

# BUDGETWATCH

## February 2015 Flash Report

### Overall Latest Condition

Overall, preliminary results to date were favorable. YTD subsidies were significantly favorable due to very strong collections of real estate transaction taxes as well as favorable Petroleum Business Tax (PBT) and Payroll Mobility Taxes (PMT) collections. Net operating results were unfavorable; lower passenger revenue, the result of adverse winter weather, was partially offset by lower spending.

### Passenger and Toll Revenues

Month of January 2015 (\$ in millions)				
	<u>Prelim Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT:				
Subway	\$239.8	\$255.4	(\$15.6)	-6.1%
Bus	69.6	76.2	(6.6)	-8.7%
Other	4.9	5.2	(0.2)	-4.2%
NYCT	\$314.4	\$336.7	(\$22.4)	-6.6%
LIRR	50.6	51.4	(0.8)	-1.5%
MNR	50.4	50.9	(0.6)	-1.1%
<b>Sub-total</b>	<b>\$415.4</b>	<b>\$439.1</b>	<b>(\$23.7)</b>	<b>-5.4%</b>
B&T	123.2	124.3	(1.1)	-0.9%
<b>Total</b>	<b>\$538.6</b>	<b>\$563.4</b>	<b>(\$24.8)</b>	<b>-4.4%</b>

Passenger revenues were \$23.7 million, or 6.6% below budget, reflecting overall lower ridership attributable to adverse winter weather, including the temporary suspension of service on January 27<sup>th</sup>. Revenues were down by 6.6% at NYCT, while revenues were slightly lower at the LIRR and MNR by 1.5% and 1.1%, respectively; toll revenues were down by 0.9%.

### Total Operating Expenses before Non-Cash Liability Adjustments

Month of January 2015 (\$ in millions)				
	<u>Prelim Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$558.6	\$559.7	\$1.1	0.2%
LIRR	122.0	126.0	4.0	3.2%
MNR	99.0	103.4	4.4	4.3%
B&T	35.3	35.8	0.5	1.4%
<b>Total</b>	<b>\$814.9</b>	<b>\$825.0</b>	<b>\$10.0</b>	<b>1.2%</b>

Overall, preliminary expenses were favorable by \$17.0 million or 2.1%. NYCT was on budget, as lower fuel and fringe benefit expenses were mostly offset by higher weather-related overtime, professional services, and maintenance contract expenses. The LIRR was favorable by 3.2% mainly due to the timing of materials & supplies expenses and lower expenses for fuel, payroll, and fringe benefits, which were partially offset by higher weather-related overtime. MNR was favorable by 4.3% mainly due to timing of expenses for maintenance contracts and professional services as well as lower energy costs. B&T was favorable by 1.4% primarily due to higher vacancies and the timing of overtime payments.

## Overtime

Month of January 2015 (\$ in millions)				
	Prelim	Adopted		
	Actual	Budget	Diff	% Diff
NYCT	\$38.7	\$34.4	(\$4.3)	-12.4%
LIRR	11.1	8.6	(2.6)	-29.8%
MNR	8.8	8.1	(0.7)	-8.0%
B&T	2.0	2.3	0.3	13.3%
<b>Total</b>	<b>\$60.6</b>	<b>\$53.4</b>	<b>(\$7.2)</b>	<b>-13.4%</b>

Overtime was \$7.2 million, or 13.4% unfavorable to budget, and reflects the increased coverage requirements resulting from adverse winter weather conditions, particularly the snowstorm on January 27<sup>th</sup>.

## Debt Service

Debt Service for the month of January is approximately \$218.2 million, or \$2.1 million favorable to budget, primarily due to lower than budgeted variable rates for Dedicated Tax fund and Commercial Paper deposits and favorable timing of Transportation Revenue Bond deposits.

## State Dedicated Taxes and Fees

YTD February 2015 (\$ in millions)					Month of February 2015 (\$ in millions)				
	Actual	Adopted Budget	Diff	% Diff		Actual	Adopted Budget	Diff	% Diff
MMTOA	0.0	0.0	\$0.0	0.0%	MMTOA	\$0.0	\$0.0	\$0.0	0.0%
PBT	114.3	99.6	\$14.7	14.8%	PBT	\$53.4	\$50.8	\$2.6	5.1%
PMT <sup>1</sup>	\$316.0	308.4	\$7.6	2.5%	PMT <sup>1</sup>	\$175.4	\$174.7	\$0.6	0.4%
MTA Aid <sup>2</sup>	<u>0.0</u>	<u>0.0</u>	<u>\$0.0</u>	<u>0.0%</u>	MTA Aid <sup>2</sup>	<u>0.0</u>	<u>0.0</u>	<u>\$0.0</u>	<u>0.0%</u>
<b>Total</b>	<b>\$430.3</b>	<b>\$408.0</b>	<b>\$22.3</b>	<b>5.5%</b>	<b>Total</b>	<b>\$228.8</b>	<b>\$225.6</b>	<b>\$3.2</b>	<b>1.4%</b>

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 February of \$53.4 million were \$2.6 million (5.1%) favorable. On a year-to-date basis, PBT receipts of \$114.3 million were \$14.7 million (14.8%) favorable. The favorable YTD variance most likely reflects timing due to the non-seasonal nature of PBT receipts while monthly forecasts are based on prior year experience.

February Payroll Mobility Tax (PMT) receipts were on target. YTD receipts were above budget by \$7.6 million (2.5%), reflecting better than expected collections in January. MTA Aid receipts are not expected until March when the first quarterly payment is made.

