

BUDGETWATCH

April 2016 Flash Report

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

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. Toll revenue remained favorable due to low gas prices. Expenses were \$64.7 million, or 3.6%, 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. When adjusted for a known PMT timing lag, subsidies were roughly on target; favorable Urban Tax receipts were offset by lower receipts of PBT and MTA Aid.

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

Overall, preliminary net results were positive for the month and YTD.

Operating results, encompassing passenger fares, toll revenues and operating expenses, were favorable both for the month and YTD in most categories; however, while subway and bus revenues were favorable for the month, YTD passenger revenues were 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.

YTD 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.

Passenger and Toll Revenues

	YTD March 2016 (\$ in millions)				Month of March 2016 (\$ in millions)				
	Actual	Adopted Budget	Diff	%Diff	Actual	Adopted Budget	Diff	%Diff	
NYCT:					NYCT:				
Subway	\$810.8	\$833.4	(\$22.6)	-2.7%	Subway	\$298.1	\$296.3	\$1.8	0.6%
Bus	235.2	238.9	(3.8)	-1.6%	Bus	88.0	85.6	2.4	2.9%
Other	<u>19.6</u>	<u>20.0</u>	<u>(0.4)</u>	<u>-2.2%</u>	Other	<u>6.6</u>	<u>6.8</u>	<u>(0.1)</u>	<u>-1.7%</u>
NYCT	\$1,065.6	\$1,092.4	(\$26.8)	-2.5%	NYCT	\$392.7	\$388.6	\$4.1	1.1%
MTA Bus	51.1	51.9	(0.8)	-1.4%	MTA Bus	19.2	18.7	0.4	2.3%
LIRR	165.1	163.4	1.8	1.1%	LIRR	58.3	57.1	1.2	2.1%
MNR	<u>161.2</u>	<u>158.5</u>	<u>2.7</u>	<u>1.7%</u>	MNR	<u>56.5</u>	<u>55.4</u>	<u>1.1</u>	<u>2.0%</u>
Sub-total	\$1,443.1	\$1,466.2	(\$23.1)	-1.6%	Sub-total	\$526.7	\$519.8	\$6.9	1.3%
B&T	<u>427.1</u>	<u>406.5</u>	<u>20.6</u>	<u>5.1%</u>	B&T	<u>155.9</u>	<u>150.5</u>	<u>5.3</u>	<u>3.5%</u>
Total	\$1,870.2	\$1,872.7	(\$2.5)	-0.1%	Total	\$682.5	\$670.3	\$12.2	1.8%

For the month, **passenger revenues** were favorable by \$6.9 million, or 1.3%, mostly due to slightly higher ridership on subway and bus services and on the commuter railroads. Overall YTD results remain below Budget due to lower NYCT farebox revenue from inclement weather in January and February. **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 March 2016 (\$ in millions)					Month of March 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
NYCT	\$1,699.8	\$1,731.0	31.2	1.8%	NYCT	\$574.6	\$583.3	\$8.7	1.5%
MTA Bus	159.2	167.1	7.9	4.7%	MTA Bus	54.7	57.6	2.9	5.1%
LIRR	339.5	369.6	30.2	8.2%	LIRR	106.9	119.8	12.9	10.8%
MNR	297.7	311.7	14.0	4.5%	MNR	104.0	105.6	1.6	1.5%
B&T	105.3	116.0	10.7	9.2%	B&T	41.8	42.4	0.6	1.5%
Total	\$2,601.5	\$2,695.4	\$93.9	3.5%	Total	\$882.0	\$908.8	\$26.8	2.9%

Overall expenses for March were lower than Budget by \$26.8 million, or 2.9%. The LIRR was favorable by \$12.9 million for energy and timing-related savings in materials and services that were partly offset by higher overtime. NYCT was favorable by \$8.7 million, mostly due to lower expenses for energy and fringe benefits. MNR was slightly favorable, mainly due to lower energy and contracted services expenses (timing). MTA Bus was favorable by \$2.4 million, largely due to lower fuel rates and professional services. B&T was favorable by 0.6%, largely due to lower payroll costs.

