

BUDGETWATCH

February 2016 Flash Report

Overall Latest Condition (reporting on operations for January and subsidies through February):

Overall, preliminary results were on target for the month and slightly favorable YTD. Net operating results were favorable, with lower spending being partially offset by unfavorable passenger revenue; both revenues and expenses were impacted by the late January snow storm (Jonas). Debt service expenses were also favorable for the month. YTD subsidies were unfavorable, due to shortfalls in collections of the Payroll Mobility Tax (PMT), Petroleum Business Tax (PBT) and the Urban Tax component of the real estate transaction tax.

Passenger and Toll Revenues

| Month of January 2016 (\$ in millions) | | | | |
|--|----------------|-----------------------|-----------------|---------------|
| | <u>Actual</u> | <u>Adopted Budget</u> | <u>Diff</u> | <u>% Diff</u> |
| NYCT: | | | | |
| Subway | \$256.1 | \$267.4 | (\$11.3) | -4.2% |
| Bus | 72.2 | 76.3 | (4.0) | -5.3% |
| Other | <u>6.4</u> | <u>6.6</u> | <u>(0.2)</u> | <u>-3.1%</u> |
| NYCT | \$334.8 | \$350.3 | (\$15.5) | -4.4% |
| MTA Bus | 15.7 | 16.4 | (0.7) | -4.2% |
| LIRR | 53.7 | 53.9 | (0.2) | -0.4% |
| MNR | <u>53.2</u> | <u>53.3</u> | <u>(0.1)</u> | <u>-0.2%</u> |
| Sub-total | \$457.4 | \$474.0 | (\$16.5) | -3.5% |
| B&T | <u>135.4</u> | <u>132.3</u> | <u>3.0</u> | <u>2.3%</u> |
| Total | \$592.8 | \$606.3 | (\$13.5) | -2.2% |

For the month, **passenger revenues** were unfavorable by \$16.5 million, or 3.5%, mainly due to Jonas (1/23 - 1/24). Despite the winter storm, **toll revenues** were favorable for the month, mostly due to higher-than-anticipated traffic levels largely resulting from low gasoline prices.

Total Operating Expenses before Non-Cash Liability Adjustments

| Month of January 2016 (\$ in millions) | | | | |
|--|----------------|-----------------------|---------------|---------------|
| | <u>Actual</u> | <u>Adopted Budget</u> | <u>Diff</u> | <u>% Diff</u> |
| NYCT | \$566.3 | \$578.5 | \$12.2 | 2.1% |
| MTA Bus | 51.8 | 56.1 | 4.3 | 7.6% |
| LIRR | 116.0 | 125.1 | 9.0 | 7.2% |
| MNR | 99.4 | 103.9 | 4.5 | 4.3% |
| B&T | <u>36.6</u> | <u>37.7</u> | <u>1.0</u> | <u>2.8%</u> |
| Total | \$870.1 | \$901.2 | \$31.1 | 3.4% |

Overall expenses for January were lower than Budget by \$31.1 million, or 3.4%, due mainly to lower energy prices and timing delays in various services categories. Expenses also included the impact of Jonas, with some costs carrying into February. NYCT was favorable by \$12.2 million, or 2.1%, mainly due to lower expenses for professional services, fuel, and paratransit service contracts, which were partially offset by higher maintenance contracts, and other business expenses; analysis of monthly financials is ongoing and these variances remain under review. MTA Bus was favorable by \$4.3 million, or 7.6%, primarily due to lower fuel rates, maintenance and professional services. The LIRR was favorable by \$9.0 million, or 7.2%, mainly due to lower expenses for materials & supplies, maintenance contracts, professional services, and fuel. MNR was favorable by \$4.5 million, or 4.3%, mainly due to lower fuel, electricity, maintenance contracts, and other business expenses. B&T was favorable by \$1.0 million, or 2.8%, largely due to vacancies and lower overtime.

