

BUDGETWATCH

April 2015 Flash Report

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

Overall, results through March were favorable mainly as a result of higher collections of real estate transaction taxes that were slightly offset by unfavorable net operating results. Passenger and toll revenues were unfavorable due to weather-related impacts; while operating expenses were favorable mostly due to timing-related variances, lower fuel prices and fringe benefit expenses that were offset by higher weather-related overtime expense. Debt service was favorable due to timing and lower variable rates. Subsidies were above target on the strength of Urban Tax and Petroleum Business Tax (PBT) receipts. Payroll Mobility Tax (PMT) and Mortgage Recording Tax receipts were favorable but closer to target.

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

Overall, preliminary net results were on target for the month as favorable real estate transaction taxes and passenger/toll revenue were offset by lower collections of the Payroll Mobility Tax (PMT). YTD results were favorable, primarily the result of the real estate transaction taxes partially offset by lower PMT.

Operating results, encompassing passenger/toll revenues and operating expenses, were favorable for the month and were on target YTD. Toll revenue remained favorable in March while positive passenger revenue collections in March (primarily NYCT) offset some of the lower revenue in January and February that was the result of harsh weather. March YTD operating expenses were slightly favorable reflecting timing-related variances as well as lower fuel and fringe benefit expenses; this was mostly offset by higher weather-related overtime expenses.

YTD debt service costs were favorable due to the timing of deposits and lower variable rates. Subsidies were above target YTD on the strength of Urban Tax, Mortgage Recording Tax (MRT) and Petroleum Business Tax (PBT) receipts. PMT receipts are running below target.

Passenger and Toll Revenues

YTD March 2015 (\$ in millions)					Month of March 2015 (\$ 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:					NYCT:				
Subway	\$762.1	\$776.0	(\$14.0)	-1.8%	Subway	\$287.5	\$277.3	\$10.2	3.7%
Bus	222.1	233.4	(11.3)	-4.9%	Bus	84.9	84.6	0.3	0.3%
Other	<u>14.9</u>	<u>15.5</u>	<u>(0.6)</u>	<u>-3.6%</u>	Other	<u>5.1</u>	<u>5.3</u>	<u>(0.1)</u>	<u>-2.3%</u>
NYCT	\$999.1	\$1,024.9	(\$25.9)	-2.5%	NYCT	\$377.6	\$367.2	\$10.4	2.8%
LIRR	154.4	155.2	(0.8)	-0.5%	LIRR	54.8	54.0	0.9	1.6%
MNR	<u>151.1</u>	<u>152.9</u>	<u>(1.8)</u>	<u>-1.2%</u>	MNR	<u>53.4</u>	<u>53.4</u>	<u>(0.0)</u>	<u>0.0%</u>
Sub-total	\$1,304.6	\$1,333.1	(\$28.5)	-2.1%	Sub-total	\$485.8	\$474.5	\$11.2	2.4%
B&T	<u>382.6</u>	<u>376.2</u>	<u>6.5</u>	<u>1.7%</u>	B&T	<u>143.0</u>	<u>137.7</u>	<u>5.3</u>	<u>3.9%</u>
Total	\$1,687.2	\$1,709.3	(\$22.1)	-1.3%	Total	\$628.8	\$612.2	\$16.6	2.7%

For the month, passenger revenues were \$11.2 million, or 2.4%, favorable to budget. NYCT was 2.8% favorable, mostly due to higher average fares, while the commuter railroads were close to budget. This offset a portion of the combined revenue losses from January and February that resulted from severe weather and the Metro-North Valhalla collision that occurred in February; the unfavorable YTD variance was reduced to \$28.5 million, or 2.1%.

Toll revenues were favorable for both the month and YTD primarily due to higher than anticipated traffic levels.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD March 2015 (\$ in millions)					Month of March 2015 (\$ 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	\$1,650.3	\$1,646.6	(\$3.8)	-0.2%	NYCT	\$561.2	\$553.2	(\$8.0)	-1.5%
LIRR	346.4	360.4	14.0	3.9%	LIRR	109.5	115.2	5.7	5.0%
MNR	298.8	304.8	6.0	2.0%	MNR	101.6	103.9	2.2	2.2%
B&T	<u>101.8</u>	<u>109.7</u>	<u>7.9</u>	<u>7.2%</u>	B&T	<u>39.5</u>	<u>40.9</u>	<u>1.4</u>	<u>3.4%</u>
Total	\$2,397.3	\$2,421.5	\$24.2	1.0%	Total	\$811.8	\$813.1	\$1.3	0.2%

March expenses were favorable by \$1.3 million, or 0.2%. This result mainly reflects the impact of vacancies at all Agencies and the favorable timing of non-labor expenses at the commuter railroads and B&T, and was partly offset by higher weather-related overtime at all Agencies and the unfavorable timing of non-labor expenses at NYCT. NYCT was worse than budget by \$8.0 million, or 1.5%; higher expenses for overtime, professional services, materials & supplies, and health and welfare/OPEB were partially offset by lower other business expenses and reimbursable overhead. The LIRR was favorable by \$5.7 million, or 5.0%, mainly due to lower expenses for payroll, professional services, maintenance and other operating contracts, and pensions, that were partly offset by higher overtime. MNR was favorable by \$2.2 million, or 2.2%, mainly due to vacancies and lower maintenance and other operating contracts expenses, partly offset by higher energy and materials and supplies expenses. B&T was favorable by \$1.4 million, or 3.4%, largely due to vacancies.

