

BUDGETWATCH

February 2019 Flash Report

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

Overall, preliminary results early in 2019 are favorable. In January, farebox revenue was on target, and B&T toll revenues were modestly favorable. Preliminary expenses were favorable, reflecting lower OPEB current payment expense – the result of having negotiated lower prescription medication pricing in addition to greater rebates – and savings from vacancies and underspending in non-labor categories. Overtime costs were unfavorable, primarily for station and track work at NYCT. Debt service savings were timing-related. Through February, subsidies were \$92 million, or 18.1% favorable; Payroll Mobility Tax collections were \$3 million unfavorable, while Petroleum Business Tax collections were \$1 million favorable and real estate transaction tax collections were \$94 million favorable.

Passenger and Toll Revenues

Month of January 2019 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT:				
Subway	\$275.8	\$277.2	(\$1.4)	-0.5%
Bus	73.1	73.4	(0.2)	-0.3%
Other	8.4	8.2	0.2	2.2%
NYCT	\$357.3	\$358.8	(\$1.5)	-0.4%
MTA Bus	16.6	17.8	(1.3)	-7.1%
LIRR	58.3	56.1	2.1	3.8%
MNR	57.9	57.4	0.5	0.9%
Sub-total	\$490.0	\$490.1	(\$0.1)	0.0%
B&T	151.3	147.5	3.8	2.5%
Total	\$641.3	\$637.6	\$3.7	0.6%

Passenger revenues overall were on Budget. Revenues were down by 0.4% at NYCT and 7.1% at MTA Bus, primarily reflecting lower than expected weekend ridership, while revenues at the LIRR and MNR were up by 3.8% and 0.9%, respectively. Toll revenues were up by 2.5%, reflecting higher traffic volume due in part to favorable weather conditions and increased tunnel traffic following the completion of Sandy-related restoration work.

Total Operating Expenses before Non-Cash Liability Adjustments

Month of January 2019 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$712.5	\$749.9	\$37.4	5.0%
MTA Bus	65.4	72.0	6.6	9.1%
LIRR	134.9	143.4	8.5	5.9%
MNR	112.7	117.2	4.5	3.9%
B&T	34.8	41.6	6.8	16.4%
Total	\$1,060.3	\$1,124.1	\$63.8	5.7%

Overall expenses for January were favorable by \$63.8 million, or 5.7%. NYCT generated close to 60% of that variance and was driven mainly by lower OPEB current payment costs due principally to higher negotiated rate discounts as well as greater rebates for prescription drugs, partly offset by higher overtime and paratransit expenses. The LIRR was favorable primarily due to vacancy-related savings, higher overhead credits due to increased capital project activity, timing, and underspending in a myriad of non-labor expense categories. B&T was favorable mostly due to

vacancies and revised timing assumptions for major maintenance projects, while MTA Bus was favorable primarily as a result of timing and revised spending assumptions for a variety of non-labor categories of expense, including maintenance and professional services. MNR was favorable mostly due to lower energy costs and the timing of maintenance and professional service contracts.

Overtime

Month of January 2019 (\$ in millions)				
	Adopted			
	Actual	Budget	Diff	% Diff
NYCT	\$54.5	\$46.4	(\$8.1)	-17.4%
MTA Bus	6.7	5.4	(1.3)	-24.2%
LIRR	13.1	12.9	(0.2)	-1.3%
MNR	9.2	9.2	(0.0)	-0.3%
B&T	<u>2.3</u>	<u>2.6</u>	<u>0.3</u>	<u>10.2%</u>
Total	\$85.8	\$76.5	(\$9.3)	-12.2%

Preliminary overtime costs exceeded the budget by \$9.3 million, or 12.2%. NYCT comprised the lion share of the overage which was driven by station and track work required by the Subway Action Plan. MTA Bus was unfavorable because of winter storm preparation work and weather conditions that existed on January 18th.

Debt Service

Debt services expenses for January were \$229.7 million, which was \$11.3 million, or 4.7%, favorable due to timing related to the issuance of new debt and timing of debt service deposits.

State Dedicated Taxes and Fees

YTD February 2019 (\$ in millions)					Month of February 2019 (\$ 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	110.4	109.5	0.9	0.8%	PBT	49.2	49.8	(0.6)	-1.2%
PMT ¹	214.7	217.9	(3.2)	-1.5%	PMT ¹	196.4	199.6	(3.2)	-1.6%
MTA Aid ²	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>	MTA Aid ²	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Total	\$325.1	\$327.4	(\$2.3)	-0.7%	Total	\$245.6	\$249.4	(\$3.8)	-1.5%

For the month of February, both the Petroleum Business Tax (PBT) receipts of \$49.2 million and Payroll Mobility Tax (PMT) collections of \$196.4 million were very close to Budget. Year-to-date PBT receipts of \$110.4 million and PMT collections of \$214.7 million were also very close to Budget. The first MTA Aid and MMTOA payments are expected in March and May, respectively.

Real Estate Transaction Taxes

YTD February 2019 (\$ in millions)					Month of February 2019 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MRT	\$85.3	\$75.4	\$9.9	13.1%	MRT	\$41.9	\$37.7	\$4.2	11.1%
NYC Urban	188.8	104.4	84.4	80.9%	NYC Urban	<u>101.2</u>	<u>52.2</u>	<u>49.0</u>	<u>93.9%</u>
Total	\$274.1	\$179.8	\$94.3	52.4%	Total	\$143.1	\$89.9	\$53.2	59.2%

¹ PMT replacement funds 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.

Total real estate transaction taxes for February were \$53.2 million (59.2%) favorable, with a favorable YTD variance of \$94.3 million (52.4%). Compared with last year through February, real estate transaction taxes are \$104.1 million (61.2%) favorable; Urban Tax is greater than last year by \$94.5 million (100.1%), and MRT is \$9.6 million (12.7%) favorable.

Regional Mortgage Recording Tax³ receipts for February were \$4.2 million (11.1%) favorable; MRT-1 was favorable by \$5.5 million (21.4%), and MRT-2 receipts were unfavorable by \$1.3 million (11.2%). YTD, MRT receipts were favorable by \$9.9 million (13.1%), with MRT-1 receipts \$12.5 million (24.2%) favorable and MRT-2 receipts \$2.6 million (11.1%) unfavorable.

New York City Urban Tax⁴ receipts for February were \$49.0 million (93.9%) favorable, and YTD receipts were \$84.4 million (80.9%) favorable. February receipts for the Real Property Transfer Tax (RPTT) component were \$35.4 million (98.3%) favorable, while receipts from the Mortgage Recording Tax (MRT) component were \$13.6 million (84.1%) favorable. YTD, RPTT receipts were \$54.1 million (75.1%) favorable, while MRT receipts were \$30.4 million (93.8%) 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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Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