Overtime

| Month of January 2016 (\$ in millions) | | | | |
|--|---------------|---------------|----------------|--------------|
| | Adopted | | | |
| | Actual | Budget | Diff | % Diff |
| NYCT | \$40.9 | \$38.0 | (\$2.9) | -7.5% |
| MTA Bus | 4.2 | 4.6 | 0.4 | 8.7% |
| LIRR | 12.1 | 10.2 | (1.9) | -18.9% |
| MNR | 8.1 | 8.8 | 0.7 | 8.0% |
| B&T | 1.8 | 2.4 | 0.6 | 26.2% |
| Total | \$67.1 | \$64.1 | (\$3.0) | -4.7% |

Preliminary overtime expenses for the month were \$3.0 million, or 4.7%, unfavorable to Budget, with unfavorable results at NYCT and the LIRR partially offset by favorable results at MTA Bus, MNR, and B&T. Jonas resulted in higher overtime costs in January; certain costs will be captured in February due to the timing of payroll periods. Among the other Agencies, NYCT's \$2.9 million unfavorable result is currently under review, while MNR's \$0.7 million favorable result was due to lower scheduled service requirements, B&T's \$0.6 million favorable result was due to lower-than-expected requirements, and \$0.4 million favorable result at MTA Bus was due to lower-than-budgeted unscheduled work.

Debt Service

Debt service for January of \$209.9 million was \$24.9 million, or 10.6%, favorable to Budget. This favorability is mainly driven by the timing of new money bond issuances for Dedicated Tax Fund, Transportation Revenue and TBTA General Revenue Bonds and lower than budgeted variable rates.

State Dedicated Taxes and Fees

| YTD February 2016 (\$ in millions) | | | | | Month of February 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 | 104.1 | 110.8 | (6.7) | -6.0% | PBT | 50.2 | 55.4 | (5.2) | -9.3% |
| PMT ¹ | 290.2 | 306.5 | (16.3) | -5.3% | PMT ¹ | 158.8 | 173.8 | (15.0) | -8.6% |
| MTA Aid ² | 0.0 | 0.0 | 0.0 | 0.0% | MTA Aid ² | 0.0 | 0.0 | 0.0 | 0.0% |
| Total | \$394.3 | \$417.3 | (\$23.0) | -5.5% | Total | \$209.1 | \$229.2 | (\$20.1) | -8.8% |

The first MMTOA payment for the year is not expected until May. Petroleum Business Tax (PBT) receipts for February were \$5.2 million (9.3%) unfavorable, and YTD receipts were unfavorable by \$6.7 million (6.0%). The unpredictability of month-to-month PBT receipts makes it difficult to ascertain if the unfavorable variances are real or timing-related; favorable year-end 2015 PBT revenues (as reported in the January BudgetWatch) offset this 2016 YTD unfavorable amount, suggesting an earlier receipt of PBT collections than projected in our Plan.

February Payroll Mobility Tax (PMT) receipts were \$15.0 million (8.6%) unfavorable, and year-to-date collections were also unfavorable, by \$16.3 million (5.3%). The unfavorable variance may be due in part to the timing of payments of Wall Street bonuses, which traditionally are paid during the first quarter, although the payment month does vary from year to year. MTA Aid receipts are transferred quarterly, with the first transfer scheduled for March.

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.

Real Estate Transaction Taxes

| YTD February 2016 (\$ in millions) | | | | | Month of February 2016 (\$ in millions) | | | | |
|------------------------------------|----------------|----------------|----------------|--------------|---|---------------|----------------|-----------------|---------------|
| | Adopted | | | | | Adopted | | | |
| | Actual | Budget | Diff | %Diff | | Actual | Budget | Diff | %Diff |
| MRT | \$74.0 | \$74.5 | (\$0.5) | -0.7% | MRT | \$33.5 | \$37.3 | (\$3.8) | -10.2% |
| NYC Urban | 173.5 | 178.6 | (\$5.1) | -2.9% | NYC Urban | \$44.7 | 65.5 | (\$20.7) | -31.6% |
| Total | \$247.5 | \$253.1 | (\$5.7) | -2.2% | Total | \$78.2 | \$102.7 | (\$24.5) | -23.8% |

Total real estate taxes for February were \$24.5 million (23.8%) unfavorable to the Adopted Budget, with the YTD variance unfavorable by \$5.7 million (2.2%). YTD, the Real Estate Transaction Taxes are less than 2015 levels by \$4.3 million (1.7%); MRT is running ahead of last year by 4.8% while Urban Tax is off last year's level by 4.3%

Regional Mortgage Recording Tax³ receipts for February were \$3.8 million, or 10.2%, below forecast; MRT-1 was unfavorable by \$2.2 million, and MRT-2 receipts were unfavorable by \$1.6 million. YTD MRT receipts were unfavorable by \$0.5 million, or 0.7%, with MRT-1 receipts \$1.0 million favorable and MRT-2 receipts \$1.5 million unfavorable.