## Real Estate Transaction Taxes

YTD February 2015 (\$ in millions)					Month of February 2015 (\$ in millions)				
	Actual	Adopted Budget	Diff	% Diff		Actual	Adopted Budget	Diff	% Diff
MRT	\$70.6	\$60.6	\$10.0	16.5%	MRT	\$31.9	\$30.3	\$1.6	5.3%
NYC Urban	<u>181.2</u>	<u>113.0</u>	<u>\$68.3</u>	<u>60.4%</u>	NYC Urban	<u>\$86.9</u>	<u>56.5</u>	<u>\$30.4</u>	<u>53.9%</u>
<b>Total</b>	<b>\$251.8</b>	<b>\$173.5</b>	<b>\$78.3</b>	<b>45.1%</b>	<b>Total</b>	<b>\$118.8</b>	<b>\$86.8</b>	<b>\$32.0</b>	<b>36.9%</b>

Total real estate taxes for February were \$32.0 million (36.9%) favorable against the budget, contributing to a favorable YTD variance of \$78.3 million (45.1%). YTD Total Real Estate Transaction Taxes are ahead of 2014 levels by \$12.4 million, or 5.2%, reflecting improvements in both MRT receipts and Urban Taxes.

**Regional Mortgage Recording Tax**<sup>1</sup> receipts for February were \$1.6 million or 5.3% above budget; MRT-1 was \$2.1 million favorable, while MRT-2 receipts were unfavorable by \$0.6 million. YTD MRT receipts exceeded budget by \$10.0 million or 16.5%, driven mostly by MRT-1 receipts which were favorable by \$10.1 million while MRT-2 receipts fell slightly short of forecast by \$0.1 million.

**New York City Urban Tax**<sup>2</sup> receipts for February were \$86.9 million or 53.9% favorable, making YTD Urban Tax receipts \$68.3 million (60.4%) favorable. For February, the MRT portion of the Urban Tax was \$5.7 million or 30.4% favorable; and the Real Property Transfer Tax (RPTT) portion of the Urban Tax was favorable by \$24.8 million or 65.4%, partly on the strength of a \$2.2 billion property sale which conveyed \$19.8 million in RPTT to the MTA (approximately 32% of the RPTT revenue for the month).

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<sup>1</sup> Mortgage Recording Taxes consist of two separate taxes on all mortgages recorded in the twelve-county region: MRT-1 is a tax on both commercial and residential mortgages, while MRT-2 is imposed on residential real estate structures containing one to six dwelling units.

<sup>2</sup> New York City Urban Taxes are imposed on non-residential property and apartment building transactions within New York City that are valued at over \$500,000. The MRT component of the Urban Tax is imposed on mortgages of commercial property exceeding \$500,000, and the Real Property Transfer Tax component is imposed on the transfer of NYC commercial real properties valued over \$500K.





# February 2015 BudgetWatch Regional Economy

## New York City Employment

### Sectors with Employment Gains in December 2014 Compared to December 2013

- Education and Health Svcs
- Professional and Business Svcs
- Leisure and Hospitality
- Construction, Mining, Nat Res