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

Sectors with Year-over-Year Employment Losses

- Information
- Financial Activities

Sectors with No Year-over-Year Employment Change

- Government

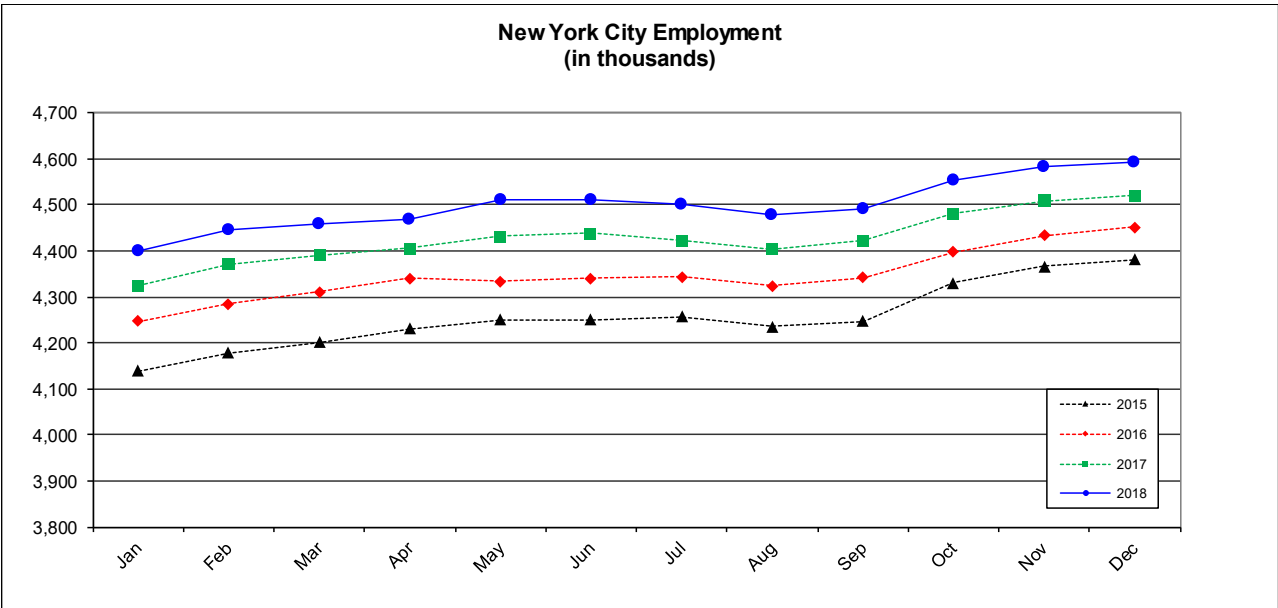
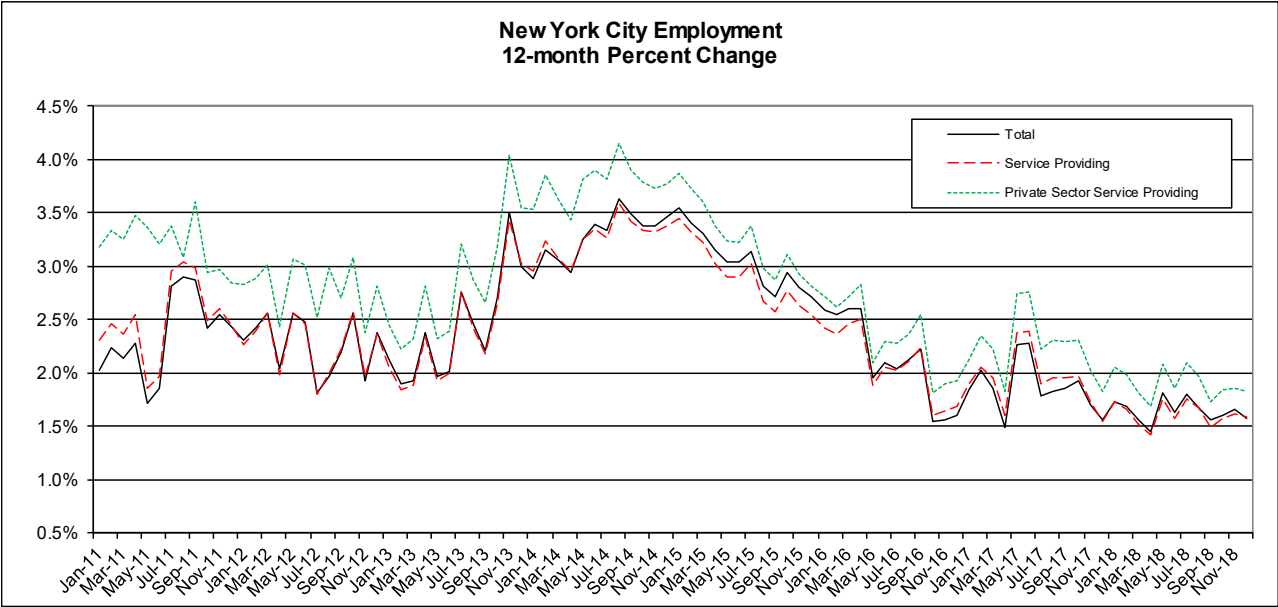
New York City Employment (in thousands)				Dec-18 versus			
	Prelim Dec-18	Revised Nov-18	Dec-17	Nov-18		Dec-17	
				Net	Pct	Net	Pct
Total Employment	4,591.6	4,583.6	4,520.6	8.0	0.2%	71.0	1.6%
Goods Producing	231.1	234.2	228.1	(3.1)	-1.3%	3.0	1.3%
Construction, Mining, Nat Res	158.6	162.0	155.7	(3.4)	-2.1%	2.9	1.9%
Manufacturing	72.5	72.2	72.4	0.3	0.4%	0.1	0.1%
Service Providing	4,360.5	4,349.4	4,292.5	11.1	0.3%	68.0	1.6%
Transportation, Utilities	146.2	141.8	144.4	4.4	3.1%	1.8	1.2%
Trade	515.3	514.1	513.8	1.2	0.2%	1.5	0.3%
Information	197.3	200.3	199.4	(3.0)	-1.5%	(2.1)	-1.1%
Financial Activities	473.7	472.5	474.7	1.2	0.3%	(1.0)	-0.2%
Professional & Business Svcs	766.0	767.6	757.0	(1.6)	-0.2%	9.0	1.2%
Education & Health Svcs	1,040.1	1,032.6	998.4	7.5	0.7%	41.7	4.2%
Leisure & Hospitality	466.4	466.4	454.5	0.0	0.0%	11.9	2.6%
Other Services	199.2	198.2	194.0	1.0	0.5%	5.2	2.7%
Government	556.3	555.9	556.3	0.4	0.1%	0.0	0.0%

Preliminary December 2018 employment in New York City shows a gain of 71,000 jobs (1.6%) when compared to last December's employment level. This marks the 105th consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and Leisure & Hospitality sectors experienced the greatest gains in the number of jobs among the major sectors, adding 41,700 and 11,900 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 68,000 jobs (1.6%) over the December 2017 level. Private-sector service-providing employment in New York City increased by 68,000 jobs (1.8%), the 106th consecutive month of year-to-year improvement.