Overall, YTD preliminary expenses were \$93.9 million, or 3.5%, favorable to Budget, largely attributable to lower energy prices and the timing of costs for contractual services. NYCT was favorable by \$31.2 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. The LIRR was favorable by \$30.2 million, reflecting lower labor, materials and supplies (timing), and electric power expenses, partly offset by higher overtime. MNR was favorable by \$14.0 million, mainly due to lower electric power, fuel, and contracted services expenses (timing), as well as lower subsidy payments to NJT for West-of-Hudson operations. MTA Bus was favorable by \$7.9 million, mostly due to lower costs for fuel, maintenance and professional services (timing). B&T was favorable by \$10.7 million, mainly due to lower payroll costs.

Overtime

YTD March 2016 (\$ in millions)					Month of March 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
NYCT	\$120.1	\$112.8	(\$7.2)	-6.4%	NYCT	\$37.6	\$38.7	\$1.1	2.7%
MTA Bus	12.9	13.5	0.7	4.8%	MTA Bus	4.1	4.5	0.4	9.4%
LIRR	33.8	30.7	(3.1)	-10.0%	LIRR	11.5	8.3	(3.2)	-38.4%
MNR	23.5	24.3	0.8	3.3%	MNR	7.7	7.3	(0.4)	-5.5%
B&T	5.9	7.1	1.2	16.7%	B&T	2.4	2.3	(0.1)	-4.4%
Total	\$196.1	\$188.5	(\$7.7)	-4.1%	Total	\$63.3	\$61.1	(\$2.2)	-3.6%

Preliminary overtime expenses for the month were \$2.2 million, or 3.6%, unfavorable to Budget. The LIRR was unfavorable by \$3.2 million, or 38.4%, largely due to major track work efforts including Sperry rail testing and systemwide replacement of defective concrete ties. NYCT was favorable by \$1.1 million, or 2.7% with lower weather-related overtime. Monthly variances for the other Agencies were minor. The YTD variance reflects higher overtime at NYCT in response to the Jonas storm.

Debt Service

Debt service for March was \$220.4 million, which was \$12.9 million, or 5.5%, favorable to Budget; on a YTD basis, debt service was \$630.5 million, which was \$69.2 million, or 9.9%, favorable to Budget. Both the March and YTD variances reflect lower than budgeted variable rates, the refunding of Transportation Revenue and TBTA bonds, and the timing of new money bond issuances.

State Dedicated Taxes and Fees

YTD April 2016 (\$ in millions)					Month of April 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	%Diff		Actual	Budget	Diff	%Diff
MMTOA	\$0.0	\$0.0	\$0.0	0.0%	MMTOA	\$0.0	\$0.0	\$0.0	0.0%
PBT	203.9	195.3	8.5	4.4%	PBT	55.6	40.2	15.4	38.1%
PMT ¹	532.9	519.8	13.1	2.5%	PMT ¹	127.3	104.1	23.2	22.3%
MTA Aid ²	68.4	71.4	(3.0)	-4.2%	MTA Aid ²	0.0	0.0	0.0	0.0%
Total	\$805.2	\$786.5	\$18.7	2.4%	Total	\$182.9	\$144.3	\$38.6	26.7%

Consistent with prior years, the first MMTOA payment is expected in May. Petroleum Business Tax (PBT) receipts for April were \$15.4 million (38.1%) favorable; YTD was favorable by \$8.5 million (4.4%). The unpredictability of monthly PBT receipts makes it difficult to ascertain at this time if these favorable variances were real or timing-related; additional monthly collections should provide a clearer picture.

April Payroll Mobility Tax (PMT) receipts were \$23.2 million (22.3%) favorable. Last month, receipts were \$10.1 million unfavorable due to timing issues; this month's favorable variance reflects the timing correction as well as favorable results for the month of April. YTD results were favorable by \$13.1 million (2.5%). Year-to-date MTA Aid receipts are disbursed quarterly, most recently in March.

