

BUDGETWATCH

February 2017 Flash Report

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

Overall, preliminary results early in 2017 have been favorable. In January, higher toll revenue offset lower subway and bus passenger revenue. Preliminary expenses were slightly favorable; but some of that was likely the result of timing. Overtime costs were close to budget. While much of the debt service savings were timing-related, there were also some real savings from lower variable rates. Overall subsidies have been favorable: PMT collections through February were \$29 million, or almost 10%, positive (although that could be impacted by the timing of bonuses); and, very strong real estate transaction tax collections in January drove favorable February YTD collections.

Passenger and Toll Revenues

Month of January 2017 (\$ in millions)				
	<u>Actual</u>	Adopted <u>Budget</u>	<u>Diff</u>	<u>%Diff</u>
NYCT:				
Subway	\$265.8	\$270.8	(\$5.0)	-1.8%
Bus	74.3	76.5	(2.2)	-2.9%
Other	<u>7.5</u>	<u>7.7</u>	<u>(0.2)</u>	<u>-2.4%</u>
NYCT	\$347.7	\$355.1	(\$7.4)	-2.1%
MTA Bus	16.4	17.6	(1.1)	-6.3%
LIRR	56.0	54.7	1.4	2.6%
MNR	<u>56.6</u>	<u>56.4</u>	<u>0.2</u>	<u>0.3%</u>
Sub-total	\$476.8	\$483.7	(\$6.9)	-1.4%
B&T	<u>141.0</u>	<u>135.1</u>	<u>5.9</u>	<u>4.4%</u>
Total	\$617.8	\$618.8	(\$1.0)	-0.2%

For the month, **passenger revenues** were unfavorable by \$6.9 million, or 1.4%. While temperatures were generally mild in January, there were 15 days with precipitation during the month, including snowfall during the month's first weekend which adversely impacted subway and bus ridership. Revenue was slightly better than the budget at the Commuter Railroads due to higher non-commutation ridership at MNR and higher total ridership at the LIRR. **Toll revenues** were favorable for the month, reflecting higher than anticipated traffic levels principally because of weather conditions, primarily snowfall, that were more favorable than reflected in budgeting assumptions.

Total Operating Expenses before Non-Cash Liability Adjustments

Month of January 2017 (\$ in millions)				
	<u>Actual</u>	Adopted <u>Budget</u>	<u>Diff</u>	<u>%Diff</u>
NYCT	\$687.6	\$685.9	(\$1.8)	-0.3%
MTA Bus	59.4	61.5	2.1	3.4%
LIRR	117.9	128.2	10.3	8.0%
MNR	109.1	109.9	0.9	0.8%
B&T	<u>38.0</u>	<u>38.6</u>	<u>0.6</u>	<u>1.6%</u>
Total	\$1,012.0	\$1,024.1	\$12.0	1.2%

Overall expenses for January were favorable by \$12.0 million, or 1.2%, with the bulk of the variance coming from lower LIRR spending due to vacancies and lower timing-related savings in costs for rolling-stock materials. MTA Bus' favorable variance was mainly due to lower fuel usage, and savings in maintenance work, and professional services. MNR was favorable due to delays in procured services, while B&T was favorable due to vacancies. These outcomes were partially offset by higher labor costs at NYCT.

Overtime

Month of January 2017 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>%Diff</u>
NYCT	\$45.1	\$42.6	(\$2.6)	-6.0%
MTA Bus	5.5	4.8	(0.6)	-12.7%
LIRR	10.7	11.4	0.7	5.7%
MNR	7.7	9.0	1.3	14.7%
B&T	2.5	2.5	0.0	0.9%
Total	\$71.4	\$70.3	(\$1.2)	-1.7%

Preliminary overtime expenses for the month were \$1.2 million, or 1.7%, unfavorable; the main contributor of the overage was NYCT for coverage required to mitigate subway service delays and overcrowding, and to provide vacancy/absentee coverage. The overage at MTA Bus was mostly due to higher running time, traffic congestion, and vacancy/absentee and weather-related coverage requirements. These results were partially offset by favorable variances at the Commuter Railroads. MNR was lower mainly because of fewer-than-forecasted weather events and improved employee availability among conductors; the LIRR required less coverage for unscheduled services and weather. B&T was on target.