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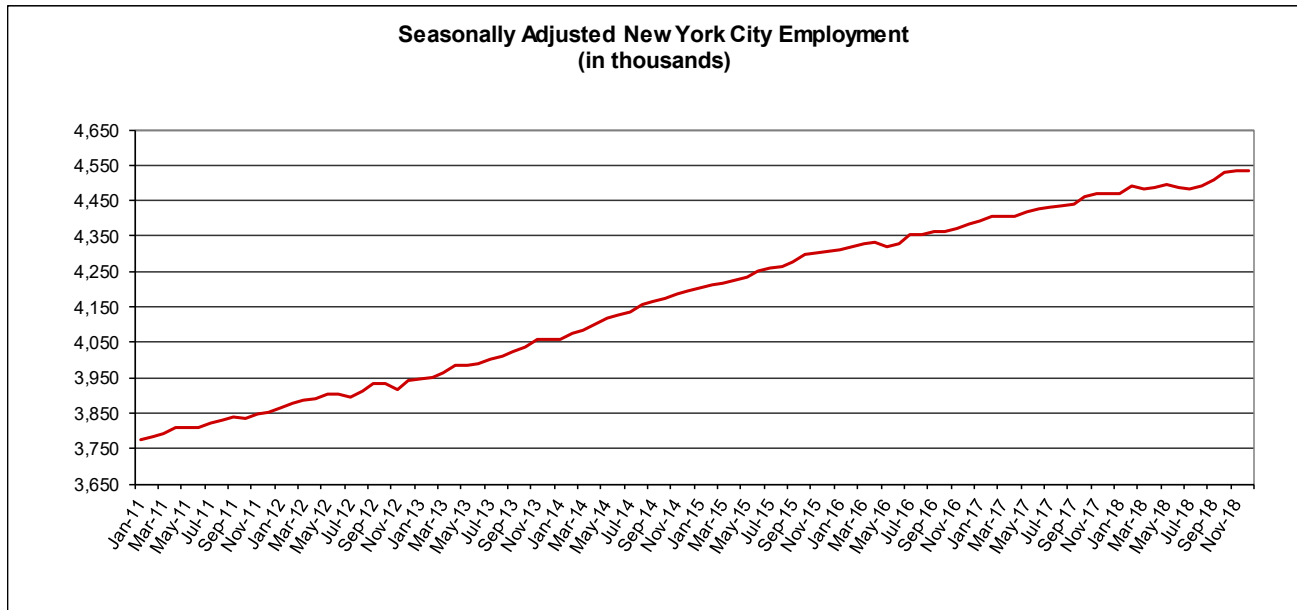
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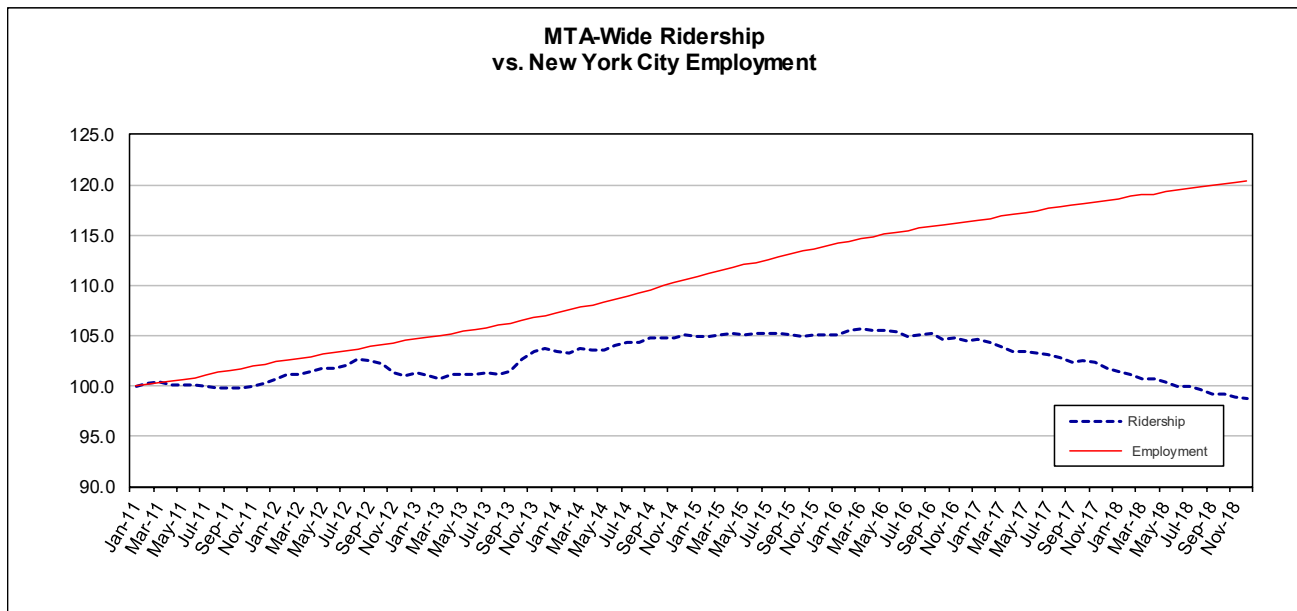
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In December 2018, seasonally adjusted New York City employment of 4.54 million was higher than in December 2017 by 67,100 jobs (1.50%), and was lower than the prior month by 100 jobs (0.00%).



