

BUDGETWATCH

March 2016 Flash Report

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

Overall results through February were slightly favorable. Net operating results in January 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); however, some of those expenses will be reflected in February results (reported below in this month's Budgetwatch). Debt service expenses were also favorable for the month. 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.

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

Overall, preliminary net results were positive for the month and YTD.

Operating results, encompassing passenger fares, toll revenues and operating expenses, were favorable both for the month and YTD in most categories; however, subway and bus revenue continued to be adversely impacted by snowfall and low temperatures. Toll revenue remained favorable due to low gas prices. YTD expenses were \$64.7 million, or 3.6%, favorable to Budget, largely attributable to lower energy prices and the timing of contractual services.

YTD debt service costs were favorable due to lower than budgeted variable rates, the refunding of Transportation Revenue and TBTA Senior bonds, and the timing of new issuances. When adjusted for a known PMT timing lag, YTD subsidies were roughly on target; favorable Urban Tax receipts were offset by lower receipts of PBT and MTA Aid.

Passenger and Toll Revenues

	YTD February 2016 (\$ in millions)				Month of February 2016 (\$ in millions)				
	Actual	Adopted Budget	Diff	% Diff	Actual	Adopted Budget	Diff	% Diff	
NYCT:					NYCT:				
Subway	\$512.7	\$537.2	(\$24.4)	-4.5%	Subway	\$256.6	\$269.8	(\$13.2)	-4.9%
Bus	147.2	153.4	(6.2)	-4.0%	Bus	75.0	77.1	(2.2)	-2.8%
Other	<u>13.0</u>	<u>13.3</u>	<u>(0.3)</u>	<u>-2.4%</u>	Other	<u>6.5</u>	<u>6.6</u>	<u>(0.1)</u>	<u>-1.8%</u>
NYCT	\$672.9	\$703.8	(\$30.9)	-4.4%	NYCT	\$338.1	\$353.5	(\$15.4)	-4.4%
MTA Bus	32.0	33.2	(1.2)	-3.6%	MTA Bus	16.2	16.8	(0.5)	-3.0%
LIRR	106.9	106.3	0.6	0.5%	LIRR	53.1	52.4	0.8	1.5%
MNR	<u>104.7</u>	<u>103.0</u>	<u>1.7</u>	<u>1.7%</u>	MNR	<u>51.5</u>	<u>49.7</u>	<u>1.8</u>	<u>3.6%</u>
Sub-total	\$916.4	\$946.3	(\$29.9)	-3.2%	Sub-total	\$459.0	\$472.3	(\$13.3)	-2.8%
B&T	<u>271.2</u>	<u>256.0</u>	<u>15.2</u>	<u>5.9%</u>	B&T	<u>135.7</u>	<u>123.7</u>	<u>12.1</u>	<u>9.7%</u>
Total	\$1,187.6	\$1,202.3	(\$14.7)	-1.2%	Total	\$594.7	\$596.0	(\$1.3)	-0.2%

For the month, **passenger revenues** were unfavorable by \$13.3 million, or 2.8%, mostly due to lower subway ridership believed to have resulted from extremely low temperatures during the three-day Presidents' Day weekend (when average daily temperatures were below normal by 21 degrees on Saturday, by 28 degrees on Sunday, and by 11 degrees on Monday). Revenue was slightly better than budget at the Commuter Railroads mainly due to higher non-commutation ridership at MNR and higher total ridership at the LIRR, while bus revenue was slightly worse at both NYCT and MTA Bus due to inclement weather. Overall, YTD results were worse than Budget, with lower farebox revenue at NYCT and MTA Bus attributable to inclement weather, only slightly offset by favorable results at the Commuter Railroads. **Toll revenues** were favorable for both the month and YTD, reflecting higher than anticipated traffic levels resulting from low gas prices.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD February 2016 (\$ in millions)					Month of February 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	%Diff		Actual	Budget	Diff	%Diff
NYCT	\$1,125.1	\$1,147.7	\$22.6	2.0%	NYCT	\$558.9	\$569.2	\$10.4	1.8%
MTA Bus	102.1	109.5	7.3	6.7%	MTA Bus	50.4	53.4	3.0	5.7%
LIRR	232.6	249.8	17.2	6.9%	LIRR	116.5	124.7	8.2	6.6%
MNR	194.0	206.1	12.1	5.9%	MNR	95.1	102.1	7.0	6.9%
B&T	68.1	73.6	5.4	7.4%	B&T	34.3	35.9	1.6	4.5%
Total	\$1,722.0	\$1,786.7	\$64.7	3.6%	Total	\$855.2	\$885.4	\$30.2	3.4%