- Trade
- Other Services
- Financial Activities

### Sectors with Employment losses in December 2014 Compared to December 2013

- Information
- Manufacturing



- Transportation, Utilities
- Government

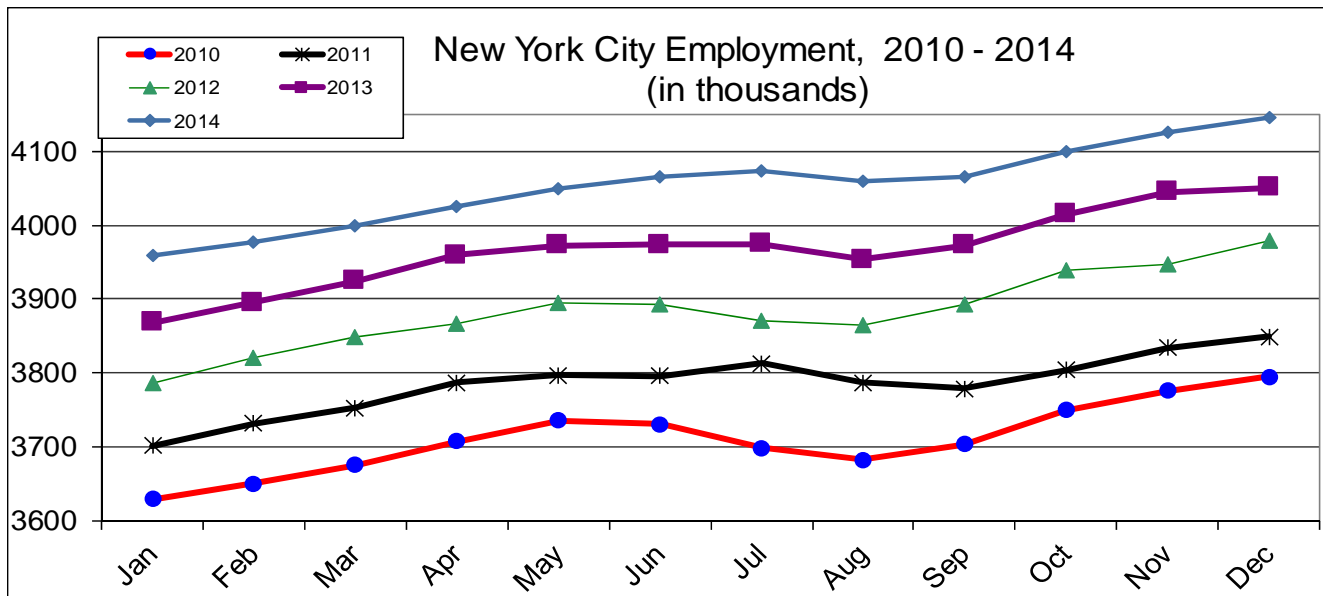
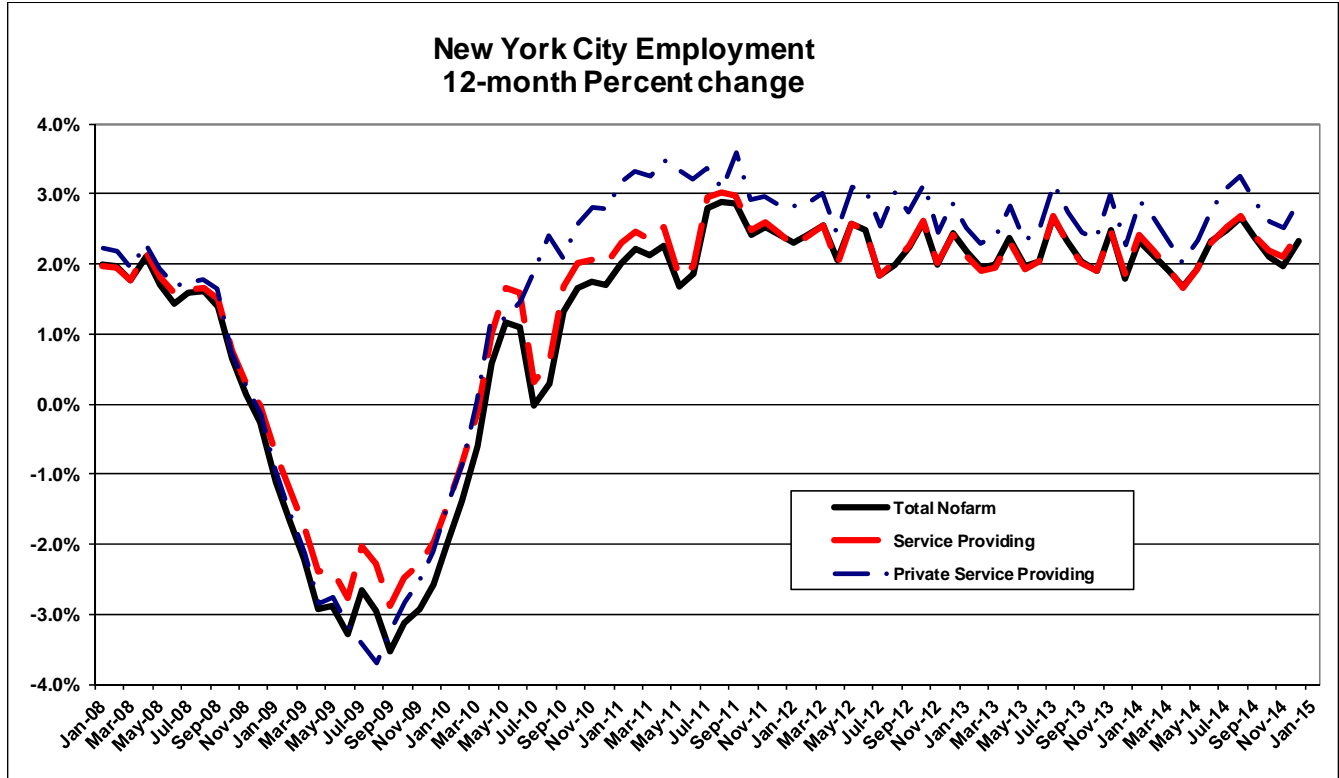
New York City Employment (in thousands)				Gain/(Loss) - Dec-14 vs:			
	Prelim Dec-14	Revised Nov-14	Dec-13	Nov-14		Dec-13	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>4145.9</b>	<b>4125.0</b>	<b>4051.3</b>	<b>20.9</b>	<b>0.5%</b>	<b>94.6</b>	<b>2.3%</b>
<b>Goods Producing</b>	<b>198.1</b>	<b>199.4</b>	<b>197.4</b>	<b>(1.3)</b>	<b>-0.7%</b>	<b>0.7</b>	<b>0.4%</b>
Construction, Mining, Nat Res	121.7	123.2	119.4	(1.5)	-1.2%	2.3	1.9%
Manufacturing	76.4	76.2	78.0	0.2	0.3%	(1.6)	-2.1%
<b>Service Producing</b>	<b>3947.8</b>	<b>3925.6</b>	<b>3853.9</b>	<b>22.2</b>	<b>0.6%</b>	<b>93.9</b>	<b>2.4%</b>
Transportation, Utilities	127.9	125.7	128.4	2.2	1.8%	(0.5)	-0.4%
Trade	519.1	513.3	509.5	5.8	1.1%	9.6	1.9%
Information	177.5	180.5	183.1	(3.0)	-1.7%	(5.6)	-3.1%
Financial Activities	444.9	442.4	440.8	2.5	0.6%	4.1	0.9%
Education & Health Svcs	685.8	675.6	655.1	10.2	1.5%	30.7	4.7%
Professional & Business Svcs	865.0	859.6	835.2	5.4	0.6%	29.8	3.6%
Leisure & Hospitality	402.7	403.4	383.2	(0.7)	-0.2%	19.5	5.1%
Other Services	181.6	180.6	174.0	1.0	0.6%	7.6	4.4%
Government	543.3	544.5	544.6	(1.2)	-0.2%	(1.3)	-0.2%

Preliminary December 2014 employment in New York City shows a gain of 94.6 thousand jobs (an increase of 2.3%) compared to last December's employment level. This marks the fifty-third 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 30,700 and 29,800 jobs, respectively, over the past twelve months.