Ridership and Employment

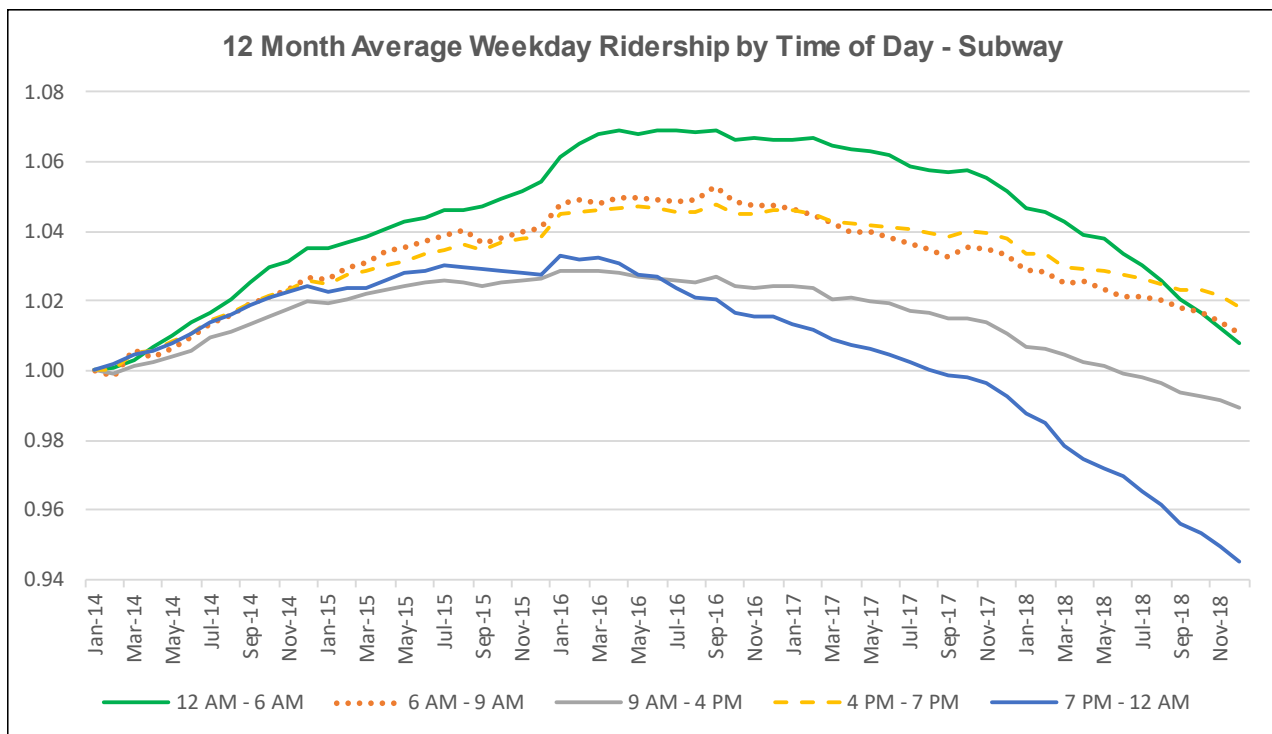
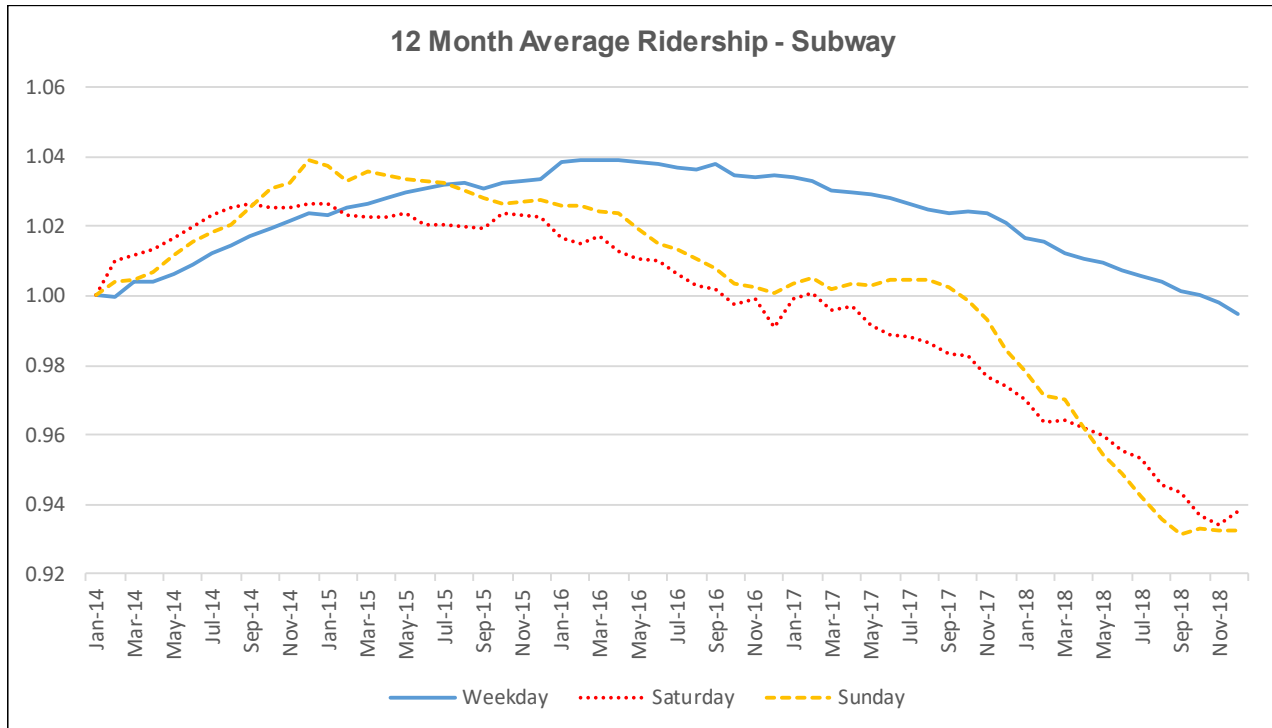
In December 2008, the twelve-month moving average for employment began to decline after increasing in 56 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month employment average has increased with almost no interruption. Considering the more recent period since January 2011, the twelve-month average for employment has increased by 20.4% through December 2018, while the 12-month average MTA-wide ridership has fallen by 1.3%. The twelve-month average for ridership in December 2018 was 3.1% lower than one year earlier.



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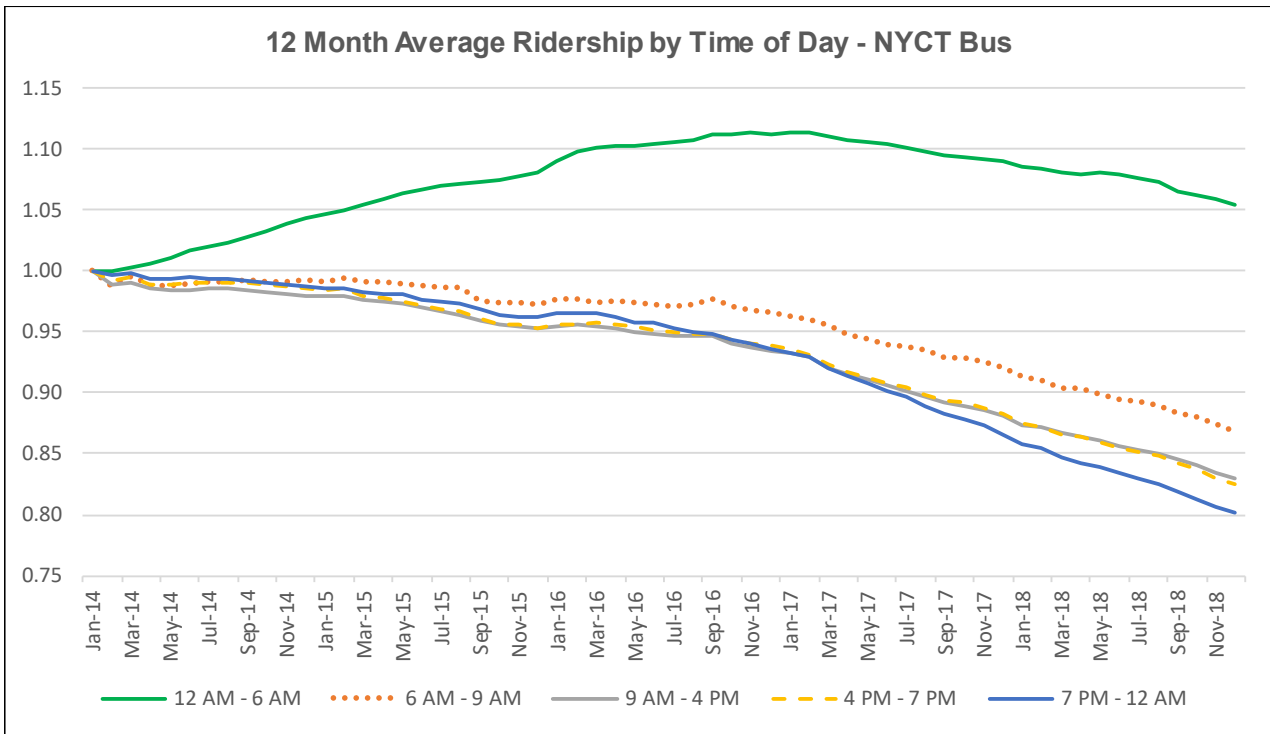
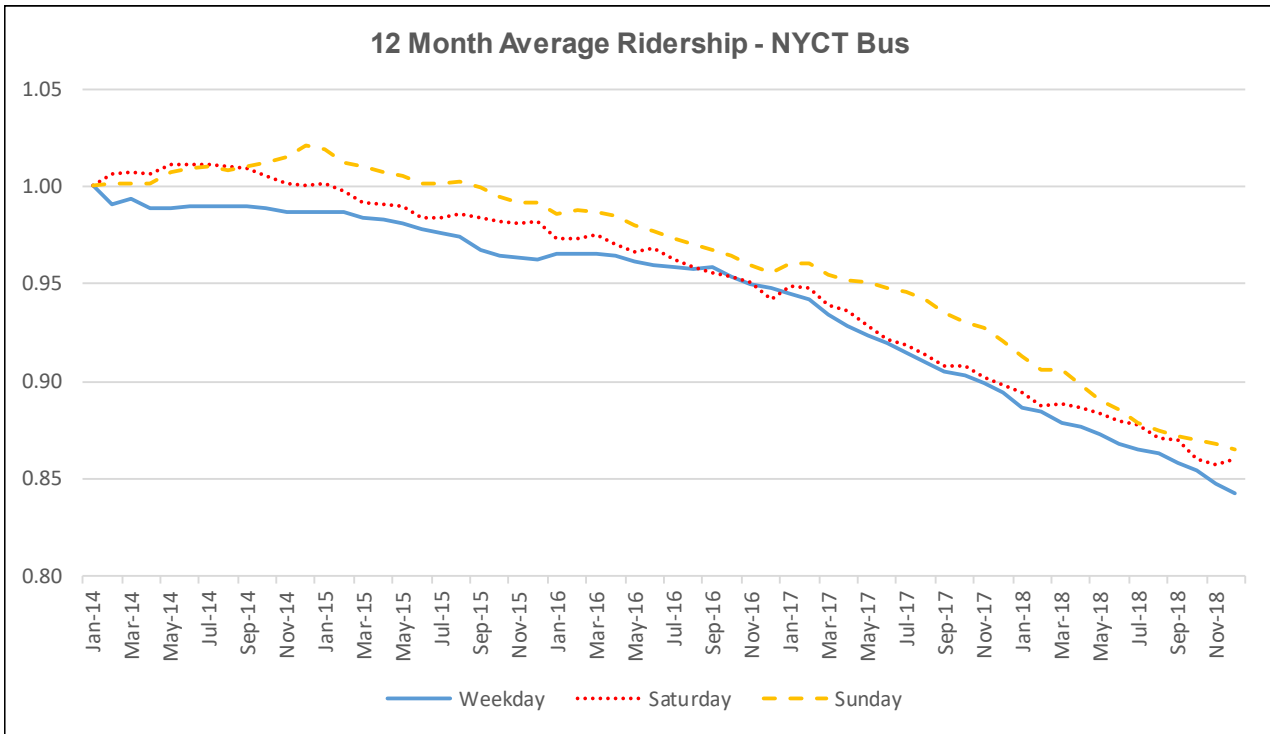
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The following ridership trend graphs depict 12-month averages; for example, the January 2014 data point is the average of February 2013 to January 2014, and the February 2014 data point is the average of March 2013 to February 2014, providing a visual representation of trends over time. Further, data have been standardized to 1.0, allowing for an easier comparison of trends on a single graph.