Year-to-date preliminary expenses were \$24.2 million, or 1.0%, favorable; vacancies at all Agencies and the favorable timing of non-labor expenses at the commuter railroads and B&T was partly offset by higher weather-related overtime at all Agencies and the unfavorable timing of non-labor expenses at NYCT. NYCT was close to target, as higher overtime and professional service contract expenses were mostly offset by lower health and welfare/OPEB, energy, paratransit, and other business expenses. The LIRR was favorable by \$14.0 million, or 3.9%, reflecting lower payroll, maintenance and other operating contracts, pensions, and materials & supplies expenses, which were partially offset by higher weather-related overtime. MNR was favorable by \$6.0 million, or 2.0%, mainly due to the timing of contracted services, vacancies, and lower energy expenses, partly offset by higher weather-related overtime and other business expenses (including the write-off of the M-7 cars involved in the Valhalla collision). B&T was \$7.9 million, or 7.2%, favorable mainly due to vacancies and the timing of major maintenance projects.

Overtime

YTD March 2015 (\$ in millions)					Month of March 2015 (\$ 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	\$124.8	\$100.3	(\$24.5)	-24.4%	NYCT	\$41.6	\$34.1	(\$7.5)	-22.0%
LIRR	34.6	26.3	(8.3)	-31.4%	LIRR	11.3	8.3	(3.1)	-37.0%
MNR	24.5	22.4	(2.1)	-9.5%	MNR	7.2	6.7	(0.5)	-6.8%
B&T	<u>6.8</u>	<u>6.5</u>	<u>(0.2)</u>	<u>-3.6%</u>	B&T	<u>2.6</u>	<u>1.9</u>	<u>(0.7)</u>	<u>-33.4%</u>
Total	\$190.6	\$155.5	(\$35.1)	-22.6%	Total	\$62.7	\$51.0	(\$11.7)	-22.8%

For the month, expenses were \$11.7 million, or 22.8%, unfavorable to budget, mainly due to greater coverage requirements related to adverse weather, vacancy/absenteeism, and maintenance activities at the LIRR (37.0%), B&T (33.4%), and MNR (6.8%). NYCT was 22.0% unfavorable, and an explanation for this variance was not available at the time of this report. Year-to-date preliminary overtime expenses were 22.6% unfavorable to budget, also mainly due to increased coverage requirements resulting from adverse winter weather conditions, both snow and temperature related.

Debt Service

Debt service expenses for March were \$227.7 million, which was \$7.4 million, or 3.4%, unfavorable due to the timing of deposits that were budgeted in February. March YTD debt service costs were \$634.4 million, which was \$26.5 million, or 4.0%, favorable due to the timing of deposits and lower variable rates.

State Dedicated Taxes and Fees

YTD April 2015 (\$ in millions)					Month of April 2015 (\$ 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>
MMTOA	\$0.0	\$0.0	\$0.0	0.0%	MMTOA	\$0.0	\$0.0	\$0.0	0.0%
PBT	203.2	187.6	15.6	8.3%	PBT	41.5	45.1	-3.6	-8.0%
PMT ¹	505.7	524.0	-18.3	-3.5%	PMT ¹	78.8	105.3	-26.5	-25.1%
MTA Aid ²	<u>68.3</u>	<u>71.6</u>	<u>-3.3</u>	<u>-4.6%</u>	MTA Aid ²	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Total	\$777.2	\$783.2	-\$6.0	-0.8%	Total	\$120.3	\$150.4	-\$30.1	-20.0%

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 installments of \$61 million.

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

The first MMTOA payment is not expected until May 2015. Petroleum Business Tax (PBT) receipts for April of \$41.5 million were \$3.6 million (8.0%) unfavorable, mainly due to the reversal of a favorable timing variance (receipts in March reflected additional days of collections). On a year-to-date basis, PBT receipts of \$203.2 million were \$15.6 million (8.3%) favorable and continue to reflect the non-seasonal nature of PBT receipts while monthly forecasts are based on prior year experience.

April Payroll Mobility Tax (PMT) receipts of \$78.8 million were \$26.5 million (25.1%) unfavorable. YTD PMT collections of \$505.7 million were \$18.3 million (3.5%) unfavorable and have not kept pace with the salary and wage growth projections that were used in formulating the 2015 Budget. It is still too early however to tell how much of this unfavorable variance is real and how much is due to the timing lags in the transfer of funds prior to remittal to the MTA. This situation is being monitored closely. MTA Aid receipts YTD were \$68.3 million, \$3.3 million or 4.6% unfavorable, and some portion of this variance appears to be timing-related; the next quarterly MTA Aid payment will be made in June.

Real Estate Transaction Taxes

YTD April 2015 (\$ in millions)					Month of April 2015 (\$ 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>
MRT	\$135.4	\$121.2	\$14.3	11.8%	MRT	\$33.7	\$30.3	\$3.4	11.2%
NYC Urban	<u>338.3</u>	<u>225.9</u>	<u>\$112.4</u>	<u>49.7%</u>	NYC Urban	<u>\$69.9</u>	<u>56.5</u>	<u>\$13.4</u>	<u>23.7%</u>
Total	\$473.7	\$347.1	\$126.6	36.5%	Total	\$103.6	\$86.8	\$16.8	19.3%

Total real estate taxes for April were \$16.8 million (19.3%) favorable to budget, improving the YTD variance to \$126.6 million (36.5%). YTD Total Real Estate Transaction Taxes are ahead of 2014 levels by \$100.6 million, or 30.4%, reflecting improvements in both Urban Tax and MRT receipts.