Real Estate Transaction Taxes

YTD April 2016 (\$ in millions)					Month of April 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	%Diff		Actual	Budget	Diff	%Diff
MRT	\$152.3	\$149.1	\$3.2	2.2%	MRT	\$41.0	\$37.3	\$3.7	9.9%
NYC Urban	\$321.3	309.5	\$11.8	3.8%	NYC Urban	\$65.7	65.5	\$0.2	0.4%
Total	\$473.6	\$458.6	\$15.0	3.3%	Total	\$106.7	\$102.7	\$3.9	3.8%

Total real estate transaction taxes for April were \$3.9 million (3.8%) favorable to Budget, with the YTD variance favorable by \$15.0 million (3.3%). When compared with last year, real estate taxes were unchanged; Urban Tax was off last year's level by \$17.0 million, or 5.0%, while MRT is running ahead of last year by \$16.9 million, or 12.4%.

Regional Mortgage Recording Tax³ receipts for April were \$3.7 million, or 9.9%, higher than forecast; MRT-1 was favorable by \$3.1 million, and MRT-2 receipts were favorable by \$0.6 million. YTD MRT receipts were favorable by \$3.2 million, or 2.2%, with MRT-1 receipts \$5.4 million favorable and MRT-2 receipts 2.1 million unfavorable.

New York City Urban Tax⁴ receipts for April were \$0.2 million, or 0.4%, favorable, making YTD Urban Tax receipts \$11.8 million (3.8%) favorable. For April, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was unfavorable by \$2.6 million, or 5.9%, while the MRT portion of the Urban Tax was \$2.8 million or 13.0% 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.

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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