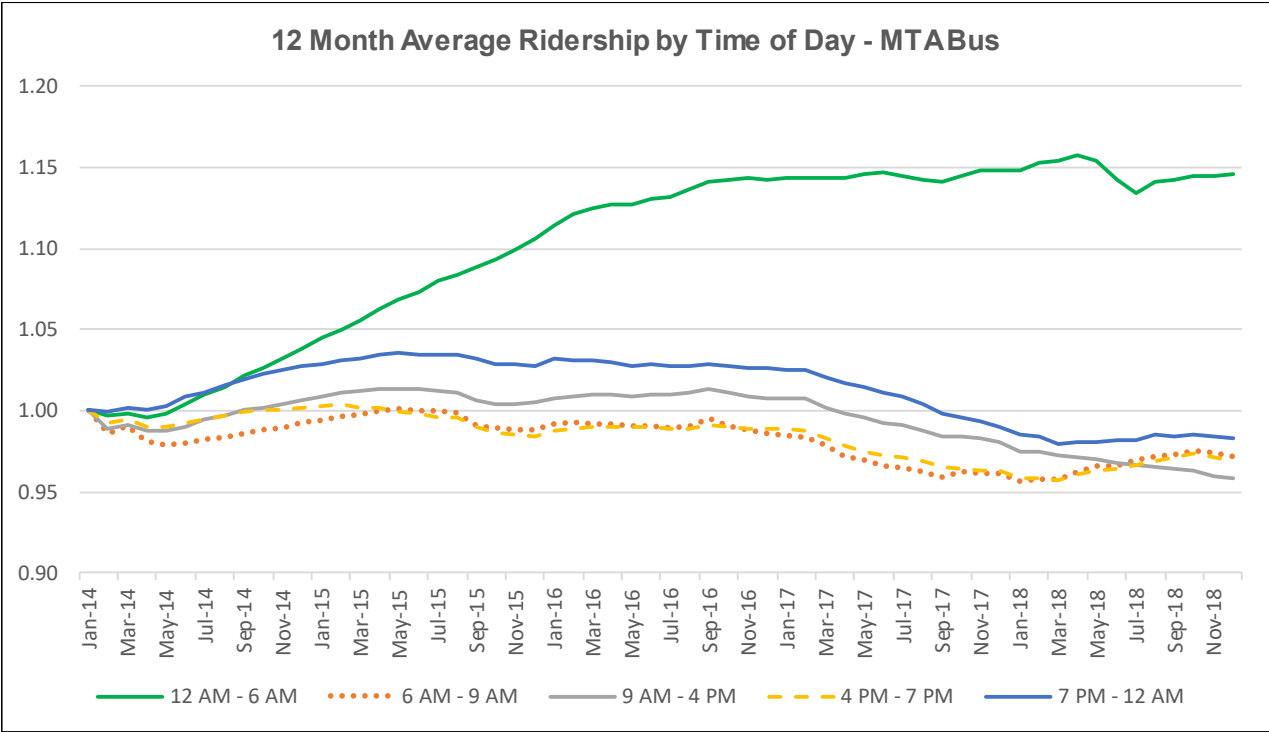
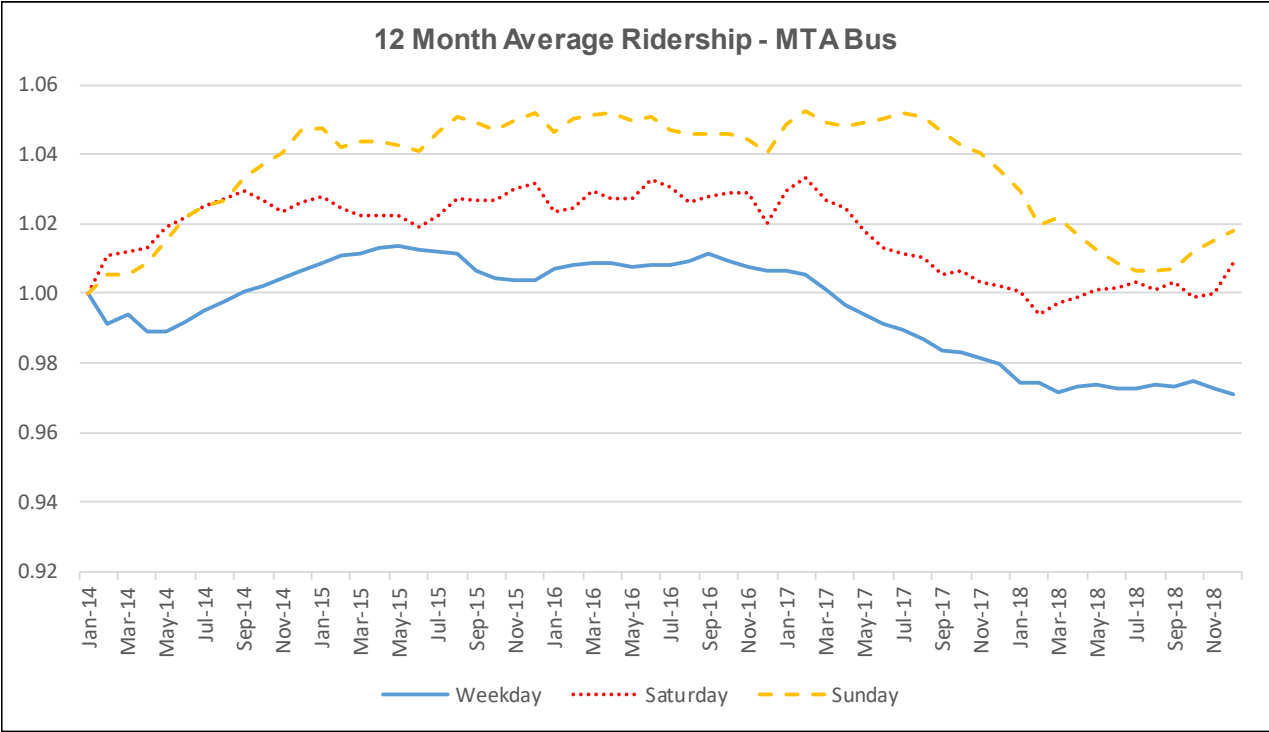
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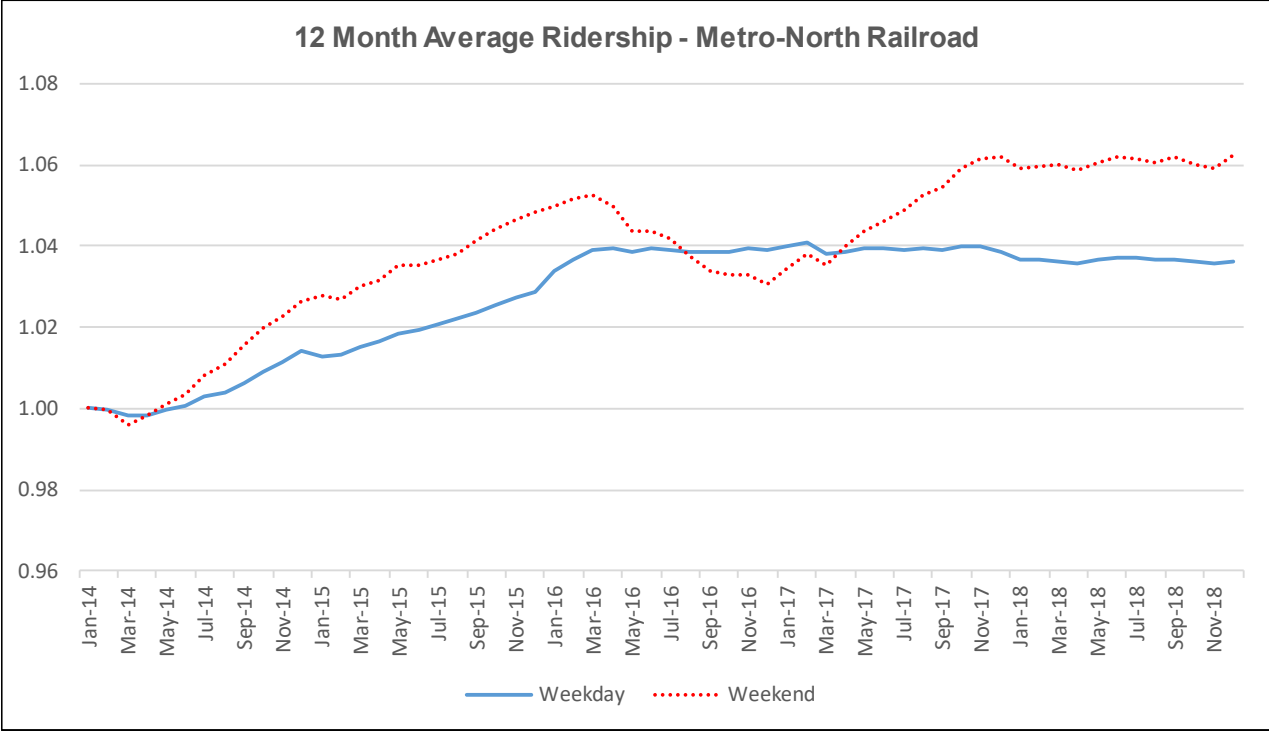