Debt Service

Debt Service expenses for January were \$189.8 million, which was \$42.1 million, or 18.2%, favorable to Budget. Results included a \$32 million reversal of last month's unfavorable variance due to the timing of deposits; the remaining variance was from lower than budgeted variable interest rates.

State Dedicated Taxes and Fees

YTD February 2017 (\$ in millions)					Month of February 2017 (\$ 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	109.6	107.5	2.1	1.9%	PBT	39.5	51.0	(11.6)	-22.7%
PMT ¹	330.0	301.3	28.7	9.5%	PMT ¹	194.0	164.9	29.1	17.7%
MTA Aid ²	0.0	0.0	0.0	0.0%	MTA Aid ²	0.0	0.0	0.0	0.0%
Total	\$439.6	\$408.8	\$30.8	7.5%	Total	\$233.5	\$215.9	\$17.5	8.1%

The first MMTOA payment for the year is not expected until May. Petroleum Business Tax (PBT) receipts for February were \$11.6 million (22.7%) unfavorable, which decreased the YTD favorable variance to \$2.1 million (1.9%).

February Payroll Mobility Tax (PMT) receipts were \$29.1 million (17.7%) favorable, and year-to-date collections were also favorable, by \$28.7 million (9.5%). The favorable variance could be due to the timing of Wall Street bonus payments, which traditionally are paid in the first quarter of the year (but with some variability in the exact timing). MTA Aid receipts are transferred quarterly, with the first transfer scheduled for March.

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.

Real Estate Transaction Taxes

YTD February 2017 (\$ in millions)					Month of February 2017 (\$ 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	\$83.4	\$76.2	\$7.2	9.5%	MRT	\$38.6	\$38.1	\$0.5	1.3%
NYC Urban	\$136.7	130.7	\$6.1	4.7%	NYC Urban	\$47.3	65.3	(\$18.0)	-27.5%
Total	\$220.1	\$206.8	\$13.3	6.4%	Total	\$85.9	\$103.4	(\$17.5)	-16.9%

Total real estate transaction taxes for February were \$17.5 million (16.9%) unfavorable to Budget, lowering the YTD favorable variance to \$13.3 million (6.4%). When compared with last year through February, real estate taxes were \$27.0 million (10.9%) lower; Urban Tax was off last year's level by \$36.7 million, or 21.2%, while MRT is running ahead of last year by \$9.7 million, or 13.2%. It should be noted that 2016 Urban Tax receipts were augmented by the impact of the Stuyvesant Town/Peter Cooper Village transaction.

Regional Mortgage Recording Tax³ receipts for February were \$0.5 million, or 1.3%, favorable; MRT-1 was unfavorable by \$0.3 million, and MRT-2 receipts were favorable by \$0.8 million. YTD MRT receipts were favorable by \$7.2 million (9.5%), with MRT-1 receipts \$5.2 million favorable and MRT-2 receipts \$2.0 million favorable.

New York City Urban Tax⁴ receipts for February were \$18.0 million, or 27.5%, unfavorable, while YTD Urban Tax receipts remained \$12.5 million (6.0%) favorable. For February, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was unfavorable by \$14.4 million, or 33.1%, while the MRT portion of the Urban Tax was \$3.5 million or 16.3% unfavorable. YTD, RPTT receipts were \$3.4 million (3.9%) favorable, while the MRT portion of the Urban Tax was \$2.7 million (6.3%) 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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New York City Employment

Sectors with Year-over-Year Employment Gains

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

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Financial Activities
- Information

