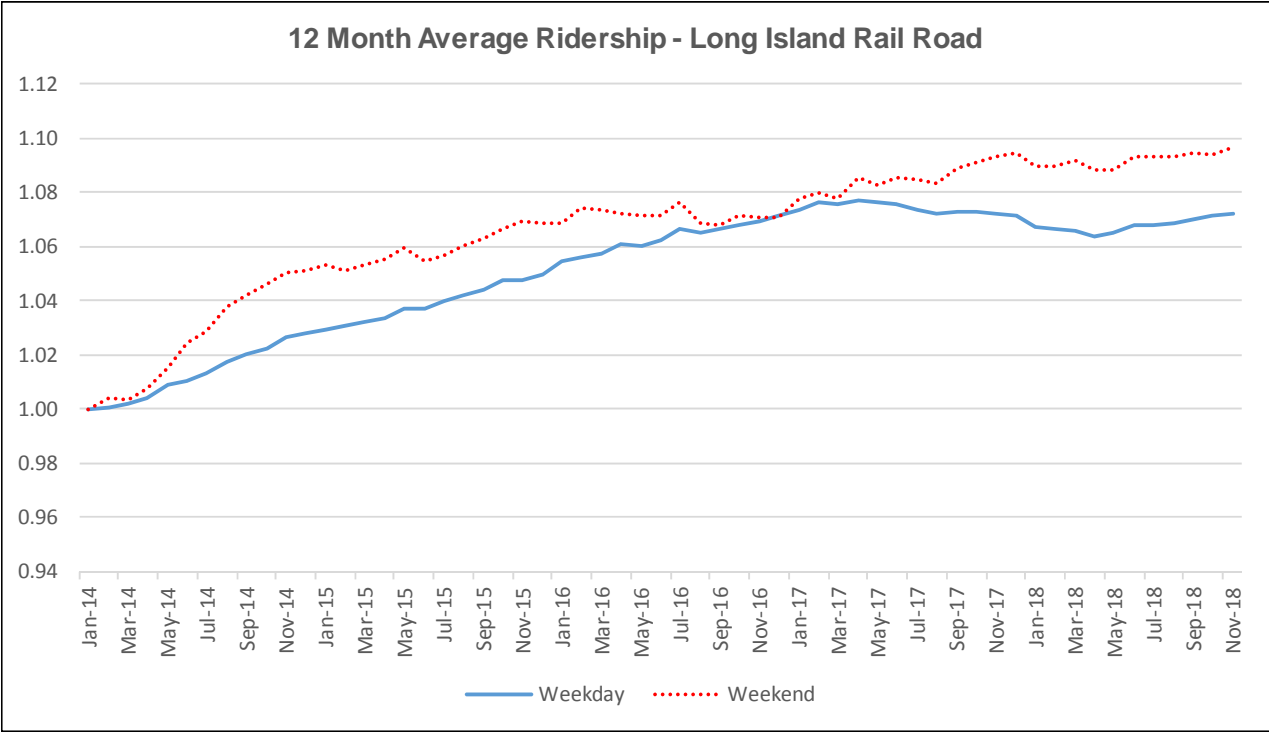
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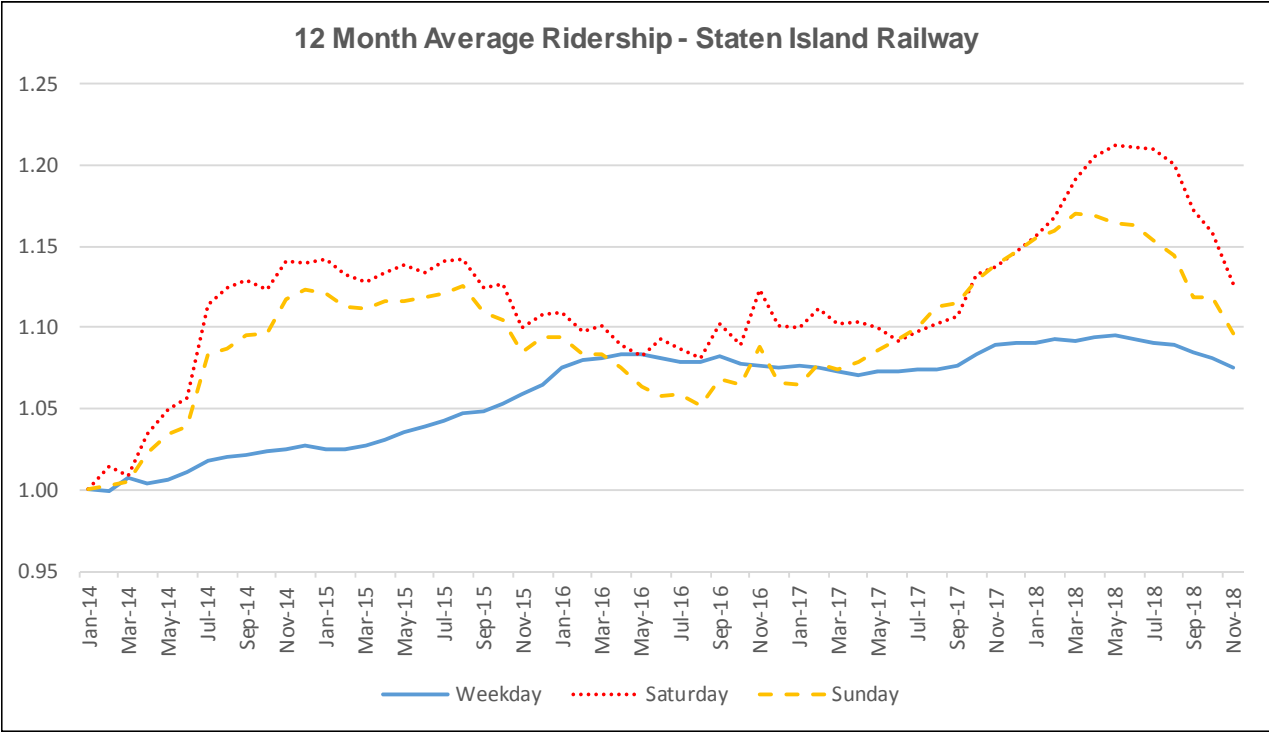
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Consumer Price Index