Employment in New York City's service-producing sectors increased by 93.9 thousand jobs, an increase of 2.4% over the December 2013 level. Private-sector service-providing

# February 2015 BudgetWatch Regional Economy

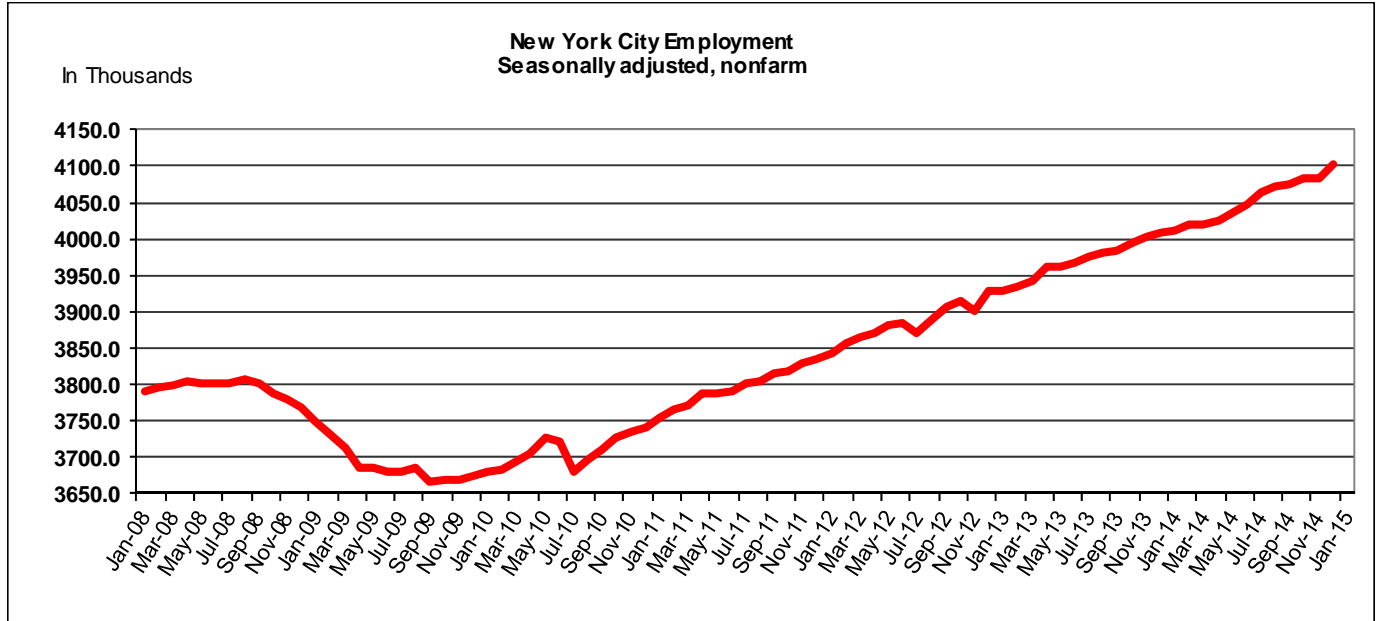
employment in New York City increased by 95.2 thousand jobs, 2.9% higher than the level of one year ago, and November marks the fifty-seventh consecutive month that has seen a year-to-year improvement of more than one percent.



# February 2015 BudgetWatch

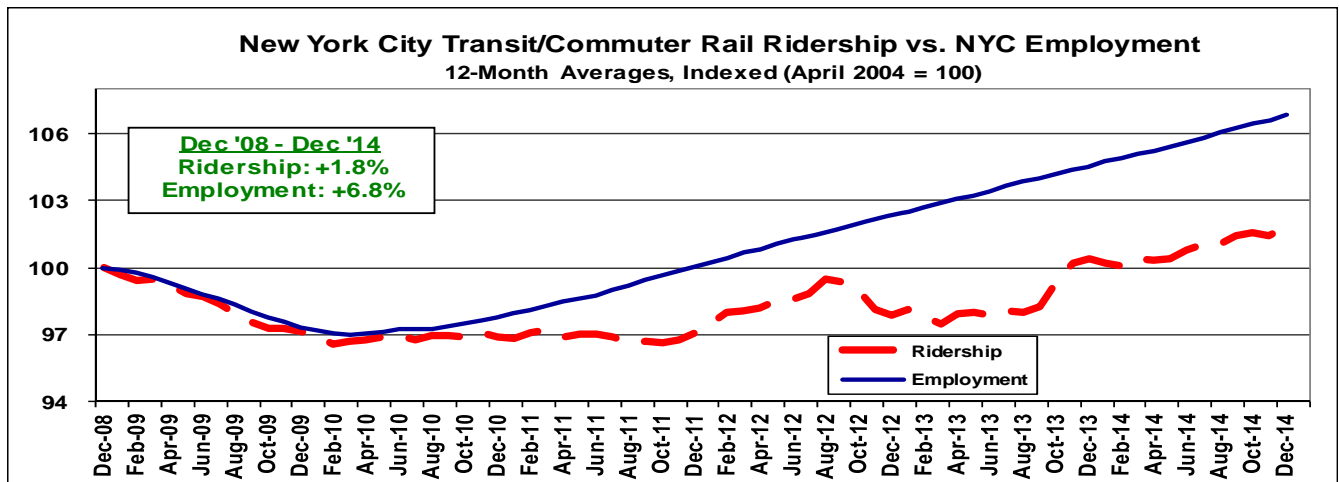
## Regional Economy

In December, seasonally adjusted New York City employment of 4.1 million was higher than in December 2013 by 93.6 thousand jobs (2.3%), and was higher than November 2014 by 18.7 thousand jobs (0.5%).