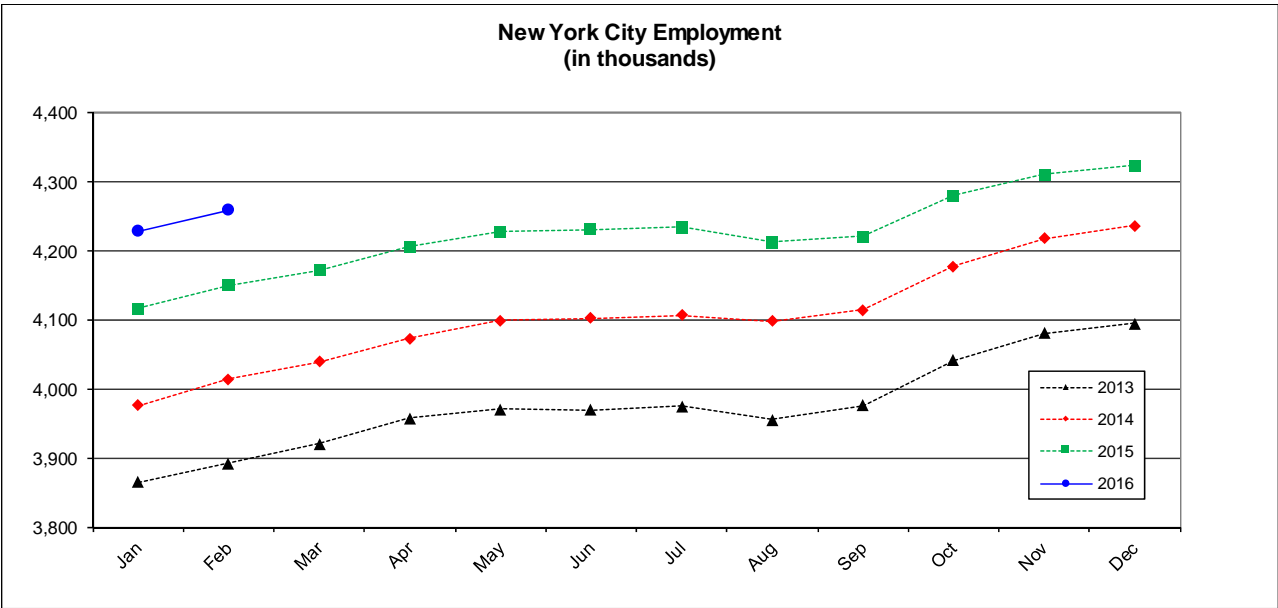
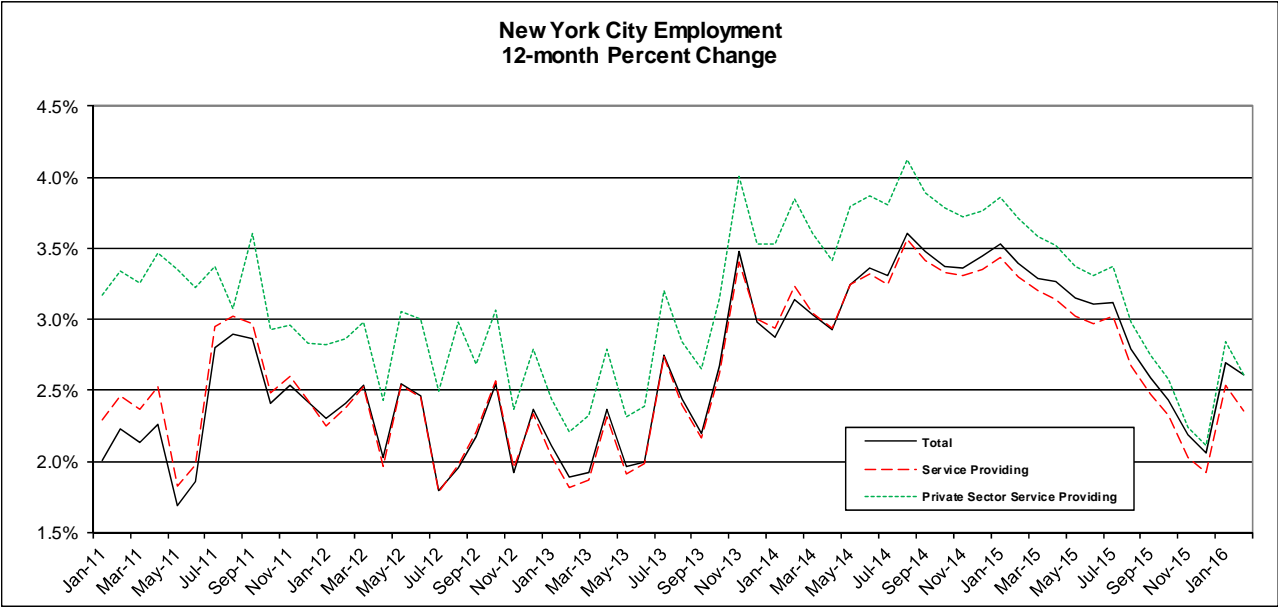
New York City Employment (in thousands)	New York City Employment (in thousands)			Feb-16 versus			
	Prelim Feb-16	Revised Jan-16	Feb-15	Jan-16		Feb-15	
				Net	Pct	Net	Pct
Total Employment	4,258.4	4,227.3	4,150.0	31.1	0.7%	108.4	2.6%
Goods Producing	219.1	215.9	203.6	3.2	1.5%	15.5	7.6%
Construction, Mining, Nat Res	138.7	136.8	126.8	1.9	1.4%	11.9	9.4%
Manufacturing	80.4	79.1	76.8	1.3	1.6%	3.6	4.7%
Service Providing	4,039.3	4,011.4	3,946.4	27.9	0.7%	92.9	2.4%
Transportation, Utilities	133.5	133.9	129.3	(0.4)	-0.3%	4.2	3.2%
Trade	490.7	494.8	491.4	(4.1)	-0.8%	(0.7)	-0.1%
Information	192.9	189.4	186.7	3.5	1.8%	6.2	3.3%
Financial Activities	457.5	456.7	452.2	0.8	0.2%	5.3	1.2%
Professional & Business Svcs	709.2	707.9	682.8	1.3	0.2%	26.4	3.9%
Education & Health Svcs	898.1	887.4	868.5	10.7	1.2%	29.6	3.4%
Leisure & Hospitality	421.0	417.2	407.8	3.8	0.9%	13.2	3.2%
Other Services	187.7	185.0	183.1	2.7	1.5%	4.6	2.5%
Government	548.7	539.1	544.6	9.6	1.8%	4.1	0.8%

Preliminary February 2016 employment in New York City shows a gain of 108.4 thousand jobs (2.6%) compared to last February's employment level. This marks the sixty-seventh 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 29,600 and 26,400 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 92.9 thousand jobs (2.4%) over the February 2015 level. Private-sector service-providing employment in New York City increased by 88.8 thousand jobs (2.6%), the seventy-second consecutive month of year-to-year improvement.