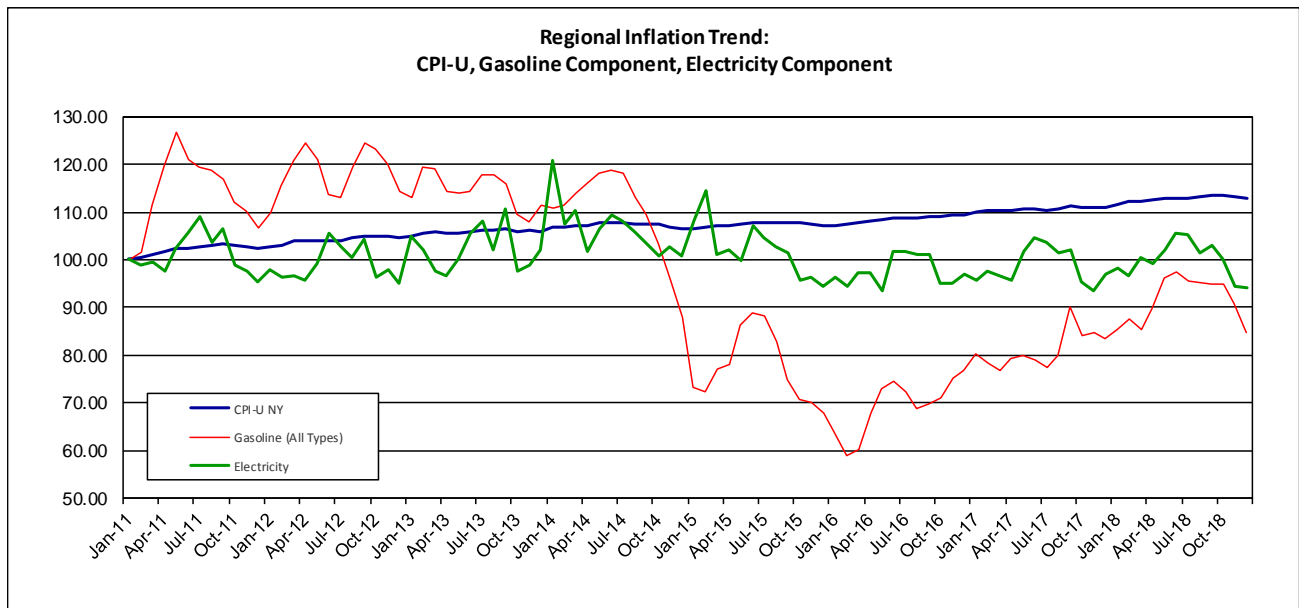
Goods Reporting Month-over-Month Price Increases