Regional Mortgage Recording Tax¹ receipts for April were \$3.4 million or 11.2% higher than the budget; MRT-1 was favorable by \$3.2 million, while MRT-2 receipts were unfavorable by \$0.2 million. YTD MRT receipts were favorable by \$14.3 million, or 11.8%, with MRT-1 receipts \$15.0 million favorable, while MRT-2 receipts were \$0.8 million unfavorable.

New York City Urban Tax² receipts for April were \$13.4 million or 23.7% favorable, making YTD Urban Tax receipts \$112.4 million (49.7%) favorable. For April, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was favorable by \$8.8 million or 23.2%, while the MRT portion of the Urban Tax was \$4.6 million or 24.9% favorable. Unlike prior months this year, no extraordinarily large transactions dominated April receipts. Urban Tax revenues have averaged \$84.6 million per month through April, exceeding the 2014 YTD monthly average by 30.4%.

¹ 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.

² 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.

April 2015 BudgetWatch

Regional Economy

Effective with the April 2015 release of local employment data, the U.S. Bureau of Labor Statistics is providing MTA region employment along different geographic boundaries than those used prior to April 2015. The table below illustrates the former and current geographic regions for employment data:

Former Labor <u>Mkt Areas</u>	New Labor <u>Mkt Areas</u>
New York City	New York City
Nassau Suffolk	Nassau Suffolk
Westchester Putnam Rockland	Westchester Rockland Orange
Dutchess Orange	Putnam Dutchess

April 2015 BudgetWatch Regional Economy

New York City Employment

Sectors with Employment Gains in March 2015 Compared to March 2014

- Education and Health Svcs
- Professional and Business Svcs
- Leisure and Hospitality
- Construction, Mining, Nat Res
- Transportation, Utilities
- Trade
- Other Services
- Financial Activities
- Information
- Government



Sectors with Employment losses in March 2015 Compared to March 2014

- Manufacturing

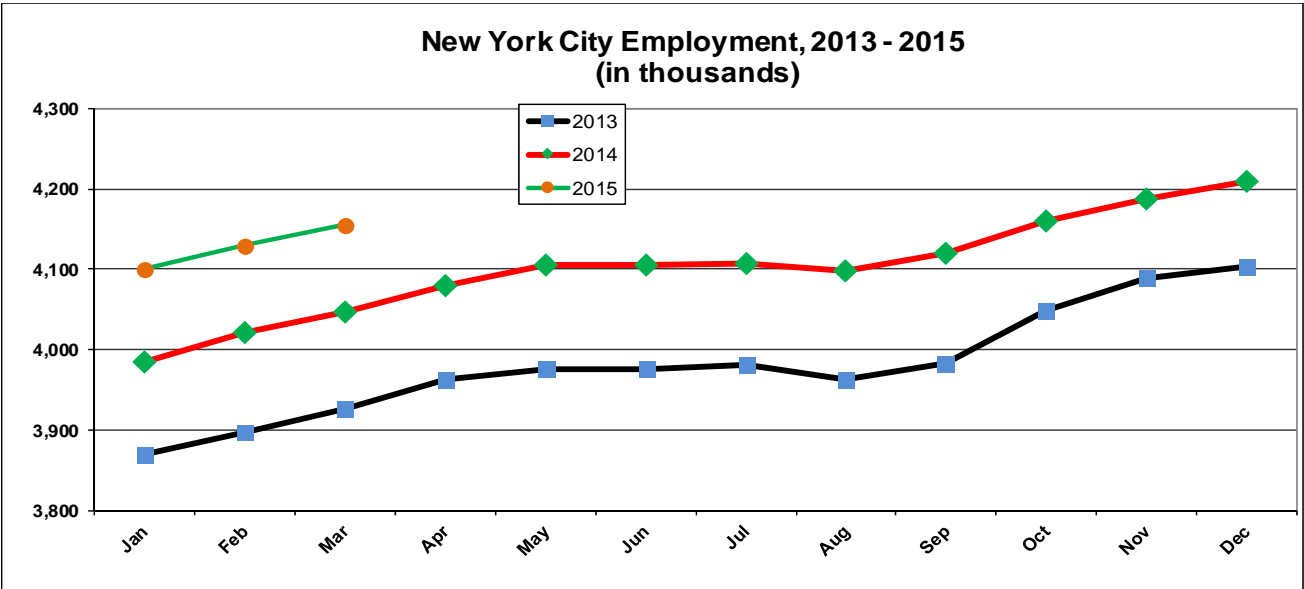
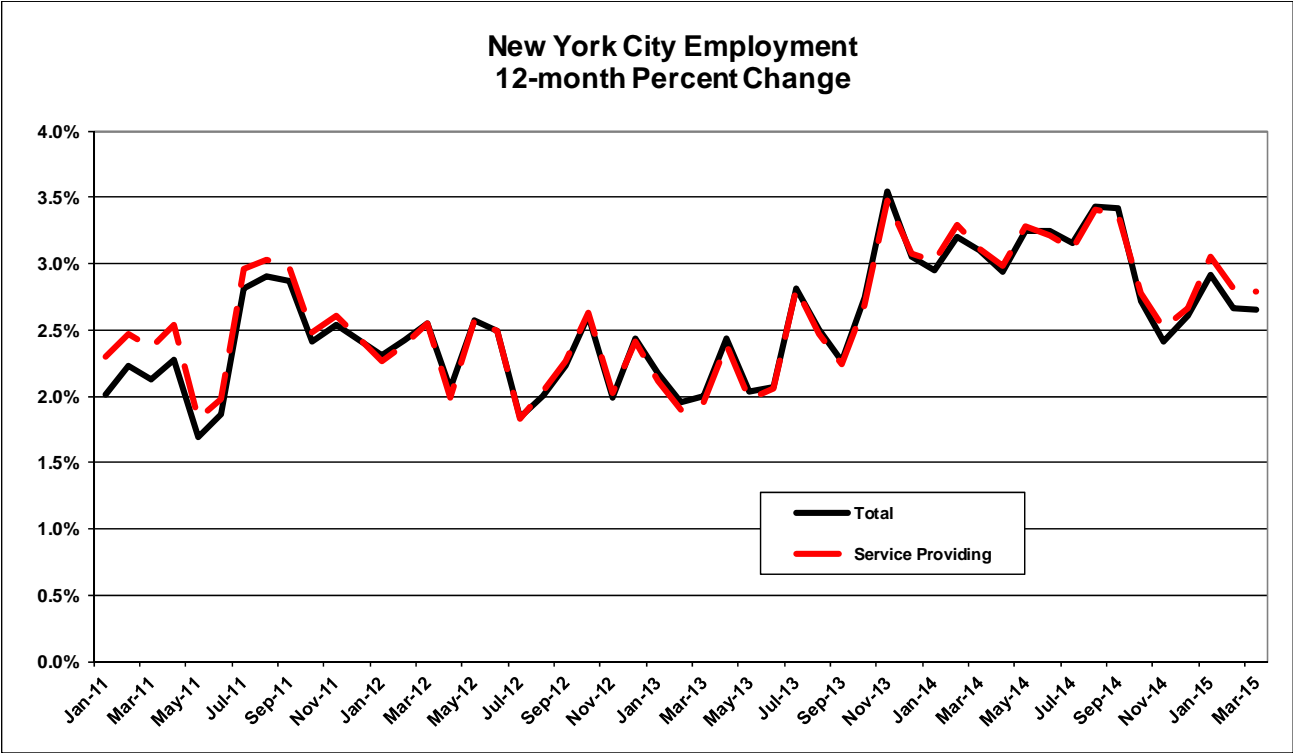