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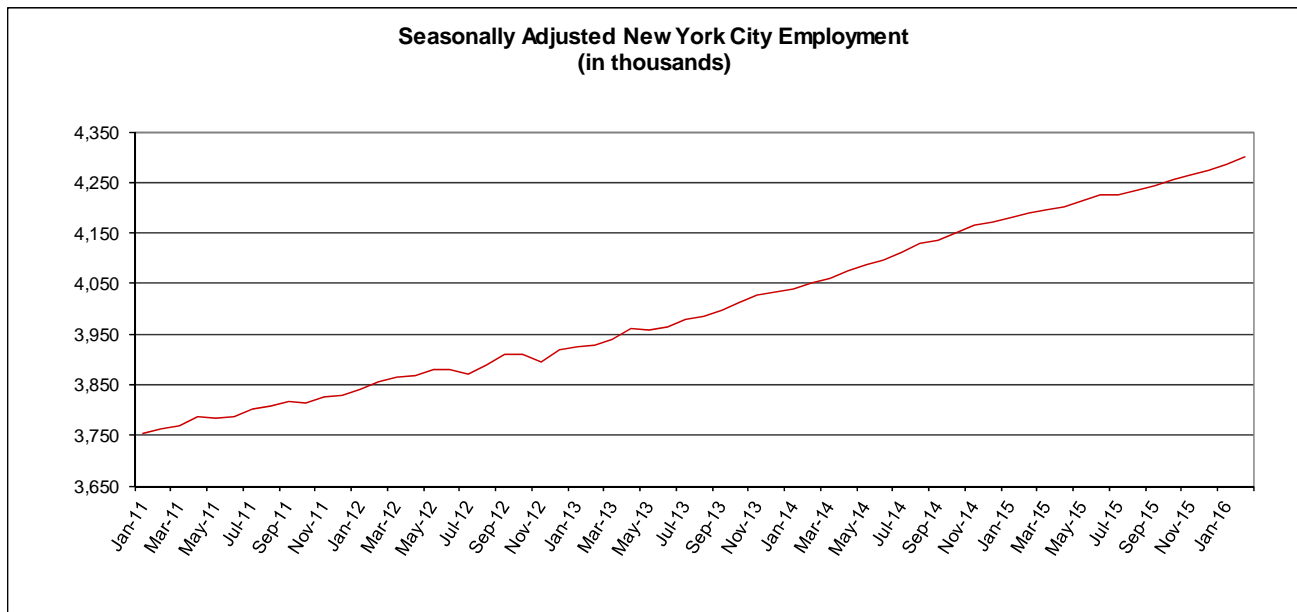
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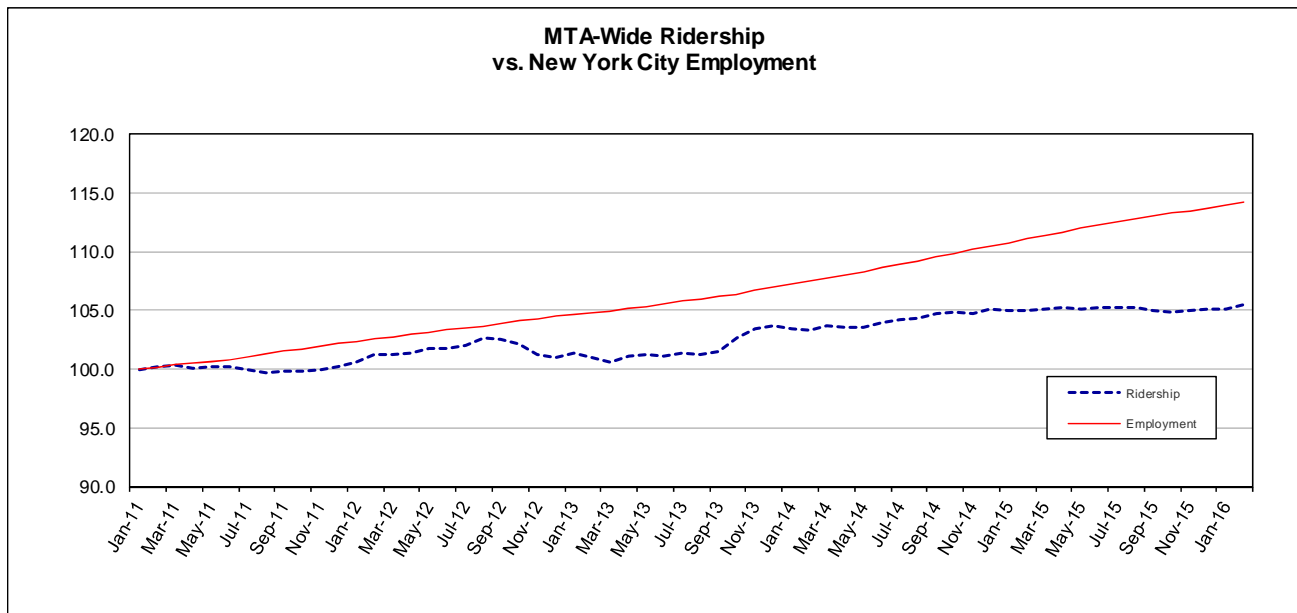
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In February, seasonally adjusted New York City employment of 4.3 million was higher than in February 2015 by 111.6 thousand jobs (2.7%), and was higher than last month by 15.0 thousand jobs (0.3%).