### 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%. In the 58 months from March 2010 through December 2014, the twelve-month monthly employment average has increased fifty-seven times, and was 6.8% higher in December 2014 than the December 2008 level. Annualized (12-month average) New York City Transit/Commuter Rail ridership has grown to 1.8% above the December 2008 level. The twelve-month average for ridership in December 2014 was 2.2% higher than one year earlier.





# February 2015 BudgetWatch Regional Economy

## Consumer Price Index

### Goods Reporting Price Increases in December 2014 Compared to November 2014

- Medical Care
- Food

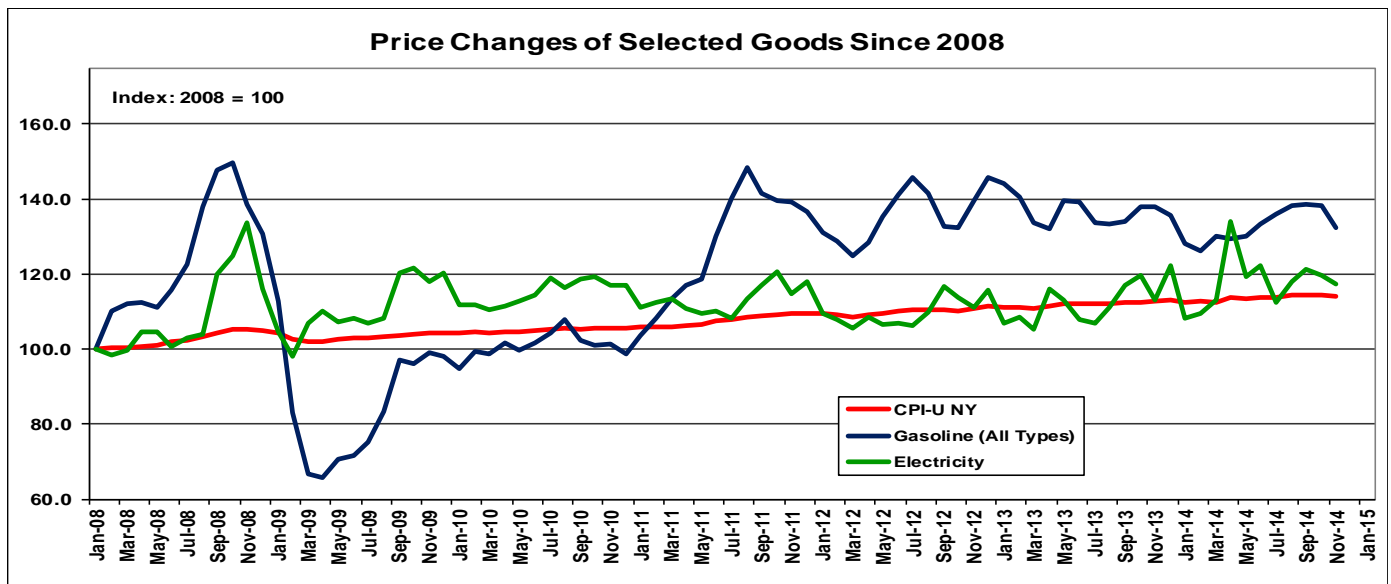


### Goods Reporting Price Declines in December 2014 Compared to November 2014

- Transportation
- Gasoline
- Electricity
- Apparel

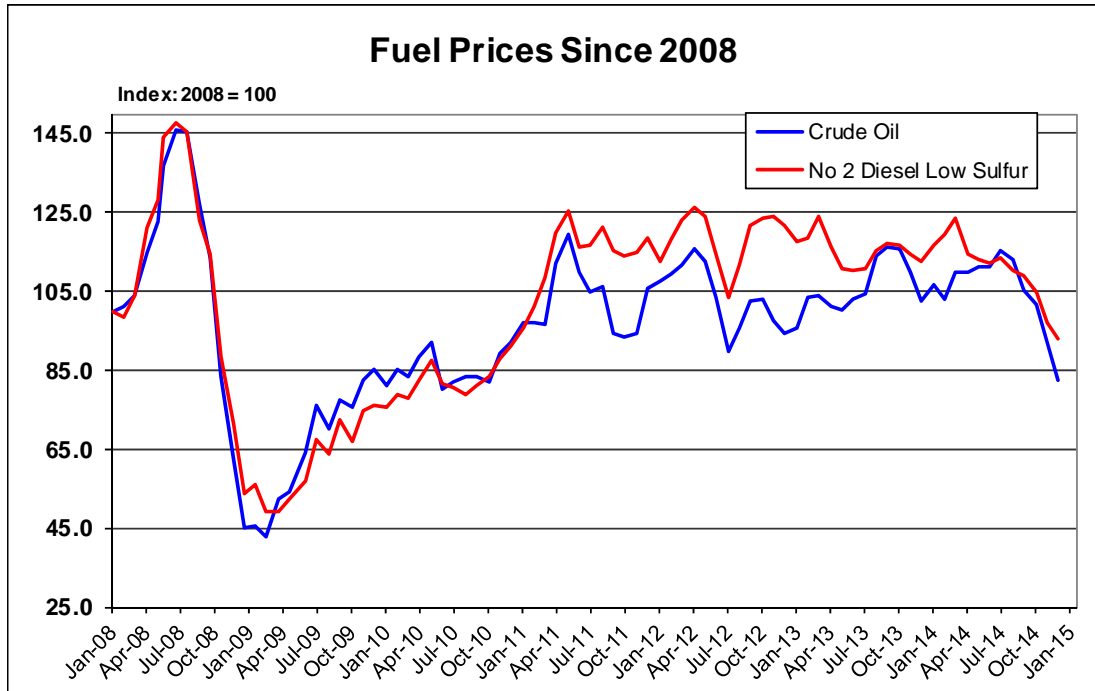


NY-NJ-CT Consumer Price Index All Urban Consumers (CPI-U)	Dec-14	Nov-14	Dec-13	Increase / (Decrease) Dec-14 vs			