New York City Employment (in thousands)	Prelim		Revised		Gain / (Loss) Mar-15 vs			
	Mar-15	Feb-15	Mar-14	Feb-15		Mar-14		
				Net	Percent	Net	Percent	
Total Employment	4155.0	4129.3	4047.7	25.7	0.6%	107.3	2.7%	
Goods Producing	198.0	193.2	197.9	4.8	2.5%	0.1	0.1%	
Construction, Mining, Nat Res	123.5	119.2	122.0	4.3	3.6%	1.5	1.2%	
Manufacturing	74.5	74.0	75.9	0.5	0.7%	(1.4)	-1.8%	
Service Producing	3957.0	3936.1	3849.8	20.9	0.5%	107.2	2.8%	
Transportation, Utilities	124.3	123.2	123.6	1.1	0.9%	0.7	0.6%	
Trade	495.7	495.4	481.6	0.3	0.1%	14.1	2.9%	
Information	187.7	186.3	184.1	1.4	0.8%	3.6	2.0%	
Financial Activities	452.0	450.8	443.6	1.2	0.3%	8.4	1.9%	
Education & Health Svcs	680.8	678.7	654.5	2.1	0.3%	26.3	4.0%	
Professional & Business Svcs	878.8	872.3	848.6	6.5	0.7%	30.2	3.6%	
Leisure & Hospitality	407.8	404.6	394.1	3.2	0.8%	13.7	3.5%	
Other Services	183.9	181.5	176.8	2.4	1.3%	7.1	4.0%	
Government	546.0	543.3	542.9	2.7	0.5%	3.1	0.6%	

Preliminary March 2015 employment in New York City shows a gain of 107.3 thousand jobs (an increase of 2.7%) compared to last March's employment level. This marks the fifty-fifth consecutive month in which employment has improved over its level from one year earlier. The Professional & Business Services and Education & Health Services sectors experienced the greatest gains among the major sectors, adding 30,200 and 26,300 jobs, respectively, over the past twelve months.

Employment in New York City's service-producing sectors increased by 107.2 thousand jobs, an increase of 2.8% over the March 2014 level. Private-sector service-providing employment in New York City increased by 104.1 thousand jobs, 3.1% higher than the level of one year ago, and March marks the sixtieth consecutive month that has seen a year-to-year improvement of more than one percent.