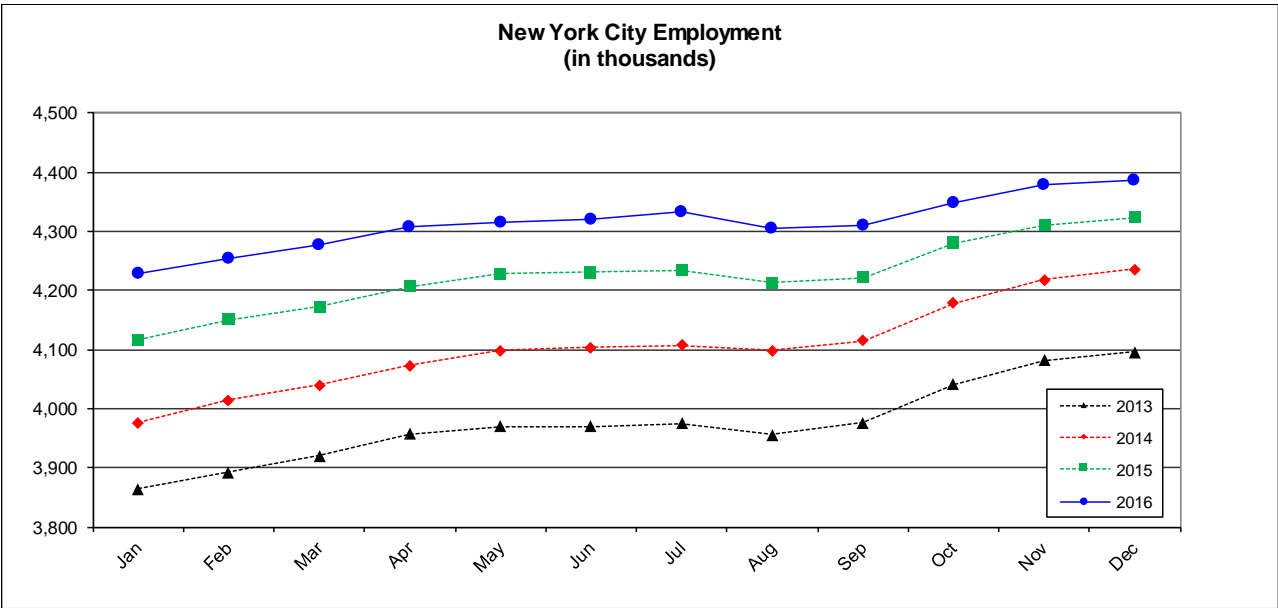
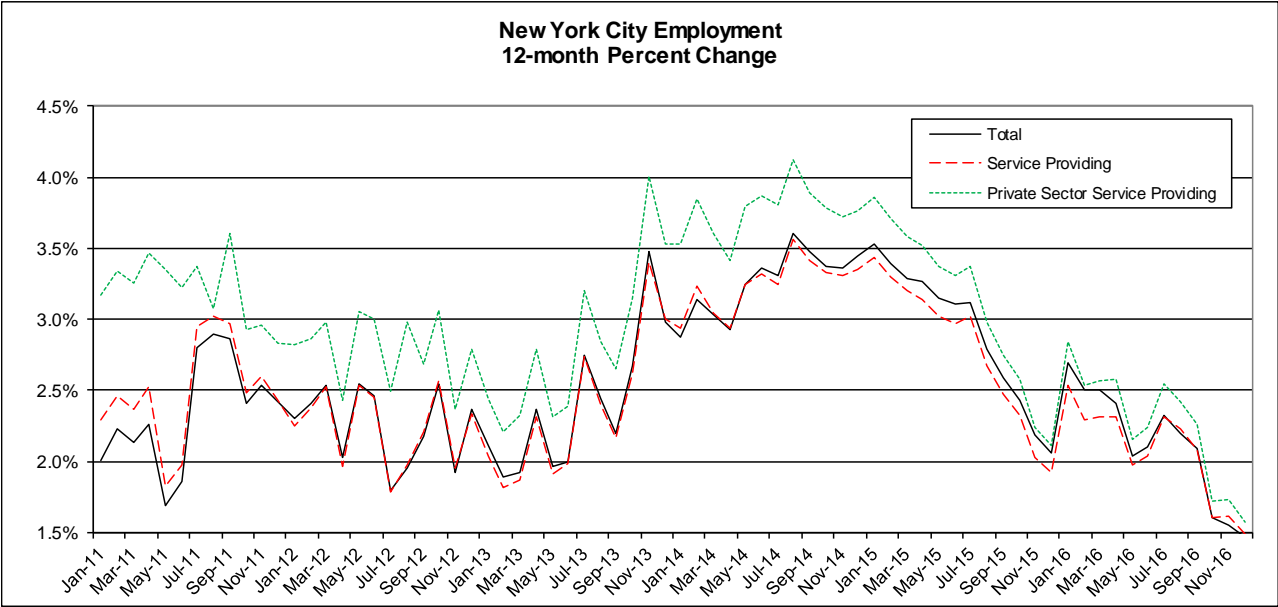
New York City Employment (in thousands)				Dec-16 versus			
	Prelim Dec-16	Revised Nov-16	Dec-15	Nov-16		Dec-15	
				Net	Pct	Net	Pct
Total Employment	4,386.7	4,377.5	4,323.2	9.2	0.2%	63.5	1.5%
Goods Producing	223.9	225.2	221.5	(1.3)	-0.6%	2.4	1.1%
Construction, Mining, Nat Res	145.5	146.2	142.4	(0.7)	-0.5%	3.1	2.2%
Manufacturing	78.4	79.0	79.1	(0.6)	-0.8%	(0.7)	-0.9%
Service Providing	4,162.8	4,152.3	4,101.7	10.5	0.3%	61.1	1.5%
Transportation, Utilities	141.4	138.8	139.5	2.6	1.9%	1.9	1.4%
Trade	514.3	511.7	508.2	2.6	0.5%	6.1	1.2%
Information	191.5	195.2	193.7	(3.7)	-1.9%	(2.2)	-1.1%
Financial Activities	460.2	459.2	464.4	1.0	0.2%	(4.2)	-0.9%
Professional & Business Svcs	727.1	724.4	719.4	2.7	0.4%	7.7	1.1%
Education & Health Svcs	924.3	920.0	898.8	4.3	0.5%	25.5	2.8%
Leisure & Hospitality	448.2	448.0	433.5	0.2	0.0%	14.7	3.4%
Other Services	194.4	193.0	188.0	1.4	0.7%	6.4	3.4%
Government	561.4	562.0	556.2	(0.6)	-0.1%	5.2	0.9%