New York City Urban Tax⁴ receipts for February were \$20.7 million, or 31.6%, unfavorable, causing YTD receipts to turn \$5.1 million (2.9%) unfavorable, after a significantly favorable January. For February, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was unfavorable by \$20.1 million, or 45.9%, while the MRT portion of the Urban Tax was \$0.6 million or 2.9% unfavorable.

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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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

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Trade

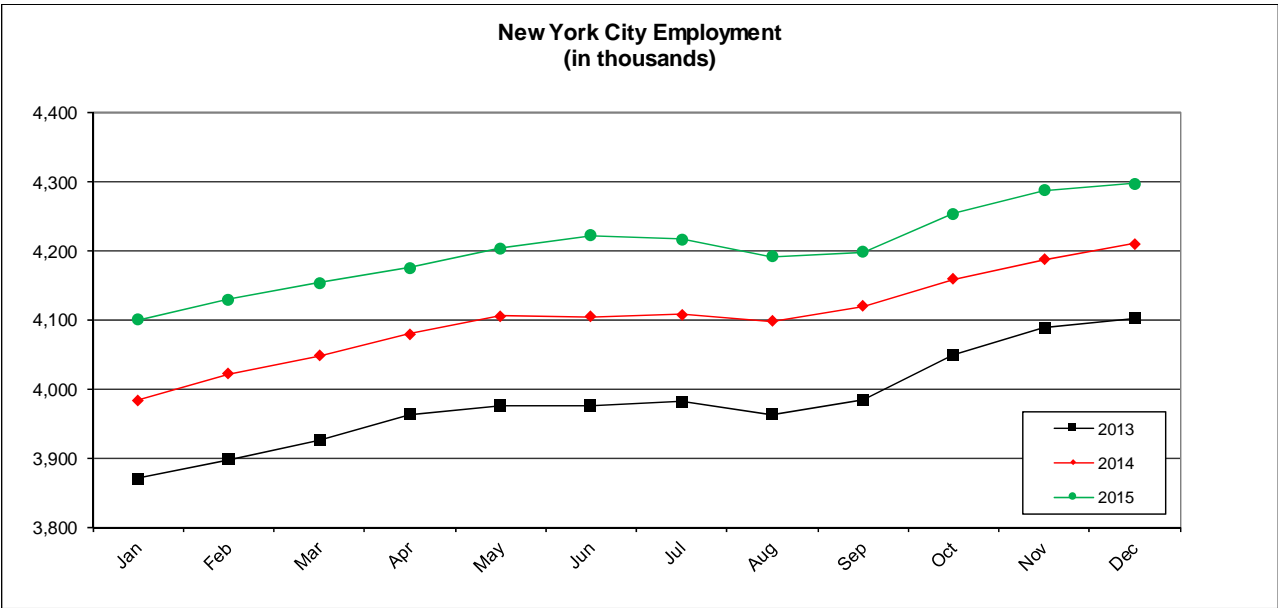
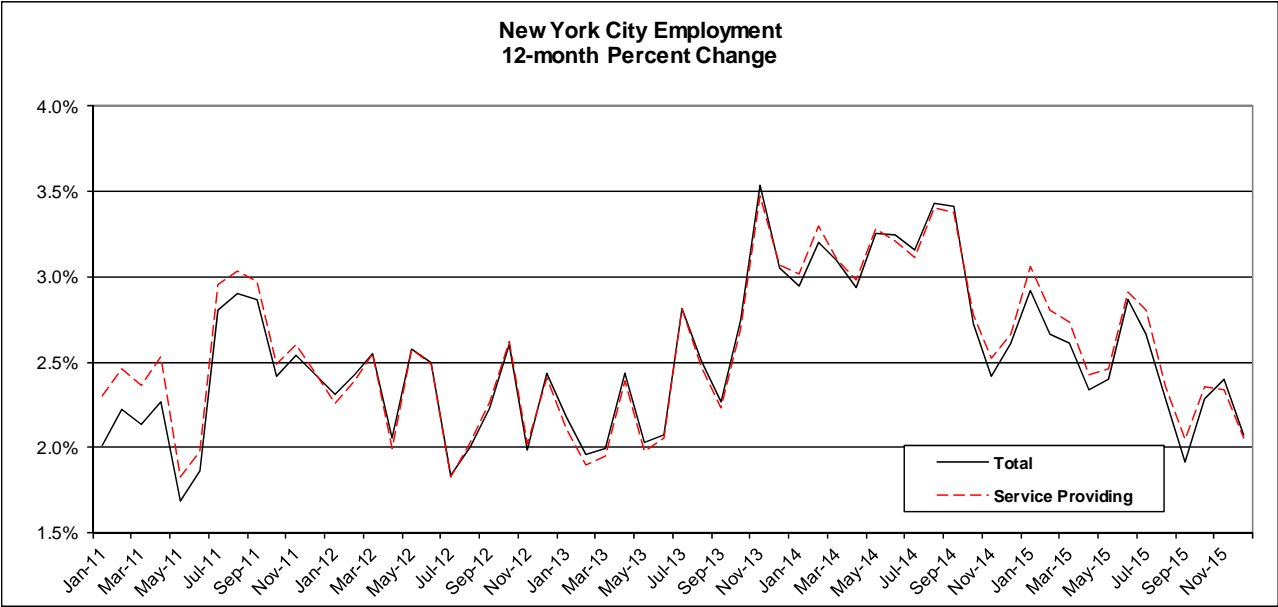
| New York City Employment (in thousands) | | | | Dec-15 versus | | | |
|---|------------------|-------------------|----------------|---------------|--------------|-------------|-------------|
| | Prelim Dec-15 | Revised Nov-15 | Dec-14 | Nov-15 | | Dec-14 | |
| | | | | Net | Pct | Net | Pct |
| Total Employment | 4,297.2 | 4,287.9 | 4,210.1 | 9.3 | 0.2% | 87.1 | 2.1% |
| Goods Producing | 209.2 | 213.0 | 204.5 | (3.8) | -1.8% | 4.7 | 2.3% |
| Construction, Mining, Nat Res | 134.8 | 138.5 | 129.1 | (3.7) | -2.7% | 5.7 | 4.4% |
| Manufacturing | 74.4 | 74.5 | 75.4 | (0.1) | -0.1% | (1.0) | -1.3% |