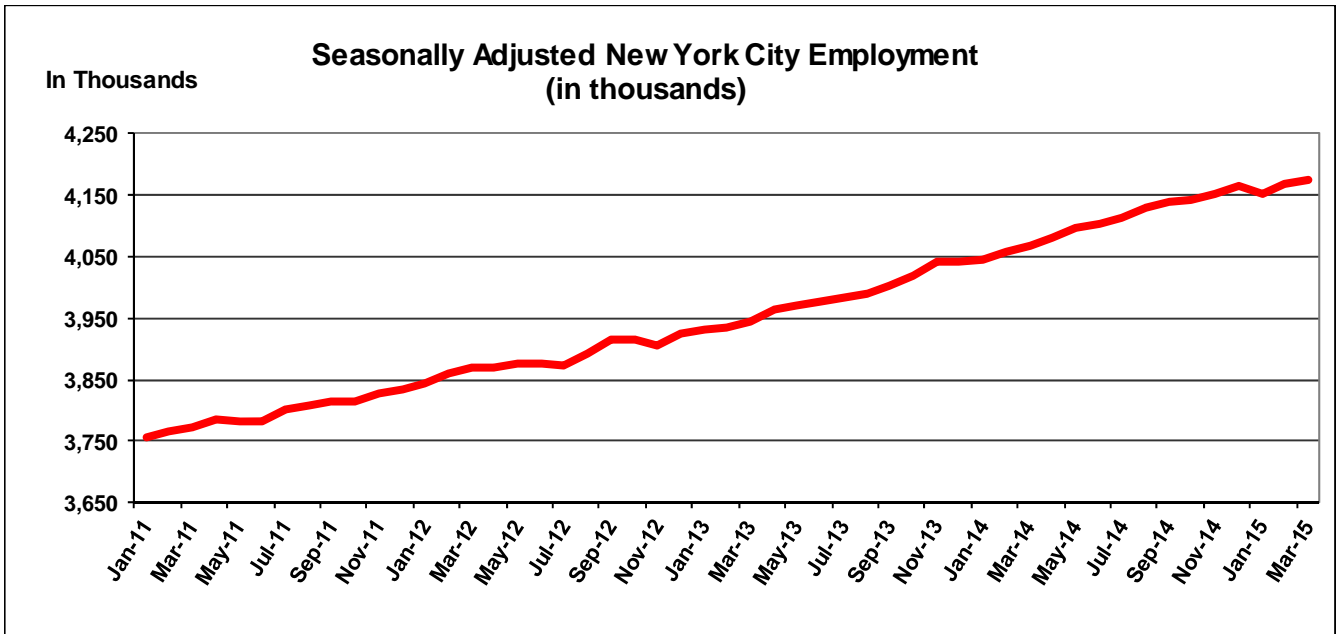
April 2015 BudgetWatch Regional Economy



In March, seasonally adjusted New York City employment of 4.2 million was higher than in March 2014 by 107.9 thousand jobs (2.7%), and was higher than February 2015 by 8.2 thousand jobs (0.2%).

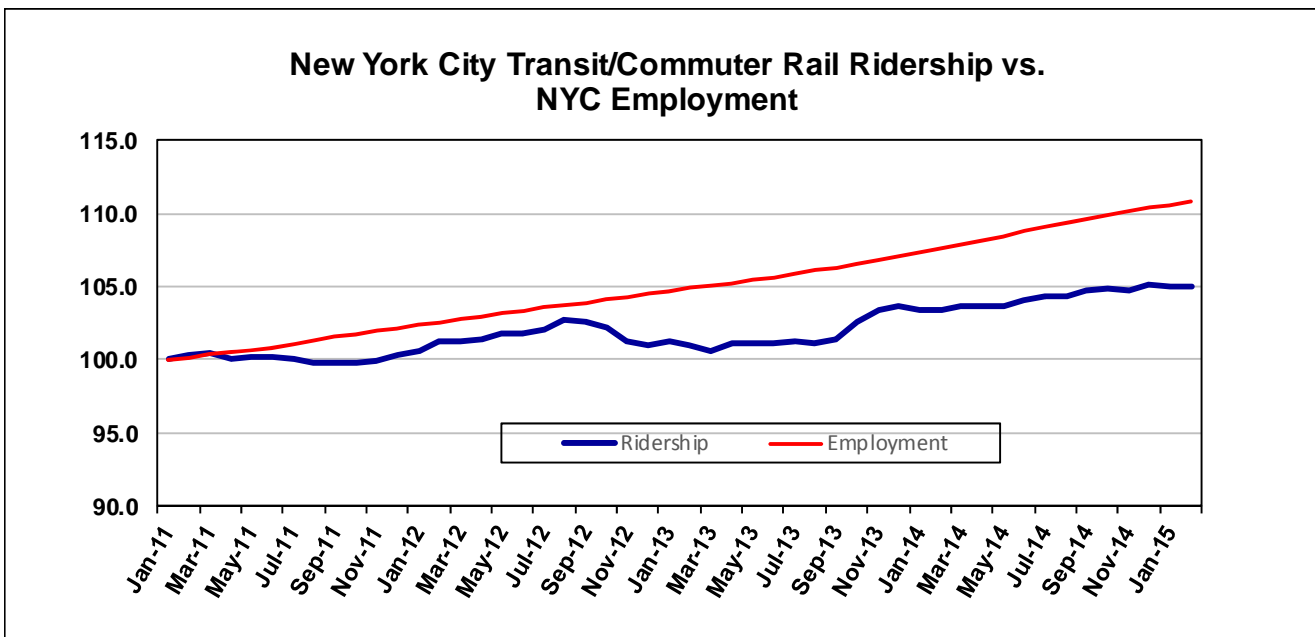
April 2015 BudgetWatch

Regional Economy



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 the next fifteen months in a row, the twelve-month moving average fell, and employment levels declined by 4.0%. However, since that time, the twelve-month monthly employment average has increased with almost no interruption (rising in 59 of the subsequent 60 months). Considering the more recent period since January 2011, while the twelve-month average has increased 10.8%, annualized (12-month average) New York City Transit/Commuter Rail ridership has grown to 5.0%. The twelve-month average for ridership in February 2015 was 1.6% higher than one year earlier.