- Food
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Apparel
- Transportation
- Gasoline
- Electricity

	Dec-18 versus						
				Nov-18		Dec-17	
	Dec-18	Nov-18	Dec-17	Net	Pct	Net	Pct
Regional CPI-U	273.84	274.48	269.56	(0.64)	-0.2%	4.27	1.6%
Medical Care Component	497.06	496.56	481.15	0.50	0.1%	15.90	3.3%
Electricity Component	171.54	172.41	177.01	(0.87)	-0.5%	(5.47)	-3.1%
Gasoline (all grades) Component	209.86	224.81	207.16	(14.95)	-6.7%	2.71	1.3%
National CPI-U	251.23	252.04	246.52	(0.81)	-0.3%	4.71	1.9%

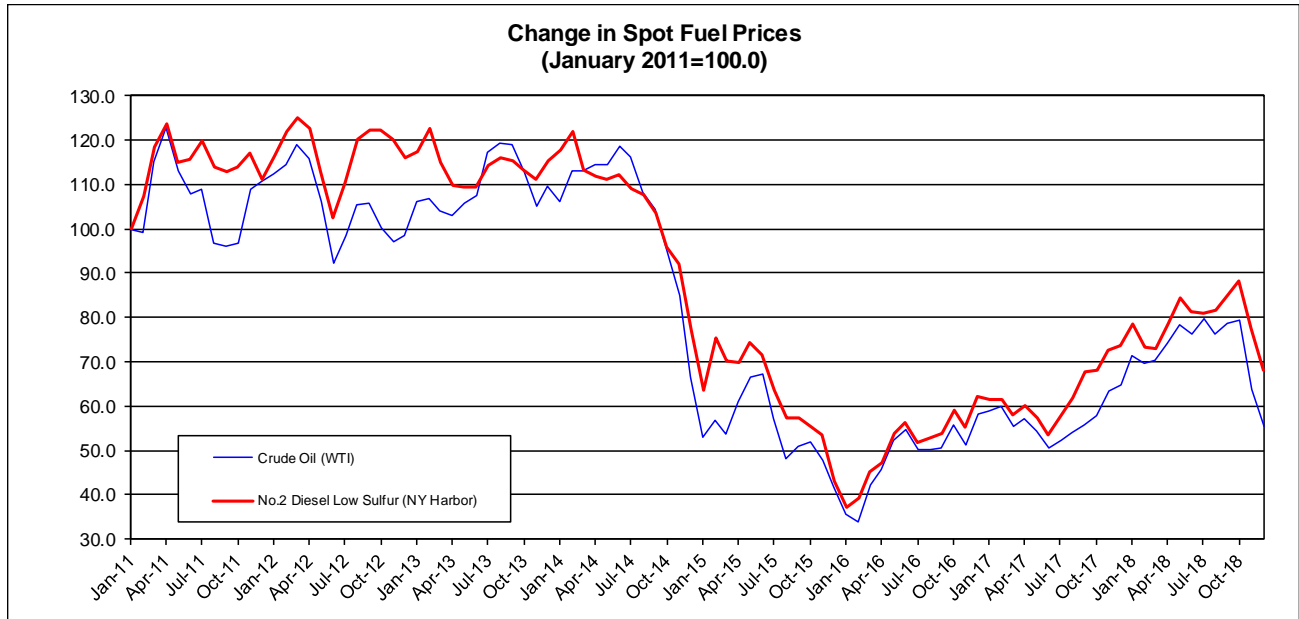


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Dec-18 versus		
	1/14/19	Dec-18	Nov-18	Dec-17	Nov-18	Dec-17
Crude Oil (\$/bbl)	50.31	49.52	56.96	57.88	-13.1%	-14.4%
Conventional Regular Gasoline (\$/gal)	1.41	1.45	1.63	1.76	-10.8%	-17.5%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.85	1.80	2.05	1.94	-12.1%	-7.4%
No.2 Heating Oil (\$/gal)	1.82	1.78	2.03	1.86	-12.2%	-4.2%