| Service Providing | 4,088.0 | 4,074.9 | 4,005.6 | 13.1 | 0.3% | 82.4 | 2.1% |
| Transportation, Utilities | 133.6 | 131.4 | 131.2 | 2.2 | 1.7% | 2.4 | 1.8% |
| Trade | 517.6 | 515.2 | 518.1 | 2.4 | 0.5% | (0.5) | -0.1% |
| Information | 188.3 | 186.4 | 185.4 | 1.9 | 1.0% | 2.9 | 1.6% |
| Financial Activities | 464.0 | 463.0 | 451.4 | 1.0 | 0.2% | 12.6 | 2.8% |
| Professional & Business Svcs | 705.9 | 702.1 | 690.9 | 3.8 | 0.5% | 15.0 | 2.2% |
| Education & Health Svcs | 904.7 | 903.6 | 879.4 | 1.1 | 0.1% | 25.3 | 2.9% |
| Leisure & Hospitality | 429.6 | 430.8 | 416.4 | (1.2) | -0.3% | 13.2 | 3.2% |
| Other Services | 191.8 | 189.2 | 182.9 | 2.6 | 1.4% | 8.9 | 4.9% |
| Government | 552.5 | 553.2 | 549.9 | (0.7) | -0.1% | 2.6 | 0.5% |

Preliminary December 2015 employment in New York City shows a gain of 87.1 thousand jobs (2.1%) compared to last December's employment level. This marks the sixty-fifth 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 25,300 and 15,000 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 82.4 thousand jobs (2.1%) over the November 2014 level. Private-sector service-providing employment in New York City increased by 79.8 thousand jobs (2.3%), the seventieth consecutive month of year-to-year improvement.