				Nov-14		Dec-13	
				Net	Percent	Net	Percent
				Regional CPI-U	258.1	259.4	257.3
Medical Care Component	442.7	440.7	427.4	2.0	0.5%	15.3	3.6%
Electricity Component	183.9	187.6	186.3	-3.7	-2.0%	-2.4	-1.3%
Gasoline (all grades) Component	217.9	238.2	276.2	-20.2	-8.5%	(58.3)	-21.1%
National CPI-U	234.8	236.2	233.0	-1.3	-0.6%	1.8	0.8%



# February 2015 BudgetWatch Regional Economy

## Fuel Prices



NOTE: Latest Crude Oil and No.2 Diesel Low Sulfur prices: March 18, 2014

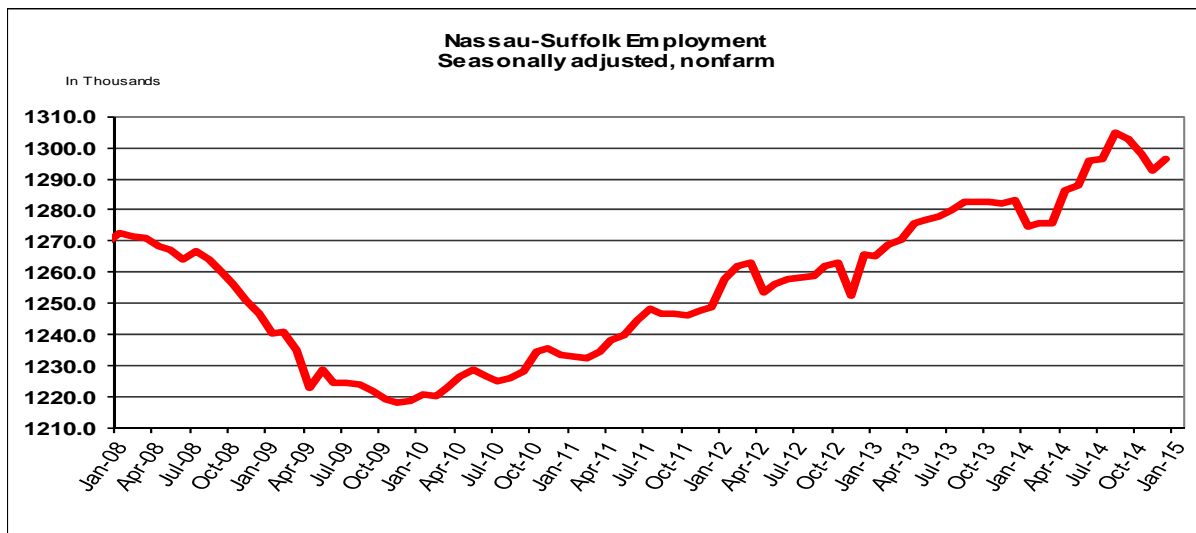
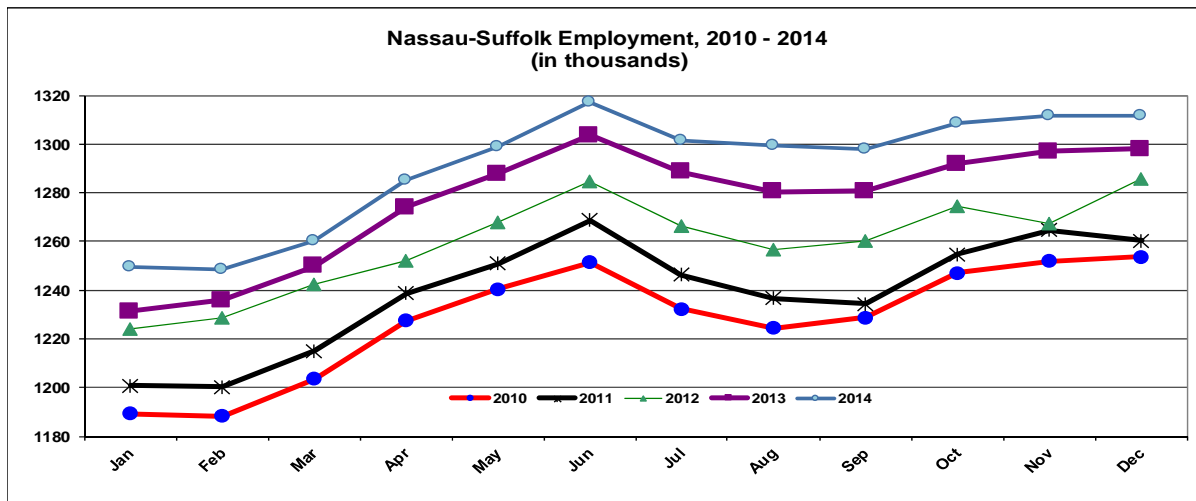
Fuel Prices New York Spot Prices	Spot Price on: February 9, 2015	Most Recent Quarter			Jan-14	Change, Jan '15 vs.		
		Jan-15	Dec-14	Nov-14		Dec-14	Nov-14	Jan-14
		Crude Oil *	52.99	47.22		59.29	75.79	94.62
Conventional Regular Gasoline **	1.56	1.36	1.68	2.17	2.67	-19.0%	-37.0%	-49.0%
Low Sulfur No.2 Diesel Fuel **	1.89	1.68	2.03	2.43	3.12	-17.5%	-30.9%	-46.2%
No.2 Heating Oil **	1.81	1.62	1.86	2.25	3.06	-12.9%	-28.1%	-47.2%