Preliminary December 2016 employment in New York City shows a gain of 63.5 thousand jobs (1.5%) when compared to last December's employment level. This marks the seventy-seventh consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and the Leisure & Hospitality sectors experienced the greatest gains in the number of jobs among the major sectors, adding 25,500 and 14,700 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 55.9 thousand jobs (1.6%) over the December 2015 level. Private-sector service-providing employment in New York City increased by 61.3 thousand jobs (1.7%), the eighty-second consecutive month of year-to-year improvement.

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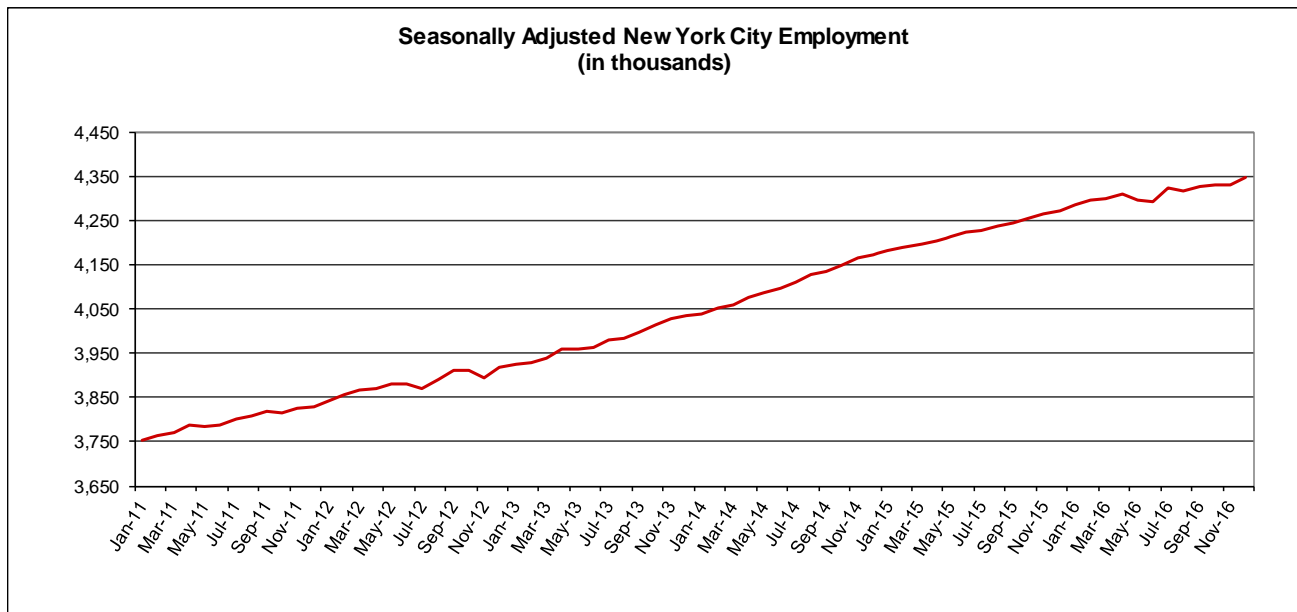
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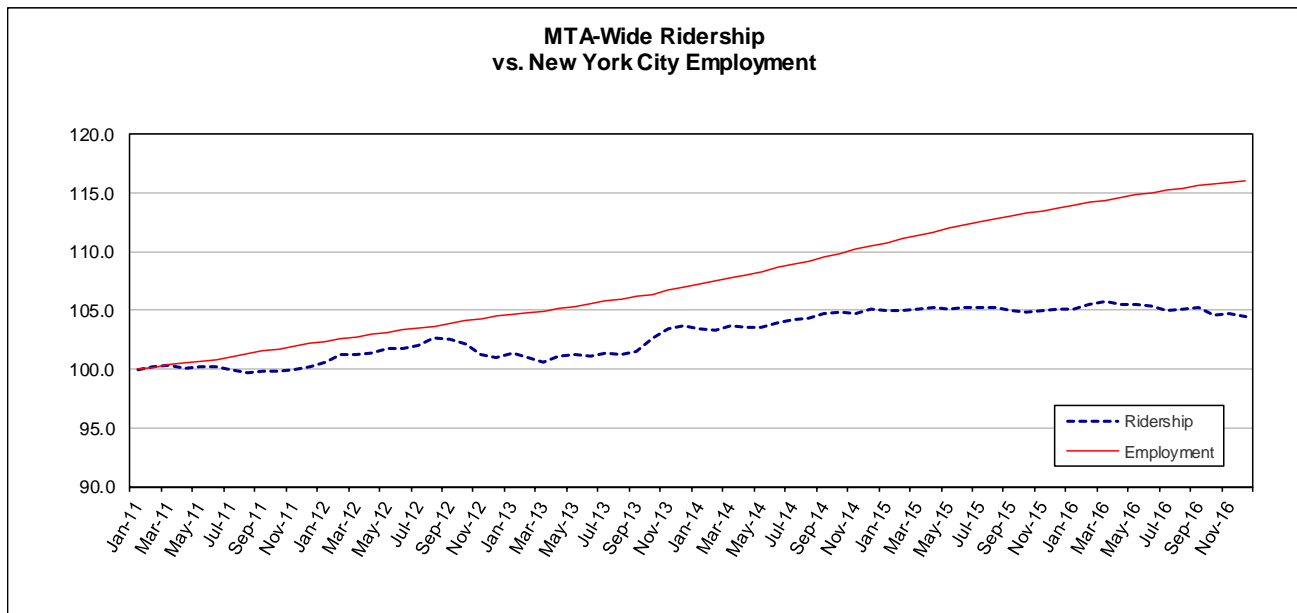
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In December, seasonally adjusted New York City employment of 4.35 million was higher than in December 2015 by 74.3 thousand jobs (1.7%), and was higher than last month by 15.5 thousand jobs (0.4%).