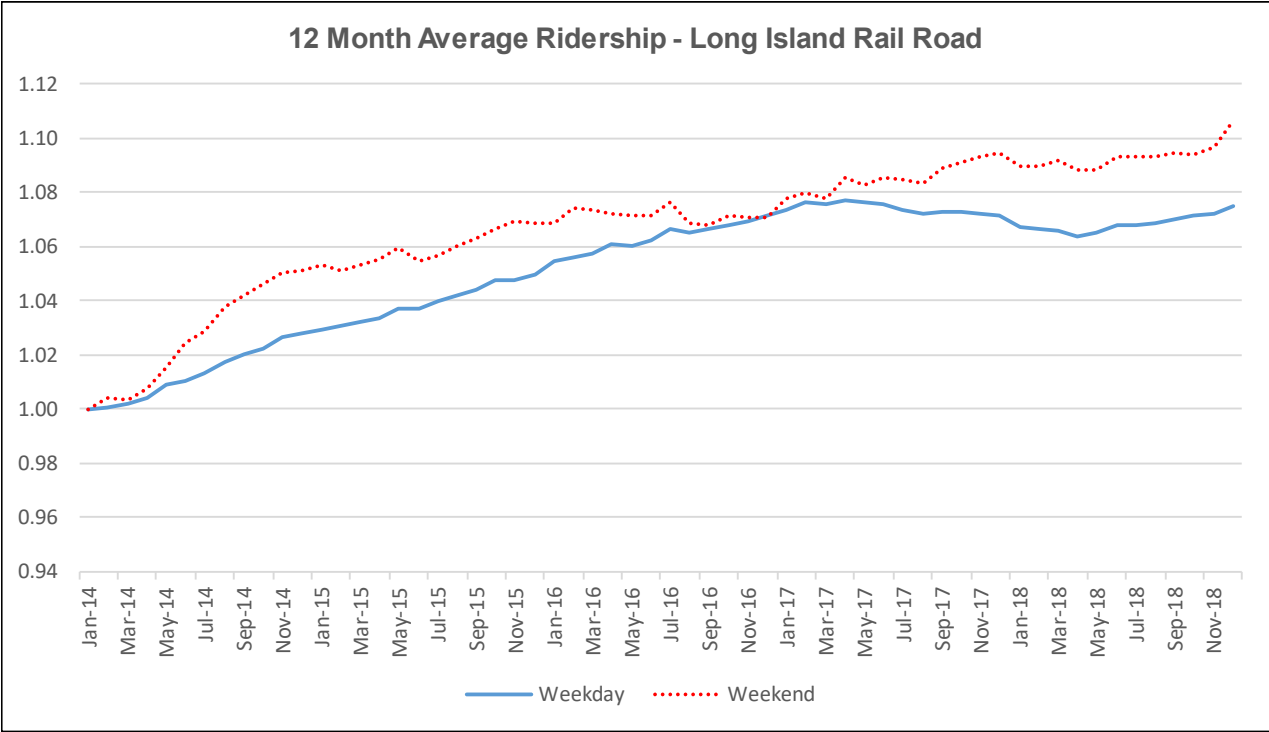
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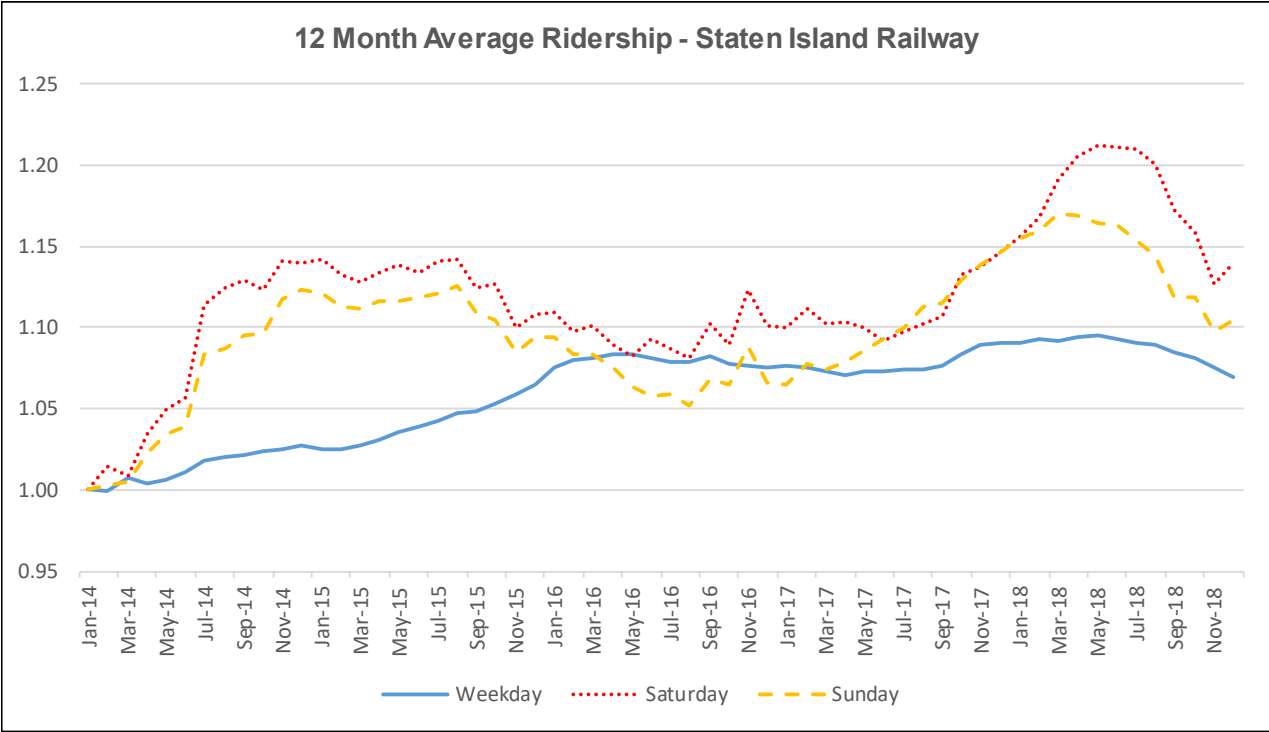
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Consumer Price Index