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

# February 2015 BudgetWatch

## Regional Economy

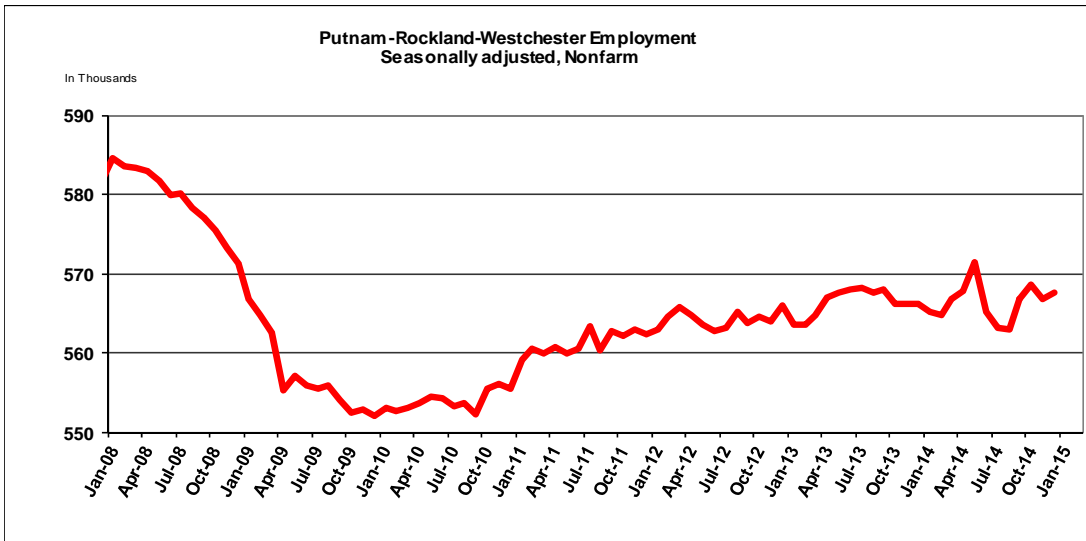
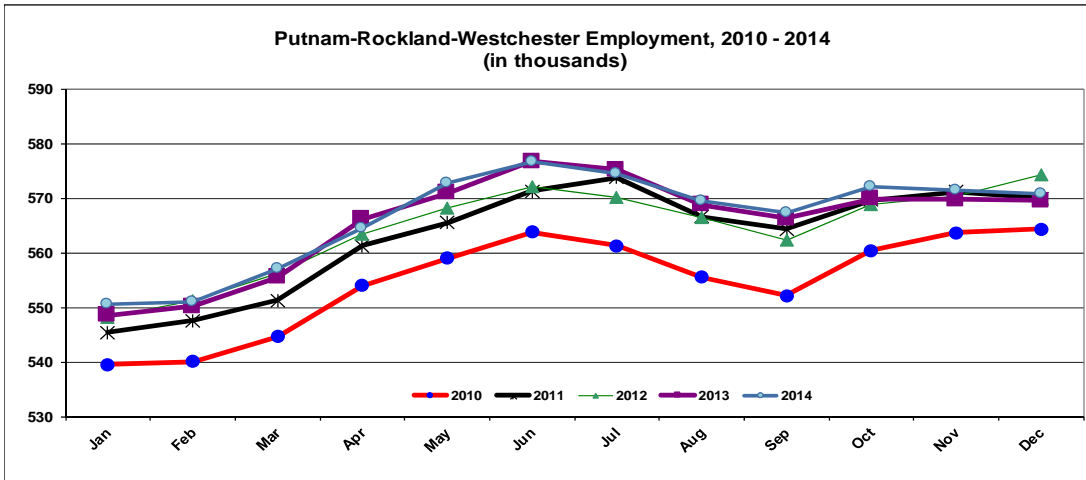
Nassau & Suffolk Employment (in thousands)	Prelim Dec-14	Revised Nov-14	Dec-13	Gain/(Loss) - Dec-14 vs:			
				Nov-14		Dec-13	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>1,311.8</b>	<b>1,311.8</b>	<b>1,298.1</b>	<b>0.0</b>	<b>0.0%</b>	<b>13.7</b>	<b>1.1%</b>
<b>Goods Producing</b>	<b>140.5</b>	<b>143.3</b>	<b>139.1</b>	<b>(2.8)</b>	<b>-2.0%</b>	<b>1.4</b>	<b>1.0%</b>
Construction, Mining, Nat Res	67.7	70.5	65.0	(2.8)	-4.0%	2.7	4.2%
Manufacturing	72.8	72.8	74.1	0.0	0.0%	(1.3)	-1.8%
<b>Service Producing</b>	<b>1,171.3</b>	<b>1,168.5</b>	<b>1,159.0</b>	<b>2.8</b>	<b>0.2%</b>	<b>12.3</b>	<b>1.1%</b>
Transportation, Utilities	43.3	42.3	41.8	1.0	2.4%	1.5	3.6%
Trade	242.8	239.7	241.1	3.1	1.3%	1.7	0.7%
Information	23.7	23.6	23.7	0.1	0.4%	0.0	0.0%
Financial Activities	69.4	69.3	72.8	0.1	0.1%	(3.4)	-4.7%
Education & Health Svcs	171.1	173.4	168.7	(2.3)	-1.3%	2.4	1.4%
Professional & Business Svcs	253.0	251.2	245.3	1.8	0.7%	7.7	3.1%
Leisure & Hospitality	113.6	114.7	110.7	(1.1)	-1.0%	2.9	2.6%
Other Services	57.5	58.5	56.8	(1.0)	-1.7%	0.7	1.2%
Government	196.9	195.8	198.1	1.1	0.6%	(1.2)	-0.6%