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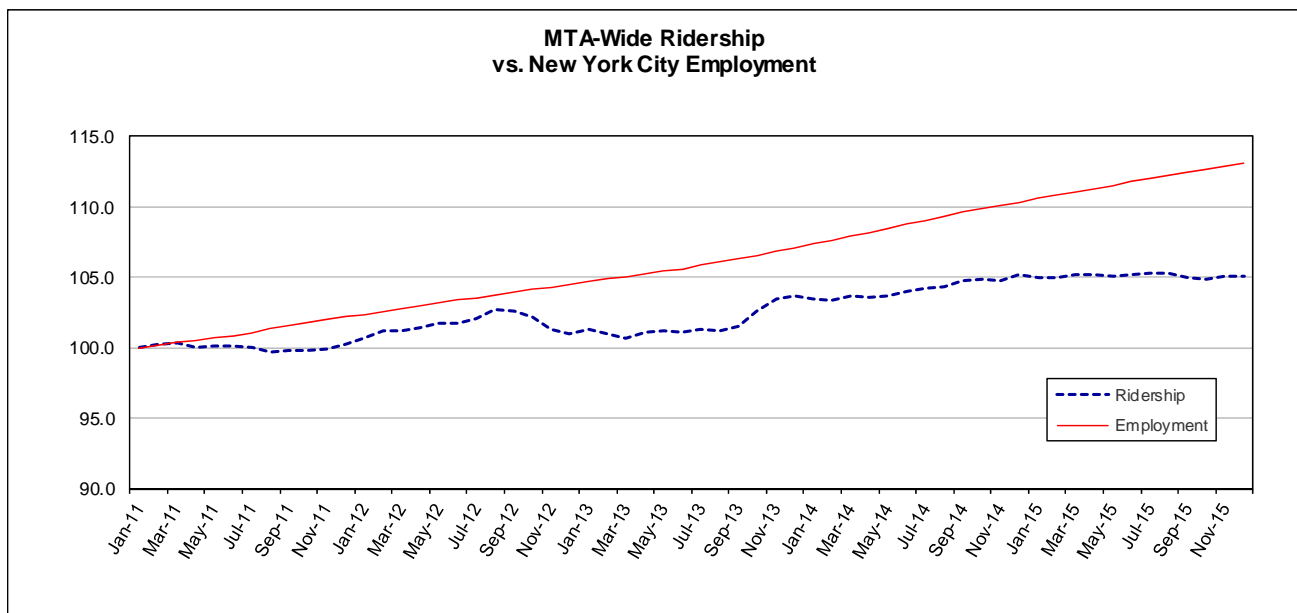
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In December, seasonally adjusted New York City employment of 4.3 million was higher than in December 2014 by 86.1 thousand jobs (2.1%), but was lower than last month by 0.5 thousand jobs (-0.0%).



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 13.0%, annualized (12-month average) MTA-wide ridership has grown by 5.1%. The twelve-month average for ridership in December 2015 was 0.1% lower than one year earlier.