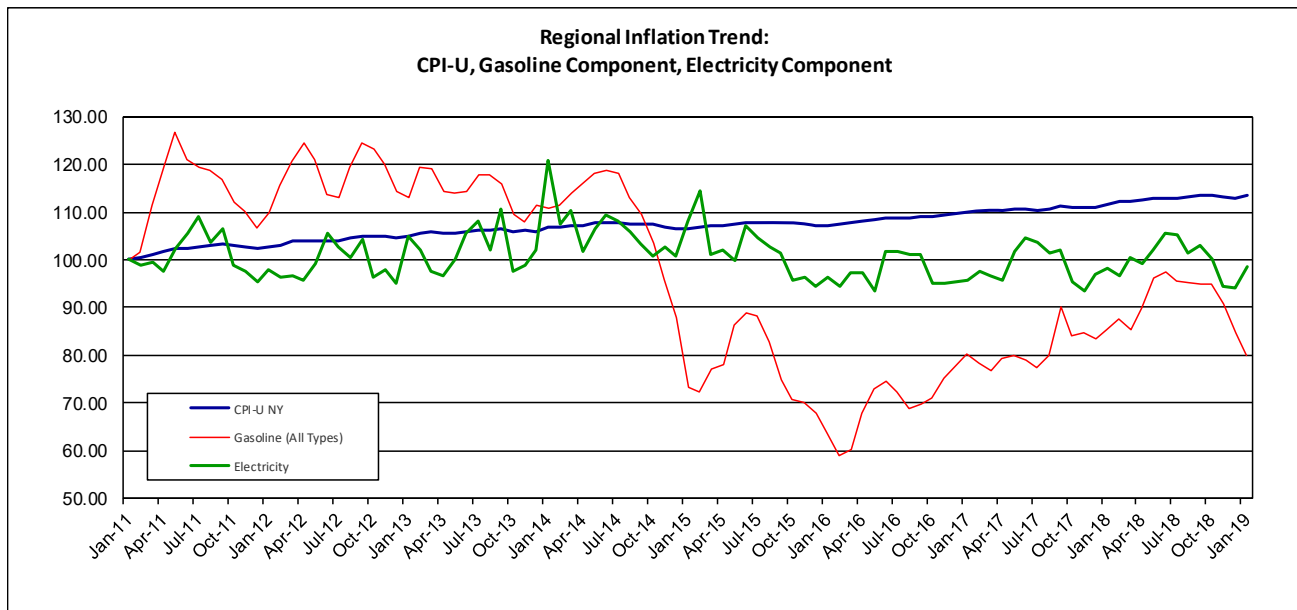
Goods Reporting Month-over-Month Price Increases