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 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 16.1%, annualized (12-month average) MTA-wide ridership has grown by 4.5%. The twelve-month average for ridership in December 2016 was 0.6% lower than one year earlier.



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Consumer Price Index

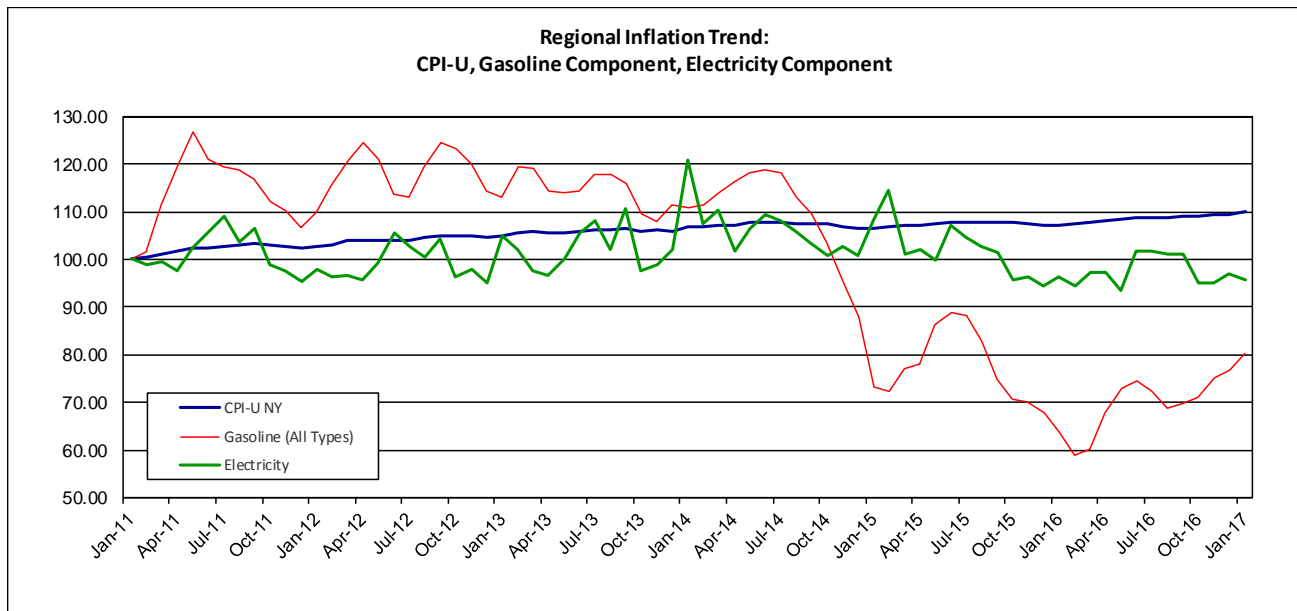
Goods Reporting Month-over-Month Price Increases

- Food
- Apparel
- Transportation
- Gasoline
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Electricity

	Jan-17	Dec-16	Jan-16	Jan-17 versus			
				Dec-16		Jan-16	
				Net	Pct	Net	Pct
Regional CPI-U	266.92	265.42	260.34	1.50	0.6%	6.57	2.5%
Medical Care Component	474.45	470.70	451.77	3.75	0.8%	22.68	5.0%
Electricity Component	174.82	176.86	175.77	(2.04)	-1.2%	(0.94)	-0.5%
Gasoline (all grades) Component	199.14	190.16	158.36	8.98	4.7%	40.78	25.8%
National CPI-U	242.84	241.43	236.92	1.41	0.6%	5.92	2.5%