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Consumer Price Index

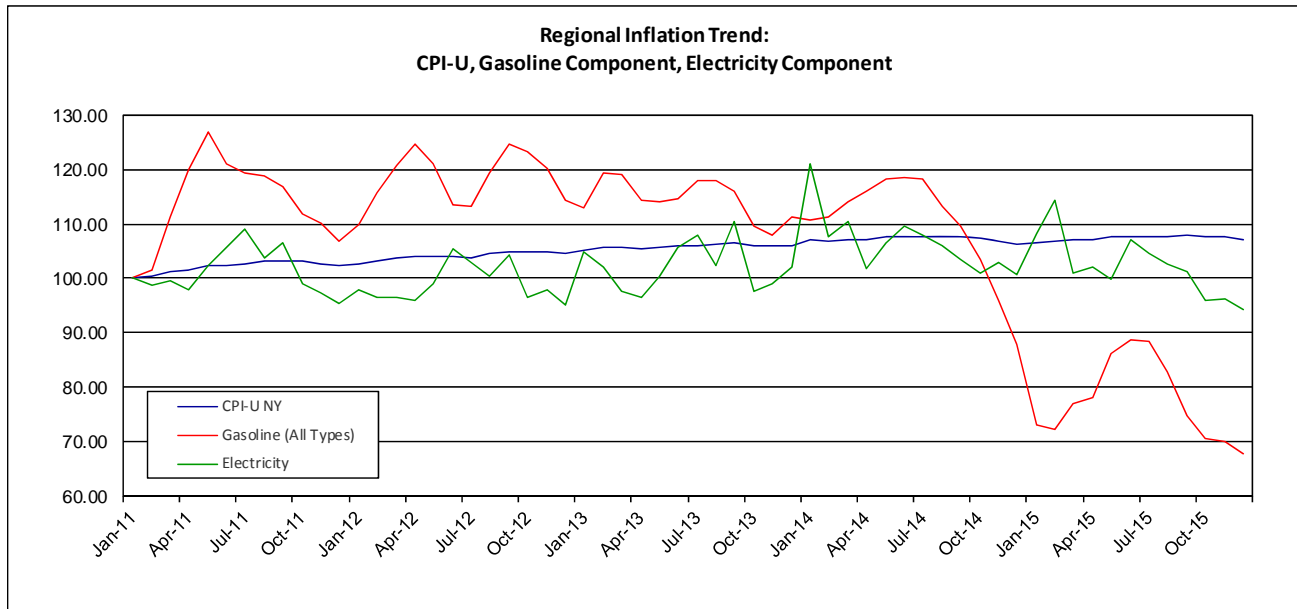
Goods Reporting Month-over-Month Price Increases

• None

Goods Reporting Month-over-Month Price Declines

- Apparel
- Electricity
- Medical Care
- Food
- Gasoline
- Transportation

| | Dec-15 versus | | | | | | |
|---------------------------------|---------------|---------------|---------------|--------|-------|---------|--------|
| | Dec-15 | Nov-15 | Dec-14 | Nov-15 | | Dec-14 | |
| | | | | Net | Pct | Net | Pct |
| Regional CPI-U | 259.94 | 261.01 | 258.08 | (1.07) | -0.4% | 1.86 | 0.7% |
| Medical Care Component | 445.72 | 448.44 | 442.70 | (2.72) | -0.6% | 3.03 | 0.7% |
| Electricity Component | 172.14 | 175.60 | 183.94 | (3.47) | -2.0% | (11.81) | -6.4% |
| Gasoline (all grades) Component | 168.38 | 173.77 | 217.93 | (5.38) | -3.1% | (49.54) | -22.7% |
| National CPI-U | 236.53 | 237.34 | 234.81 | (0.81) | -0.3% | 1.71 | 0.7% |