April 2015 BudgetWatch Regional Economy

Consumer Price Index

Goods Reporting Price Increases in March 2015 Compared to February 2015

- Medical Care
- Transportation
- Gasoline

· Apparel

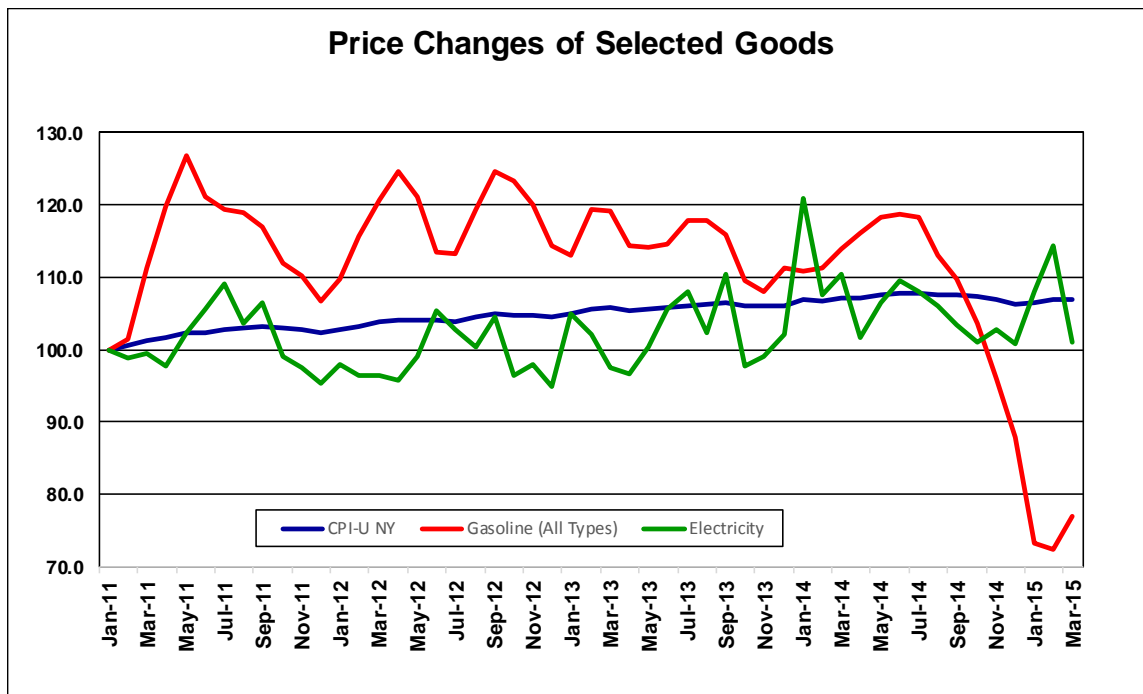


Goods Reporting Price Declines in March 2015 Compared to February 2015

- Food
- Electricity

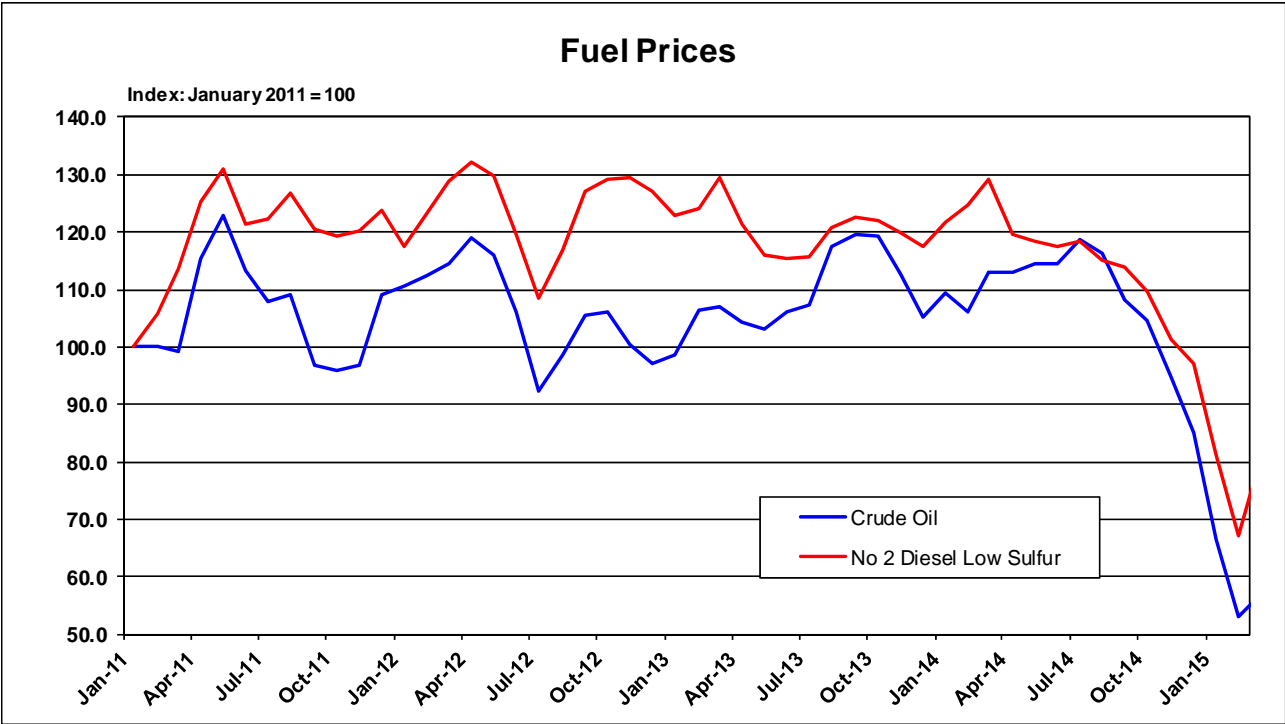


NY-NJ-CT Consumer Price Index All Urban Consumers (CPI-U)	Increase / (Decrease)						
	Mar-15 vs						
	Mar-15	Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Regional CPI-U	259.6	259.2	260.0	0.4	0.2%	(0.32)	-0.1%
Medical Care Component	449.8	447.3	433.2	2.5	0.6%	16.60	3.8%
Electricity Component	184.5	208.7	201.6	(24.2)	-11.6%	(17.13)	-8.5%
Gasoline (all grades) Component	191.0	179.4	282.8	11.6	6.5%	(91.82)	-32.5%
National CPI-U	236.1	234.7	236.3	1.4	0.6%	(0.2)	-0.1%