# February 2015 BudgetWatch

## Regional Economy

Putnam, Rockland & Westchester Employment (in thousands)	Employment			Gain/(Loss) - Dec-14 vs:			
	Prelim Dec-14	Revised Nov-14	Dec-13	Nov-14		Dec-13	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>570.7</b>	<b>571.5</b>	<b>569.5</b>	<b>(0.8)</b>	<b>-0.1%</b>	<b>1.2</b>	<b>0.2%</b>
<b>Goods Producing</b>	<b>51.9</b>	<b>52.5</b>	<b>51.3</b>	<b>(0.6)</b>	<b>-1.1%</b>	<b>0.6</b>	<b>1.2%</b>
Construction, Mining, Nat Res	28.8	29.5	27.5	(0.7)	-2.4%	1.3	4.7%
Manufacturing	23.1	23.0	23.8	0.1	0.4%	(0.7)	-2.9%
<b>Service Producing</b>	<b>518.8</b>	<b>519.0</b>	<b>518.2</b>	<b>(0.2)</b>	<b>0.0%</b>	<b>0.6</b>	<b>0.1%</b>
Transportation, Utilities	18.5	18.3	18.5	0.2	1.1%	0.0	0.0%
Trade	91.0	89.9	93.5	1.1	1.2%	(2.5)	-2.7%
Information	12.7	12.7	12.7	0.0	0.0%	0.0	0.0%
Financial Activities	33.5	33.6	34.3	(0.1)	-0.3%	(0.8)	-2.3%
Education & Health Svcs	75.9	77.1	75.6	(1.2)	-1.6%	0.3	0.4%
Professional & Business Svcs	125.3	125.4	122.9	(0.1)	-0.1%	2.4	2.0%
Leisure & Hospitality	49.0	50.3	46.4	(1.3)	-2.6%	2.6	5.6%
Other Services	26.2	26.1	25.9	0.1	0.4%	0.3	1.2%
Government	86.7	85.6	88.4	1.1	1.3%	(1.7)	-1.9%



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## Regional Economy

Poughkeepsie-Newburgh-Middletown Employment				Gain/(Loss) - Dec-14 vs:			
(in thousands)	Prelim Dec-14	Revised Nov-14	Dec-13	Nov-14		Dec-13	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>258.7</b>	<b>258.6</b>	<b>257.7</b>	<b>0.1</b>	<b>0.0%</b>	<b>1.0</b>	<b>0.4%</b>
<b>Goods Producing</b>	<b>28.7</b>	<b>28.9</b>	<b>28.0</b>	<b>(0.2)</b>	<b>-0.7%</b>	<b>0.7</b>	<b>2.5%</b>
Construction, Mining, Nat Res	10.3	10.6	9.5	(0.3)	-2.8%	0.8	8.4%
Manufacturing	18.4	18.3	18.5	0.1	0.5%	(0.1)	-0.5%
<b>Service Producing</b>	<b>230.0</b>	<b>229.7</b>	<b>229.7</b>	<b>0.3</b>	<b>0.1%</b>	<b>0.3</b>	<b>0.1%</b>
Transportation, Utilities	9.4	9.2	9.2	0.2	2.2%	0.2	2.2%
Trade	50.7	49.9	49.6	0.8	1.6%	1.1	2.2%
Information	3.6	3.6	3.6	0.0	0.0%	0.0	0.0%
Financial Activities	8.5	8.5	8.7	0.0	0.0%	(0.2)	-2.3%
Education & Health Svcs	21.2	21.9	22.4	(0.7)	-3.2%	(1.2)	-5.4%
Professional & Business Svcs	55.1	55.3	55.0	(0.2)	-0.4%	0.1	0.2%
Leisure & Hospitality	23.3	23.1	22.3	0.2	0.9%	1.0	4.5%
Other Services	10.7	10.6	10.5	0.1	0.9%	0.2	1.9%
Government	47.5	47.6	48.4	(0.1)	-0.2%	(0.9)	-1.9%