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 14.2%, annualized (12-month average) MTA-wide ridership has grown by 5.5%. The twelve-month average for ridership in February 2016 was 0.5% higher than one year earlier.



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Consumer Price Index

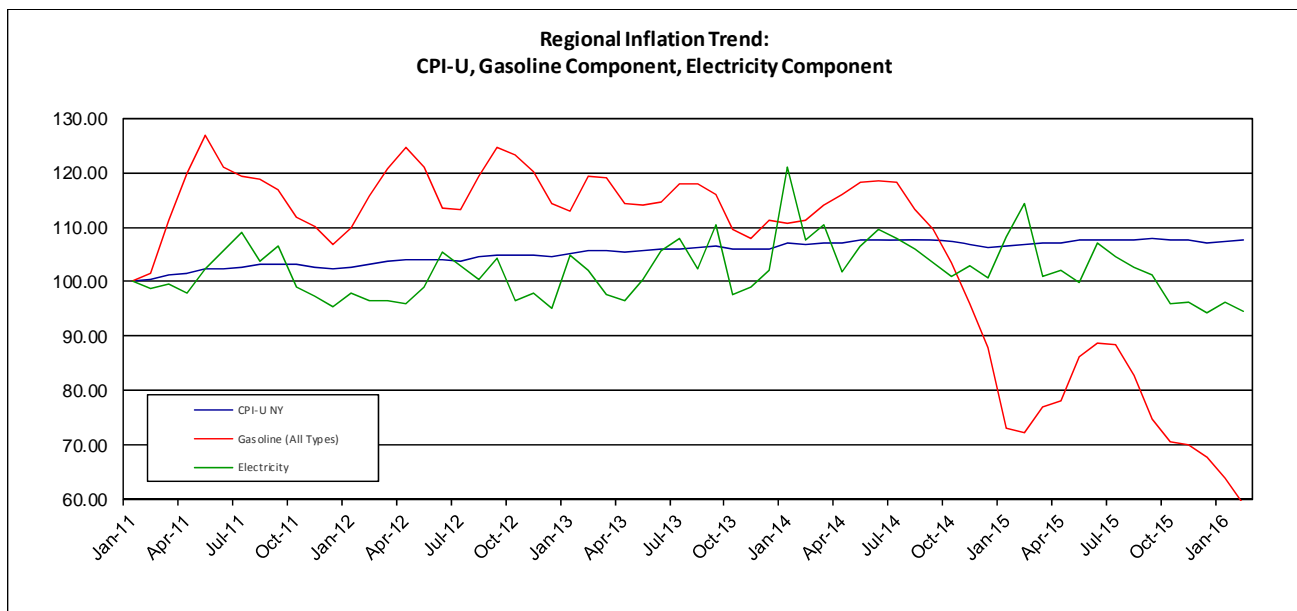
Goods Reporting Month-over-Month Price Increases

- Apparel
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Gasoline
- Transportation
- Electricity
- Food