April 2015 BudgetWatch Regional Economy

Fuel Prices



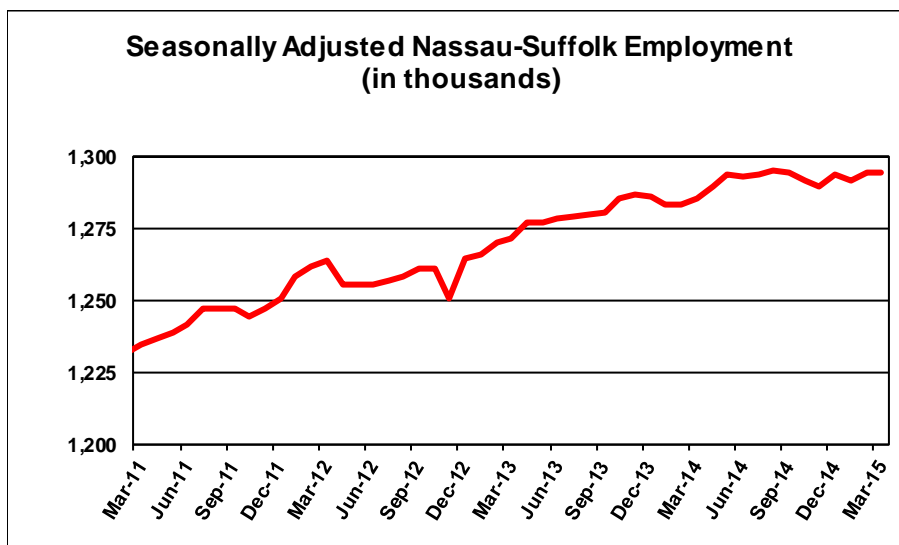
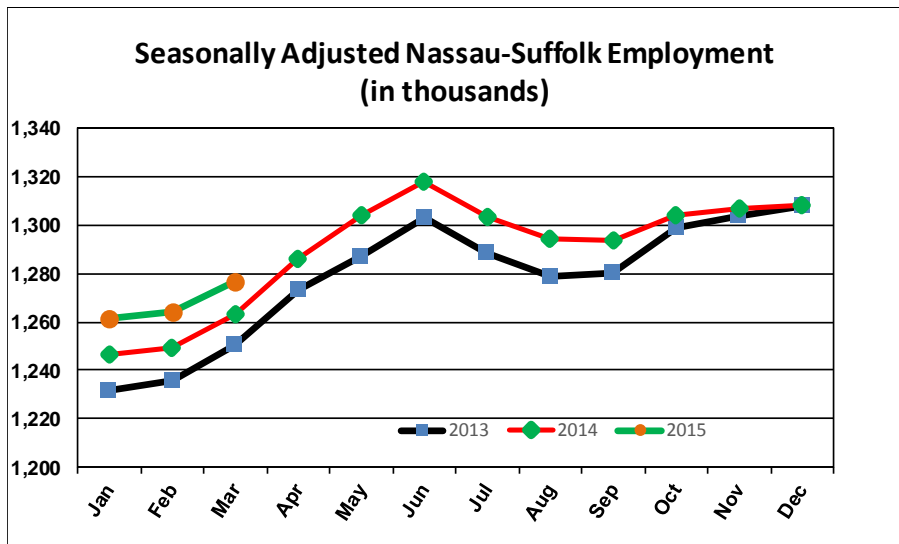
Fuel Prices New York Spot Prices	Spot Price on:	Change, Mar '15 vs.					
		04/15/15	Mar-15	Feb-15	Mar-14	Feb-15	Mar-14
		Crude Oil *	47.82	47.82	50.58	100.8	-5.5%
Conventional Regular Gasoline **	1.64	1.64	1.61	2.75	2.3%	-40.3%	
Low Sulfur No.2 Diesel Fuel **	1.86	1.86	1.99	2.99	-6.8%	-38.0%	
No.2 Heating Oil **	1.63	1.63	1.87	2.91	-12.9%	-44.0%	