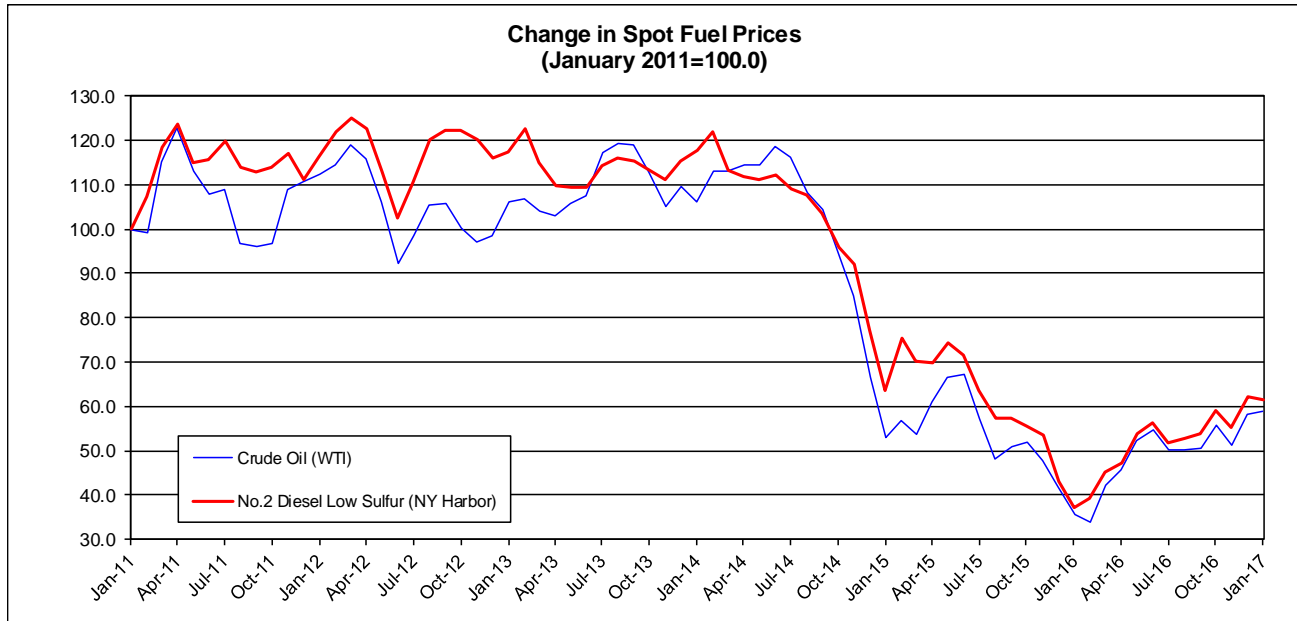


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price			Jan-17 versus		
	02/13/17	Jan-17	Dec-16	Jan-16	Dec-16	Jan-16
Crude Oil (\$/bbl)	52.96	52.50	51.97	31.68	1.0%	65.7%
Conventional Regular Gasoline (\$/gal)	1.56	1.62	1.63	1.12	-0.9%	44.5%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.60	1.62	1.64	0.98	-1.2%	65.8%
No.2 Heating Oil (\$/gal)	1.54	1.55	1.55	0.94	-0.1%	65.2%



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Nassau, Suffolk Employment (in thousands)				Dec-16 versus			
	Prelim Dec-16	Revised Nov-16	Dec-15	Nov-16		Dec-15	
				Net	Percent	Net	Percent
Total Employment	1,342.1	1,344.6	1,324.8	-2.5	-0.2%	17.3	1.3%
Goods Producing	145.5	149.4	145.1	-3.9	-2.6%	0.4	0.3%
Construction, Mining, Nat Res	74.6	78.1	73.0	-3.5	-4.5%	1.6	2.2%
Manufacturing	70.9	71.3	72.1	-0.4	-0.6%	-1.2	-1.7%
Service Providing	1,196.6	1,195.2	1,179.7	1.4	0.1%	16.9	1.4%
Transportation, Utilities	45.9	45.0	43.9	0.9	2.0%	2.0	4.6%
Trade	239.2	237.1	235.7	2.1	0.9%	3.5	1.5%
Information	19.3	19.6	20.2	-0.3	-1.5%	-0.9	-4.5%
Financial Activities	72.8	72.5	73.8	0.3	0.4%	-1.0	-1.4%
Professional & Business Svcs	173.0	175.8	173.5	-2.8	-1.6%	-0.5	-0.3%
Education & Health Svcs	266.3	265.3	256.1	1.0	0.4%	10.2	4.0%
Leisure & Hospitality	120.3	121.2	116.5	-0.9	-0.7%	3.8	3.3%
Other Services	58.8	59.1	58.9	-0.3	-0.5%	-0.1	-0.2%
Government	201.0	199.6	201.1	1.4	0.7%	-0.1	0.0%