	Feb-16 versus						
	Feb-16	Jan-16	Feb-15	Jan-16		Feb-15	
				Net	Pct	Net	Pct
Regional CPI-U	260.88	260.34	259.24	0.53	0.2%	1.63	0.6%
Medical Care Component	457.22	451.77	447.32	5.45	1.2%	9.90	2.2%
Electricity Component	172.53	175.77	208.72	(3.23)	-1.8%	(36.19)	-17.3%
Gasoline (all grades) Component	146.46	158.36	179.38	(11.90)	-7.5%	(32.92)	-18.4%
National CPI-U	237.11	236.92	234.72	0.19	0.1%	2.39	1.0%

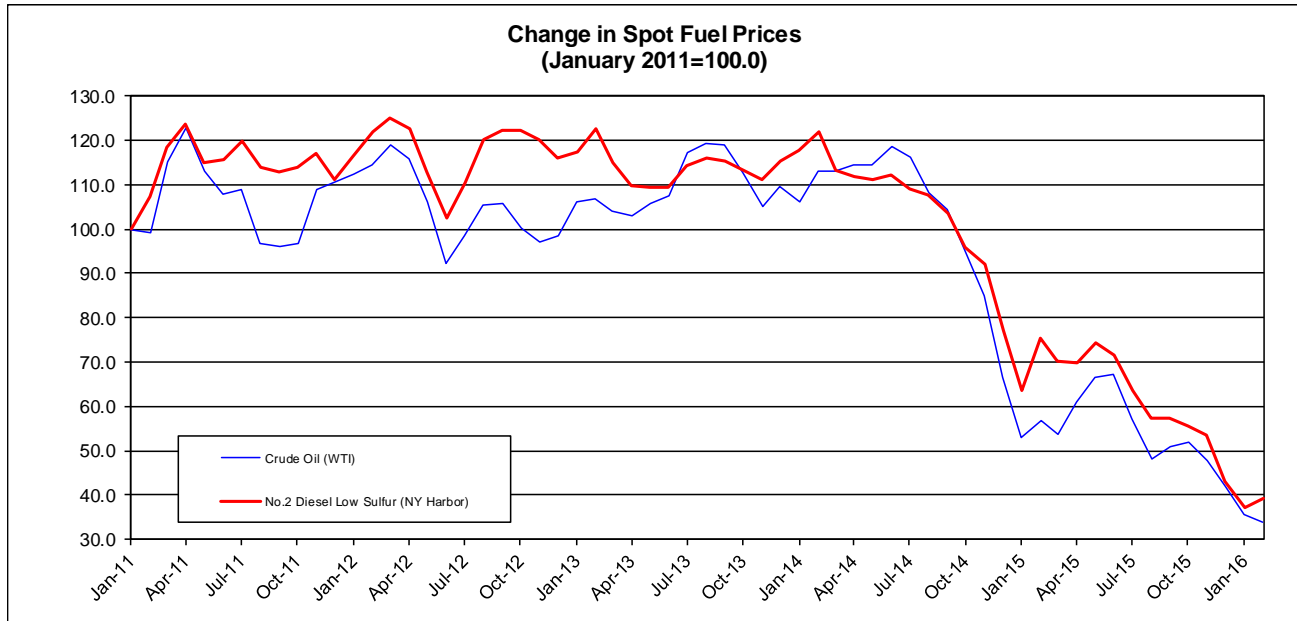


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price			Feb-16 versus		
	04/04/16	Feb-16	Jan-16	Feb-15	Jan-16	Feb-15
Crude Oil (\$/bbl)	34.30	30.32	31.68	50.58	-4.3%	-40.1%
Conventional Regular Gasoline (\$/gal)	1.32	1.06	1.12	1.61	-5.6%	-34.2%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.07	1.04	0.98	1.99	5.8%	-48.0%
No.2 Heating Oil (\$/gal)	1.01	0.97	0.94	1.87	3.5%	-48.1%