*\$ per barrel, ** \$ per gallon

April 2015 BudgetWatch

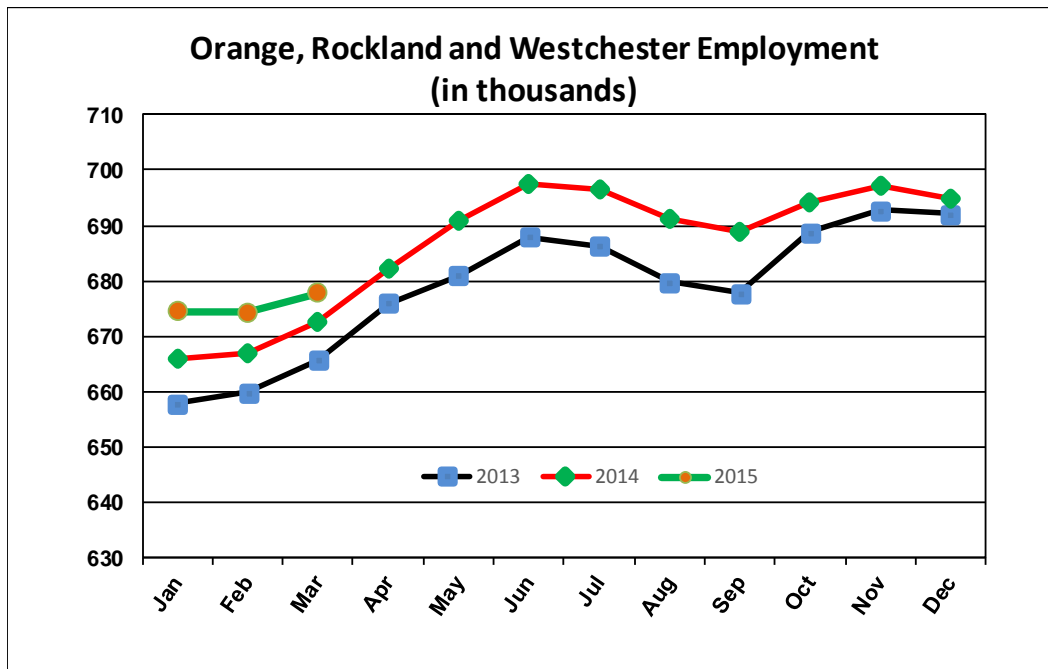
Regional Economy

Nassau & Suffolk Employment (in thousands)	Gain / (Loss) Mar-15 vs						
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	1276.7	1264.0	1263.3	12.7	1.0%	13.4	1.1%
Goods Producing	134.9	133.2	136.7	1.7	1.3%	(1.8)	-1.3%
Construction, Mining, Nat Res	63.6	62.7	64.8	0.9	1.4%	(1.2)	-1.9%
Manufacturing	71.3	70.5	71.9	0.8	1.1%	(0.6)	-0.8%
Service Producing	1141.8	1130.8	1126.6	11.0	1.0%	15.2	1.3%
Transportation, Utilities	41.9	41.1	40.8	0.8	1.9%	1.1	2.7%
Trade	227.2	226.9	225.2	0.3	0.1%	2.0	0.9%
Information	21.2	21.2	22.2	0.0	0.0%	(1.0)	-4.5%
Financial Activities	71.3	70.6	72.2	0.7	1.0%	(0.9)	-1.2%
Education & Health Svcs	165.0	164.1	162.8	0.9	0.5%	2.2	1.4%
Professional & Business Svcs	249.0	246.2	242.7	2.8	1.1%	6.3	2.6%
Leisure & Hospitality	112.2	107.4	108.5	4.8	4.5%	3.7	3.4%
Other Services	57.4	57.1	56.4	0.3	0.5%	1.0	1.8%
Government	196.6	196.2	195.8	0.4	0.2%	0.8	0.4%



April 2015 BudgetWatch Regional Economy

Orange-Rockland-Westchester Employment (in thousands)	Gain / (Loss) Mar-15 versus						
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	677.8	674.3	672.6	3.5	0.5%	5.2	0.8%
Goods Producing	61.9	61.3	62.2	0.6	1.0%	(0.3)	-0.5%
Mining, Logging & Construction	32.7	32.2	32.3	0.5	1.6%	0.4	1.2%
Manufacturing	29.2	29.1	29.9	0.1	0.3%	(0.7)	-2.3%
Service Producing	615.9	613.0	610.4	2.9	0.5%	5.5	0.9%
Transportation, Utilities	24.0	24.1	23.8	(0.1)	-0.4%	0.2	0.8%
Trade	115.0	114.0	115.8	1.0	0.9%	(0.8)	-0.7%
Information	13.1	13.0	13.7	0.1	0.8%	(0.6)	-4.4%
Financial Activities	36.2	36.5	36.6	(0.3)	-0.8%	(0.4)	-1.1%
Education & Health Svcs	84.1	84.4	83.5	(0.3)	-0.4%	0.6	0.7%
Professional & Business Svcs	145.6	144.9	139.6	0.7	0.5%	6.0	4.3%
Leisure & Hospitality	58.1	56.4	58.0	1.7	3.0%	0.1	0.2%
Other Services	30.8	31.0	30.1	(0.2)	-0.6%	0.7	2.3%
Government	109.0	108.7	109.3	0.3	0.3%	(0.3)	-0.3%



April 2015 BudgetWatch Regional Economy

Dutchess-Putnam Employment (in thousands)				Gain / (Loss) Mar-15 vs.			
	Prelim Mar-15	Revised Feb-15	Mar-14	Feb-15		Mar-14	
				Net	Percent	Net	Percent
Total Employment	141.3	139.8	141.5	1.5	1.1%	(0.2)	-0.1%
Goods Producing	17.3	17.0	17.3	0.3	1.8%	0.0	0.0%
Construction, Mining, Nat Res	6.9	6.6	6.6	0.3	4.5%	0.3	4.5%
Manufacturing	10.4	10.4	10.7	0.0	0.0%	(0.3)	-2.8%
Service Producing	124.0	122.8	124.2	1.2	1.0%	(0.2)	-0.2%
Transportation, Utilities	3.8	3.8	3.7	0.0	0.0%	0.1	2.7%
Trade	20.0	19.7	19.9	0.3	1.5%	0.1	0.5%
Information	1.9	1.9	1.9	0.0	0.0%	0.0	0.0%
Financial Activities	4.9	4.9	5.0	0.0	0.0%	(0.1)	-2.0%
Education & Health Svcs	11.4	11.3	11.0	0.1	0.9%	0.4	3.6%
Professional & Business Svcs	37.1	36.9	37.3	0.2	0.5%	(0.2)	-0.5%
Leisure & Hospitality	12.1	11.7	12.4	0.4	3.4%	(0.3)	-2.4%
Other Services	6.7	6.7	6.5	0.0	0.0%	0.2	3.1%
Government	26.1	25.9	26.5	0.2	0.8%	(0.4)	-1.5%