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Nassau, Suffolk Employment (in thousands)				Nov-18 versus			
	Prelim Nov-18	Revised Oct-18	Nov-17	Oct-18		Nov-17	
				Net	Percent	Net	Percent
Total Employment	1,372.4	1,366.4	1,360.1	6.0	0.4%	12.3	0.9%
Goods Producing	159.3	159.2	153.2	0.1	0.1%	6.1	4.0%
Construction, Mining, Nat Res	88.6	89.0	81.8	-0.4	-0.4%	6.8	8.3%
Manufacturing	70.7	70.2	71.4	0.5	0.7%	-0.7	-1.0%
Service Providing	1,213.1	1,207.2	1,206.9	5.9	0.5%	6.2	0.5%
Transportation, Utilities	45.9	45.1	45.4	0.8	1.8%	0.5	1.1%
Trade	237.1	231.5	240.3	5.6	2.4%	-3.2	-1.3%
Information	17.8	17.8	18.4	0.0	0.0%	-0.6	-3.3%
Financial Activities	69.5	70.1	71.6	-0.6	-0.9%	-2.1	-2.9%
Professional & Business Svcs	177.4	178.3	178.1	-0.9	-0.5%	-0.7	-0.4%
Education & Health Svcs	277.8	273.3	270.6	4.5	1.6%	7.2	2.7%
Leisure & Hospitality	126.1	129.6	122.7	-3.5	-2.7%	3.4	2.8%
Other Services	62.3	63.2	60.3	-0.9	-1.4%	2.0	3.3%
Government	199.2	198.3	199.5	0.9	0.5%	-0.3	-0.2%

Orange, Rockland, Westchester Employment (in thousands)				Nov-18 versus			
	Prelim Nov-18	Revised Oct-18	Nov-17	Oct-18		Nov-17	
				Net	Percent	Net	Percent
Total Employment	731.9	730.1	727.6	1.8	0.2%	4.3	0.6%
Goods Producing	70.8	71.3	71.0	-0.5	-0.7%	-0.2	-0.3%
Construction, Mining, Nat Res	42.4	42.8	42.2	-0.4	-0.9%	0.2	0.5%
Manufacturing	28.4	28.5	28.8	-0.1	-0.4%	-0.4	-1.4%
Service Providing	661.1	658.8	656.6	2.3	0.3%	4.5	0.7%
Transportation, Utilities	26.5	26.4	26.6	0.1	0.4%	-0.1	-0.4%
Trade	119.2	116.0	120.6	3.2	2.8%	-1.4	-1.2%
Information	11.4	11.4	11.8	0.0	0.0%	-0.4	-3.4%
Financial Activities	37.8	38.0	37.8	-0.2	-0.5%	0.0	0.0%
Professional & Business Svcs	96.9	97.3	95.2	-0.4	-0.4%	1.7	1.8%
Education & Health Svcs	160.5	160.2	157.9	0.3	0.2%	2.6	1.6%
Leisure & Hospitality	63.0	64.6	63.2	-1.6	-2.5%	-0.2	-0.3%
Other Services	32.6	32.8	31.5	-0.2	-0.6%	1.1	3.5%
Government	113.2	112.1	112.0	1.1	1.0%	1.2	1.1%

Dutchess, Putnam Employment (in thousands)				Nov-18 versus			
	Prelim Nov-18	Revised Oct-18	Nov-17	Oct-18		Nov-17	
				Net	Percent	Net	Percent
Total Employment	154.3	153.3	152.0	1.0	0.7%	2.3	1.5%
Goods Producing	17.6	17.8	17.9	-0.2	-1.1%	-0.3	-1.7%
Construction, Mining, Nat Res	8.5	8.6	8.3	-0.1	-1.2%	0.2	2.4%
Manufacturing	9.1	9.2	9.6	-0.1	-1.1%	-0.5	-5.2%
Service Providing	136.7	135.5	134.1	1.2	0.9%	2.6	1.9%
Transportation, Utilities	4.5	4.5	4.5	0.0	0.0%	0.0	0.0%
Trade	20.1	19.7	20.5	0.4	2.0%	-0.4	-2.0%
Information	1.8	1.8	1.9	0.0	0.0%	-0.1	-5.3%
Financial Activities	4.8	4.8	4.8	0.0	0.0%	0.0	0.0%
Professional & Business Svcs	13.2	13.1	12.7	0.1	0.8%	0.5	3.9%
Education & Health Svcs	43.7	42.7	41.0	1.0	2.3%	2.7	6.6%
Leisure & Hospitality	14.8	15.2	15.0	-0.4	-2.6%	-0.2	-1.3%
Other Services	7.3	7.3	7.1	0.0	0.0%	0.2	2.8%
Government	26.5	26.4	26.6	0.1	0.4%	-0.1	-0.4%

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