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Nassau, Suffolk Employment (in thousands)				Feb-16 versus			
	Prelim Feb-16	Revised Jan-16	Feb-15	Jan-16		Feb-15	
				Net	Percent	Net	Percent
Total Employment	1,276.1	1,276.5	1,260.8	-0.4	0.0%	15.3	1.2%
Goods Producing	135.9	138.1	135.7	-2.2	-1.6%	0.2	0.1%
Construction, Mining, Nat Res	64.8	66.4	65.0	-1.6	-2.4%	-0.2	-0.3%
Manufacturing	71.1	71.7	70.7	-0.6	-0.8%	0.4	0.6%
Service Providing	1,140.2	1,138.4	1,125.1	1.8	0.2%	15.1	1.3%
Transportation, Utilities	40.5	41.1	40.6	-0.6	-1.5%	-0.1	-0.2%
Trade	221.6	227.1	226.3	-5.5	-2.4%	-4.7	-2.1%
Information	19.9	20.0	20.6	-0.1	-0.5%	-0.7	-3.4%
Financial Activities	73.0	73.6	72.5	-0.6	-0.8%	0.5	0.7%
Professional & Business Svcs	165.7	165.6	162.5	0.1	0.1%	3.2	2.0%
Education & Health Svcs	252.9	248.6	245.2	4.3	1.7%	7.7	3.1%
Leisure & Hospitality	111.1	111.8	107.2	-0.7	-0.6%	3.9	3.6%
Other Services	57.7	57.1	56.1	0.6	1.1%	1.6	2.9%
Government	197.8	193.5	194.1	4.3	2.2%	3.7	1.9%

Orange, Rockland, Westchester Employment (in thousands)				Feb-16 versus			
	Prelim Feb-16	Revised Jan-16	Feb-15	Jan-16		Feb-15	
				Net	Percent	Net	Percent
Total Employment	695.1	691.6	678.8	3.5	0.5%	16.3	2.4%
Goods Producing	71.4	71.6	64.4	-0.2	-0.3%	7.0	10.9%
Construction, Mining, Nat Res	42.3	42.4	34.5	-0.1	-0.2%	7.8	22.6%
Manufacturing	29.1	29.2	29.9	-0.1	-0.3%	-0.8	-2.7%
Service Providing	623.7	620.0	614.4	3.7	0.6%	9.3	1.5%
Transportation, Utilities	25.4	26.0	25.0	-0.6	-2.3%	0.4	1.6%
Trade	116.9	119.0	116.1	-2.1	-1.8%	0.8	0.7%
Information	13.0	13.1	13.3	-0.1	-0.8%	-0.3	-2.3%
Financial Activities	37.3	37.0	36.7	0.3	0.8%	0.6	1.6%
Professional & Business Svcs	85.4	85.1	82.9	0.3	0.4%	2.5	3.0%
Education & Health Svcs	149.4	145.1	144.1	4.3	3.0%	5.3	3.7%
Leisure & Hospitality	54.1	54.6	57.6	-0.5	-0.9%	-3.5	-6.1%
Other Services	32.5	32.0	30.6	0.5	1.6%	1.9	6.2%
Government	109.7	108.1	108.1	1.6	1.5%	1.6	1.5%

Dutchess, Putnam Employment (in thousands)				Feb-16 versus			
	Prelim Feb-16	Revised Jan-16	Feb-15	Jan-16		Feb-15	
				Net	Percent	Net	Percent
Total Employment	143.5	139.2	140.6	4.3	3.1%	2.9	2.1%
Goods Producing	17.5	17.8	17.3	-0.3	-1.7%	0.2	1.2%
Construction, Mining, Nat Res	6.9	7.2	6.9	-0.3	-4.2%	0.0	0.0%
Manufacturing	10.6	10.6	10.4	0.0	0.0%	0.2	1.9%
Service Providing	126.0	121.4	123.3	4.6	3.8%	2.7	2.2%
Transportation, Utilities	4.4	4.1	3.8	0.3	7.3%	0.6	15.8%
Trade	18.7	19.1	19.7	-0.4	-2.1%	-1.0	-5.1%
Information	2.0	2.0	1.8	0.0	0.0%	0.2	11.1%
Financial Activities	4.7	4.8	4.8	-0.1	-2.1%	-0.1	-2.1%
Professional & Business Svcs	11.2	11.3	11.1	-0.1	-0.9%	0.1	0.9%
Education & Health Svcs	39.2	35.7	36.9	3.5	9.8%	2.3	6.2%
Leisure & Hospitality	12.6	12.3	12.7	0.3	2.4%	-0.1	-0.8%
Other Services	7.1	7.0	6.7	0.1	1.4%	0.4	6.0%
Government	26.1	25.1	25.8	1.0	4.0%	0.3	1.2%