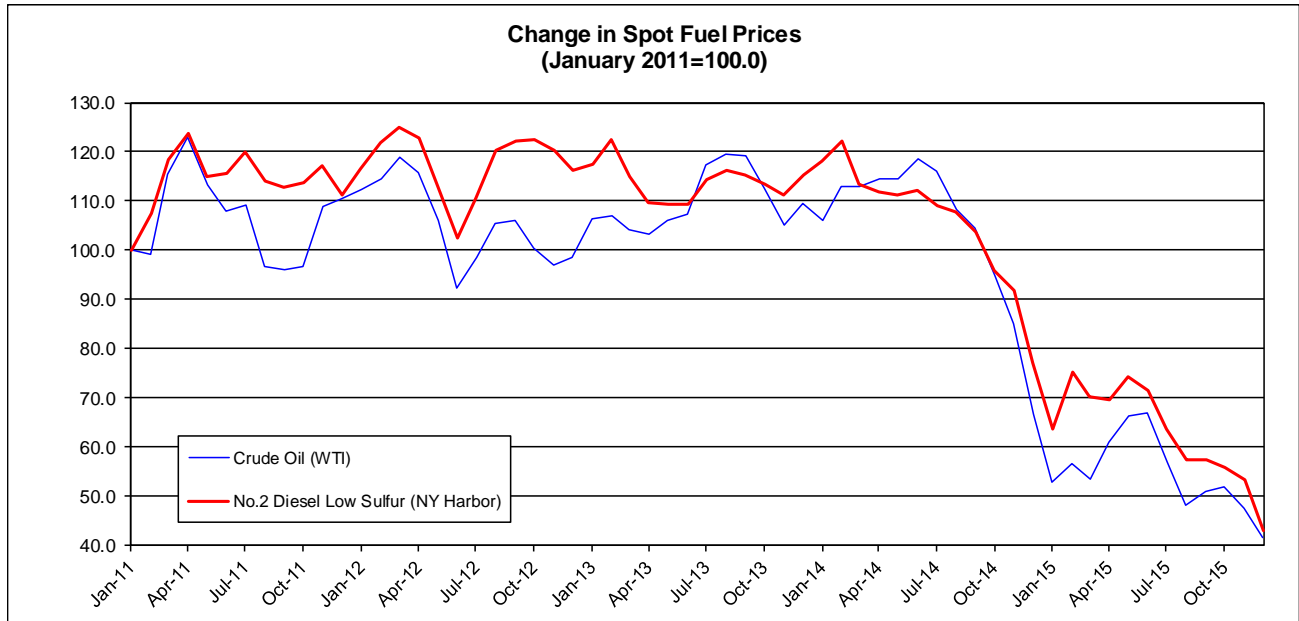


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Fuel Prices

| Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i> | Latest Price | | | Dec-15 versus | | |
|--|--------------|--------|--------|---------------|--------|--------|
| | 02/01/16 | Dec-15 | Nov-15 | Dec-14 | Nov-15 | Dec-14 |
| Crude Oil (\$/bbl) | 31.62 | 37.21 | 42.44 | 59.29 | -12.3% | -37.2% |
| Conventional Regular Gasoline (\$/gal) | 1.12 | 1.28 | 1.38 | 1.68 | -7.3% | -24.2% |
| Low Sulfur No.2 Diesel Fuel (\$/gal) | 1.04 | 1.14 | 1.41 | 2.03 | -19.5% | -44.1% |
| No.2 Heating Oil (\$/gal) | 0.96 | 1.04 | 1.32 | 1.86 | -21.2% | -44.1% |



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| Nassau, Suffolk Employment (in thousands) | | | | Dec-15 versus | | | |
|---|------------------|-------------------|----------------|---------------|--------------|-------------|-------------|
| | Prelim Dec-15 | Revised Nov-15 | Dec-14 | Nov-15 | | Dec-14 | |
| | | | | Net | Percent | Net | Percent |
| Total Employment | 1,328.1 | 1,328.7 | 1,308.2 | -0.6 | 0.0% | 19.9 | 1.5% |
| Goods Producing | 147.7 | 151.0 | 142.1 | -3.3 | -2.2% | 5.6 | 3.9% |
| Construction, Mining, Nat Res | 76.1 | 79.1 | 70.2 | -3.0 | -3.8% | 5.9 | 8.4% |
| Manufacturing | 71.6 | 71.9 | 71.9 | -0.3 | -0.4% | -0.3 | -0.4% |
| Service Providing | 1,180.4 | 1,177.7 | 1,166.1 | 2.7 | 0.2% | 14.3 | 1.2% |
| Transportation, Utilities | 42.8 | 41.8 | 44.9 | 1.0 | 2.4% | -2.1 | -4.7% |
| Trade | 238.1 | 237.7 | 238.9 | 0.4 | 0.2% | -0.8 | -0.3% |
| Information | 21.7 | 21.5 | 21.6 | 0.2 | 0.9% | 0.1 | 0.5% |
| Financial Activities | 71.1 | 70.9 | 71.4 | 0.2 | 0.3% | -0.3 | -0.4% |
| Professional & Business Svcs | 173.5 | 174.2 | 168.8 | -0.7 | -0.4% | 4.7 | 2.8% |
| Education & Health Svcs | 261.0 | 259.5 | 248.5 | 1.5 | 0.6% | 12.5 | 5.0% |
| Leisure & Hospitality | 116.1 | 119.0 | 114.9 | -2.9 | -2.4% | 1.2 | 1.0% |
| Other Services | 58.8 | 57.4 | 58.1 | 1.4 | 2.4% | 0.7 | 1.2% |
| Government | 197.3 | 195.7 | 199.0 | 1.6 | 0.8% | -1.7 | -0.9% |