Orange, Rockland, Westchester Employment (in thousands)				Dec-16 versus			
	Prelim Dec-16	Revised Nov-16	Dec-15	Nov-16		Dec-15	
				Net	Percent	Net	Percent
Total Employment	721.6	719.4	714.0	2.2	0.3%	7.6	1.1%
Goods Producing	68.0	70.4	74.2	-2.4	-3.4%	-6.2	-8.4%
Construction, Mining, Nat Res	39.0	41.4	44.5	-2.4	-5.8%	-5.5	-12.4%
Manufacturing	29.0	29.0	29.7	0.0	0.0%	-0.7	-2.4%
Service Providing	653.6	649.0	639.8	4.6	0.7%	13.8	2.2%
Transportation, Utilities	26.3	25.5	27.5	0.8	3.1%	-1.2	-4.4%
Trade	126.4	124.2	122.9	2.2	1.8%	3.5	2.8%
Information	12.6	12.7	13.3	-0.1	-0.8%	-0.7	-5.3%
Financial Activities	36.7	36.3	37.2	0.4	1.1%	-0.5	-1.3%
Professional & Business Svcs	92.1	91.0	87.5	1.1	1.2%	4.6	5.3%
Education & Health Svcs	155.0	153.8	149.4	1.2	0.8%	5.6	3.7%
Leisure & Hospitality	60.6	61.0	57.9	-0.4	-0.7%	2.7	4.7%
Other Services	32.5	32.7	33.2	-0.2	-0.6%	-0.7	-2.1%
Government	111.4	111.8	110.9	-0.4	-0.4%	0.5	0.5%

Dutchess, Putnam Employment (in thousands)				Dec-16 versus			
	Prelim Dec-16	Revised Nov-16	Dec-15	Nov-16		Dec-15	
				Net	Percent	Net	Percent
Total Employment	146.5	147.8	146.6	-1.3	-0.9%	-0.1	-0.1%
Goods Producing	18.3	18.5	18.5	-0.2	-1.1%	-0.2	-1.1%
Construction, Mining, Nat Res	7.8	8.1	7.7	-0.3	-3.7%	0.1	1.3%
Manufacturing	10.5	10.4	10.8	0.1	1.0%	-0.3	-2.8%
Service Providing	128.2	129.3	128.1	-1.1	-0.9%	0.1	0.1%
Transportation, Utilities	4.6	4.6	4.7	0.0	0.0%	-0.1	-2.1%
Trade	19.6	19.5	19.6	0.1	0.5%	0.0	0.0%
Information	1.8	1.8	2.1	0.0	0.0%	-0.3	-14.3%
Financial Activities	4.8	4.8	4.8	0.0	0.0%	0.0	0.0%
Professional & Business Svcs	11.4	11.5	11.5	-0.1	-0.9%	-0.1	-0.9%
Education & Health Svcs	39.1	39.5	38.7	-0.4	-1.0%	0.4	1.0%
Leisure & Hospitality	13.2	14.1	13.1	-0.9	-6.4%	0.1	0.8%
Other Services	7.3	7.2	7.1	0.1	1.4%	0.2	2.8%
Government	26.4	26.3	26.5	0.1	0.4%	-0.1	-0.4%

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