- Food
- Medical Care
- Apparel
- Electricity

Goods Reporting Month-over-Month Price Declines

- Transportation
- Gasoline

	Jan-19	Dec-18	Jan-18	Jan-19 versus			
				Dec-18		Jan-18	
				Net	Pct	Net	Pct
Regional CPI-U	275.14	273.84	270.77	1.31	0.5%	4.37	1.6%
Medical Care Component	501.40	497.06	483.36	4.34	0.9%	18.03	3.7%
Electricity Component	179.79	171.54	179.63	8.25	4.8%	0.15	0.1%
Gasoline (all grades) Component	198.22	209.86	212.13	(11.64)	-5.5%	(13.90)	-6.6%
National CPI-U	251.71	251.23	247.87	0.48	0.2%	3.85	1.6%

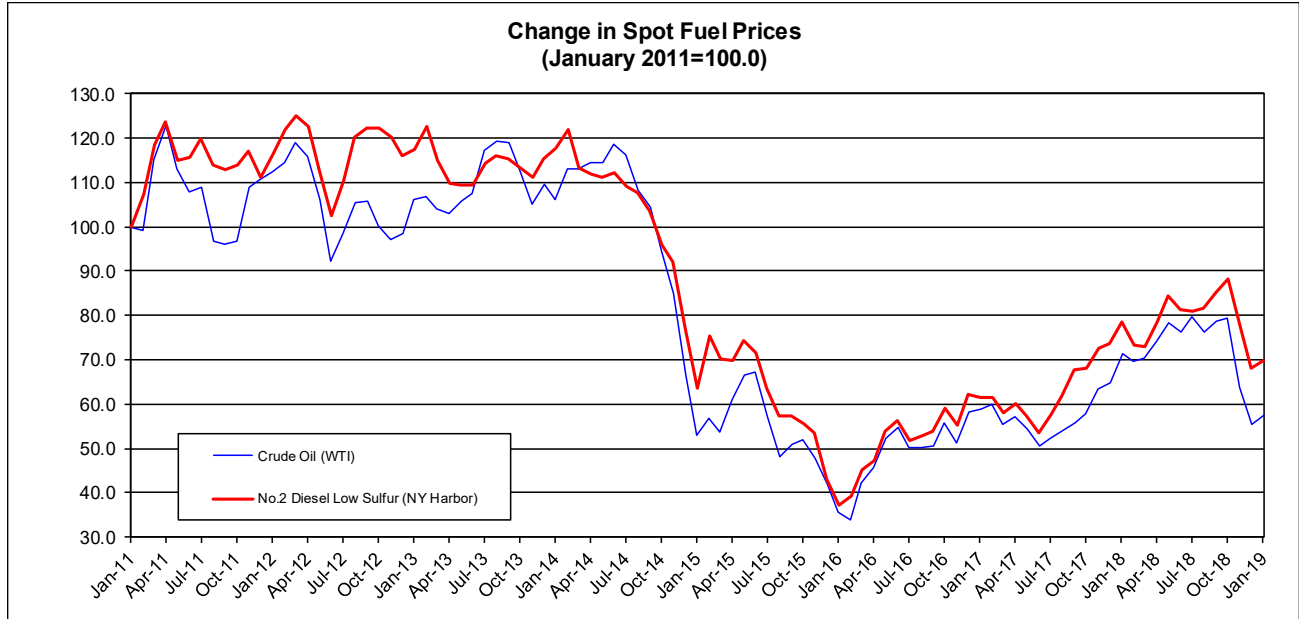


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Jan-19 versus		
	2/11/19	Jan-19	Dec-18	Jan-18	Dec-18	Jan-18
Crude Oil (\$/bbl)	52.43	51.38	49.52	63.70	3.8%	-19.3%
Conventional Regular Gasoline (\$/gal)	1.47	1.43	1.45	1.90	-1.7%	-25.0%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.89	1.85	1.80	2.07	2.5%	-11.0%
No.2 Heating Oil (\$/gal)	1.86	1.82	1.78	2.02	2.0%	-9.8%



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Nassau, Suffolk Employment (in thousands)				Dec-18 versus			
	Prelim Dec-18	Revised Nov-18	Dec-17	Nov-18		Dec-17	
				Net	Percent	Net	Percent
Total Employment	1,377.5	1,373.9	1,359.7	3.6	0.3%	17.8	1.3%
Goods Producing	160.3	159.6	150.9	0.7	0.4%	9.4	6.2%
Construction, Mining, Nat Res	89.7	88.8	79.6	0.9	1.0%	10.1	12.7%
Manufacturing	70.6	70.8	71.3	-0.2	-0.3%	-0.7	-1.0%
Service Providing	1,217.2	1,214.3	1,208.8	2.9	0.2%	8.4	0.7%
Transportation, Utilities	47.9	46.0	47.0	1.9	4.1%	0.9	1.9%
Trade	238.6	237.4	241.2	1.2	0.5%	-2.6	-1.1%
Information	17.7	17.7	18.4	0.0	0.0%	-0.7	-3.8%
Financial Activities	69.4	69.5	72.3	-0.1	-0.1%	-2.9	-4.0%
Professional & Business Svcs	178.9	177.6	177.4	1.3	0.7%	1.5	0.8%
Education & Health Svcs	278.8	277.9	268.5	0.9	0.3%	10.3	3.8%
Leisure & Hospitality	124.9	126.7	123.7	-1.8	-1.4%	1.2	1.0%
Other Services	61.1	62.3	60.1	-1.2	-1.9%	1.0	1.7%
Government	199.9	199.2	200.2	0.7	0.4%	-0.3	-0.1%

Orange, Rockland, Westchester Employment (in thousands)				Dec-18 versus			
	Prelim Dec-18	Revised Nov-18	Dec-17	Nov-18		Dec-17	
				Net	Percent	Net	Percent
Total Employment	730.4	732.0	727.1	-1.6	-0.2%	3.3	0.5%
Goods Producing	70.5	71.4	70.4	-0.9	-1.3%	0.1	0.1%
Construction, Mining, Nat Res	41.9	43.0	41.5	-1.1	-2.6%	0.4	1.0%
Manufacturing	28.6	28.4	28.9	0.2	0.7%	-0.3	-1.0%
Service Providing	659.9	660.6	656.7	-0.7	-0.1%	3.2	0.5%
Transportation, Utilities	26.4	26.3	27.4	0.1	0.4%	-1.0	-3.6%
Trade	120.2	119.2	122.2	1.0	0.8%	-2.0	-1.6%
Information	11.4	11.4	11.8	0.0	0.0%	-0.4	-3.4%
Financial Activities	37.8	37.6	37.9	0.2	0.5%	-0.1	-0.3%
Professional & Business Svcs	95.6	96.9	94.0	-1.3	-1.3%	1.6	1.7%
Education & Health Svcs	161.3	160.6	157.2	0.7	0.4%	4.1	2.6%
Leisure & Hospitality	62.1	63.2	61.8	-1.1	-1.7%	0.3	0.5%
Other Services	32.1	32.2	32.7	-0.1	-0.3%	-0.6	-1.8%
Government	113.0	113.2	111.7	-0.2	-0.2%	1.3	1.2%

Dutchess, Putnam Employment (in thousands)				Dec-18 versus			
	Prelim Dec-18	Revised Nov-18	Dec-17	Nov-18		Dec-17	
				Net	Percent	Net	Percent
Total Employment	154.6	154.3	151.8	0.3	0.2%	2.8	1.8%
Goods Producing	17.6	17.7	17.6	-0.1	-0.6%	0.0	0.0%
Construction, Mining, Nat Res	8.4	8.5	8.0	-0.1	-1.2%	0.4	5.0%
Manufacturing	9.2	9.2	9.6	0.0	0.0%	-0.4	-4.2%
Service Providing	137.0	136.6	134.2	0.4	0.3%	2.8	2.1%
Transportation, Utilities	4.6	4.5	4.5	0.1	2.2%	0.1	2.2%
Trade	20.4	20.1	20.5	0.3	1.5%	-0.1	-0.5%
Information	1.8	1.8	1.9	0.0	0.0%	-0.1	-5.3%
Financial Activities	4.8	4.8	4.8	0.0	0.0%	0.0	0.0%
Professional & Business Svcs	13.2	13.2	12.7	0.0	0.0%	0.5	3.9%
Education & Health Svcs	43.6	43.6	41.1	0.0	0.0%	2.5	6.1%
Leisure & Hospitality	14.7	14.8	14.9	-0.1	-0.7%	-0.2	-1.3%
Other Services	7.3	7.3	7.2	0.0	0.0%	0.1	1.4%
Government	26.6	26.5	26.6	0.1	0.4%	0.0	0.0%

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