| Orange, Rockland, Westchester Employment (in thousands) | | | | Dec-15 versus | | | |
|---|------------------|-------------------|--------------|---------------|--------------|-------------|-------------|
| | Prelim Dec-15 | Revised Nov-15 | Dec-14 | Nov-15 | | Dec-14 | |
| | | | | Net | Percent | Net | Percent |
| Total Employment | 706.4 | 708.1 | 694.8 | -1.7 | -0.2% | 11.6 | 1.7% |
| Goods Producing | 69.9 | 70.0 | 65.0 | -0.1 | -0.1% | 4.9 | 7.5% |
| Construction, Mining, Nat Res | 40.2 | 40.2 | 35.6 | 0.0 | 0.0% | 4.6 | 12.9% |
| Manufacturing | 29.7 | 29.8 | 29.4 | -0.1 | -0.3% | 0.3 | 1.0% |
| Service Providing | 636.5 | 638.1 | 629.8 | -1.6 | -0.3% | 6.7 | 1.1% |
| Transportation, Utilities | 26.7 | 25.7 | 25.7 | 1.0 | 3.9% | 1.0 | 3.9% |
| Trade | 121.5 | 119.6 | 123.5 | 1.9 | 1.6% | -2.0 | -1.6% |
| Information | 13.4 | 13.2 | 13.3 | 0.2 | 1.5% | 0.1 | 0.8% |
| Financial Activities | 35.7 | 35.5 | 36.4 | 0.2 | 0.6% | -0.7 | -1.9% |
| Professional & Business Svcs | 84.7 | 87.9 | 86.9 | -3.2 | -3.6% | -2.2 | -2.5% |
| Education & Health Svcs | 150.6 | 150.9 | 143.3 | -0.3 | -0.2% | 7.3 | 5.1% |
| Leisure & Hospitality | 61.2 | 62.1 | 59.7 | -0.9 | -1.4% | 1.5 | 2.5% |
| Other Services | 33.4 | 33.8 | 30.8 | -0.4 | -1.2% | 2.6 | 8.4% |
| Government | 109.3 | 109.4 | 110.2 | -0.1 | -0.1% | -0.9 | -0.8% |

| Dutchess, Putnam Employment (in thousands) | | | | Dec-15 versus | | | |
|--|------------------|-------------------|--------------|---------------|--------------|-------------|--------------|
| | Prelim Dec-15 | Revised Nov-15 | Dec-14 | Nov-15 | | Dec-14 | |
| | | | | Net | Percent | Net | Percent |
| Total Employment | 141.2 | 141.4 | 144.5 | -0.2 | -0.1% | -3.3 | -2.3% |
| Goods Producing | 17.7 | 18.0 | 17.9 | -0.3 | -1.7% | -0.2 | -1.1% |
| Construction, Mining, Nat Res | 7.3 | 7.7 | 7.4 | -0.4 | -5.2% | -0.1 | -1.4% |
| Manufacturing | 10.4 | 10.3 | 10.5 | 0.1 | 1.0% | -0.1 | -1.0% |
| Service Providing | 123.5 | 123.4 | 126.6 | 0.1 | 0.1% | -3.1 | -2.4% |
| Transportation, Utilities | 4.0 | 3.9 | 4.0 | 0.1 | 2.6% | 0.0 | 0.0% |
| Trade | 20.4 | 20.2 | 21.0 | 0.2 | 1.0% | -0.6 | -2.9% |
| Information | 1.9 | 1.9 | 1.9 | 0.0 | 0.0% | 0.0 | 0.0% |
| Financial Activities | 5.0 | 4.9 | 4.9 | 0.1 | 2.0% | 0.1 | 2.0% |
| Professional & Business Svcs | 11.8 | 11.8 | 11.6 | 0.0 | 0.0% | 0.2 | 1.7% |
| Education & Health Svcs | 38.2 | 37.8 | 37.2 | 0.4 | 1.1% | 1.0 | 2.7% |
| Leisure & Hospitality | 9.4 | 10.1 | 12.9 | -0.7 | -6.9% | -3.5 | -27.1% |
| Other Services | 6.9 | 6.9 | 6.8 | 0.0 | 0.0% | 0.1 | 1.5% |
| Government | 25.9 | 25.9 | 26.3 | 0.0 | 0.0% | -0.4 | -1.5% |

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