Overall expenses for February were lower than Budget by \$30.2 million, or 3.4%. NYCT was favorable by 1.8%, mostly due to lower expenses for energy, fringe benefits, contractual services (timing) and payroll (partly offset by higher overtime). The LIRR was favorable by 6.6%, mainly due to lower expenses for labor, materials and supplies, and electric power, which was partly offset by higher maintenance expense. MNR was favorable by 6.9%, mainly due to lower energy and contracted services expenses (timing). MTA Bus was favorable by 5.7%, largely due to fuel, maintenance and professional services (timing). B&T was favorable by 4.5%, largely due to vacancies and lower overtime.

Overall, YTD preliminary expenses were \$64.7 million, or 3.6%, favorable to Budget, largely attributable to lower energy prices and the timing of costs for contractual services. NYCT was favorable by 2.0%, reflecting lower energy, paratransit, professional services and materials and supplies expenses, partly offset by higher overtime resulting from Jonas and several days of inclement weather in February. The LIRR was favorable by 6.9%, reflecting lower labor, materials and supplies (timing), and electric power expenses, partly offset by higher maintenance expenses. MNR was favorable by \$5.9%, mainly due to lower electric power, fuel, and contracted services expenses (timing), as well as lower subsidy payments to NJT for West-of-Hudson operations. MTA Bus was favorable by 6.7%, mostly due to lower costs for fuel, maintenance and professional services (timing). B&T was favorable by 7.4%, mainly due to vacancies and lower overtime.

Overtime

YTD February 2016 (\$ in millions)					Month of February 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	%Diff		Actual	Budget	Diff	%Diff
NYCT	\$82.4	\$74.1	(\$8.3)	-11.2%	NYCT	\$41.5	\$36.1	(\$5.4)	-15.0%
MTA Bus	8.8	9.0	0.2	2.5%	MTA Bus	4.5	4.4	(0.1)	-3.4%
LIRR	22.3	22.4	0.1	0.4%	LIRR	10.2	12.2	2.0	16.4%
MNR	15.8	17.0	1.2	7.1%	MNR	7.7	8.2	0.5	6.1%
B&T	3.6	4.9	1.3	26.5%	B&T	1.9	2.4	0.5	21.7%
Total	\$132.9	\$127.4	(\$5.5)	-4.3%	Total	\$65.9	\$63.3	(\$2.5)	-4.0%

Preliminary overtime expenses for the month were \$2.5 million, or 4.0%, unfavorable to Budget mainly reflecting costs for Jonas that were not booked until February. Unfavorable results at NYCT and MTA Bus were largely attributable to Jonas and vacancies, and were partly offset by favorable results at the LIRR, MNR and B&T. On a YTD basis, preliminary overtime expenses were \$5.5 million, or 4.3%, unfavorable to Budget. Unfavorable results at NYCT primarily reflect weather-related (Jonas) overtime, while favorable results at Metro-North was due to improved availability from a recently graduated conductor class and fewer-than-budgeted winter weather events. Favorable results at B&T were mostly due to lower-than-budgeted overtime required across a number of categories.

Debt Service

Debt service for February was \$200.0 million, which was \$33.2 million, or 14.2%, favorable to budget; on a YTD basis, debt service was \$409.7 million, which was \$56.8 million, or 12.2%, favorable to budget. Both February and YTD variances reflect lower than budgeted variable rates, the refunding of Transportation Revenue and TBTA Senior bonds, and the timing of new issuances.

State Dedicated Taxes and Fees

YTD March 2016 (\$ in millions)					Month of March 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	148.3	155.1	(6.8)	-4.4%	PBT	44.2	44.3	(0.2)	-0.4%
PMT ¹	405.6	415.7	(10.1)	-2.4%	PMT ¹	115.4	109.2	6.2	5.7%
MTA Aid ²	68.4	71.4	(3.0)	-4.2%	MTA Aid ²	68.4	71.4	(3.0)	-4.2%
Total	\$622.3	\$642.2	(19.9)	-3.1%	Total	\$228.0	\$224.8	3.1	1.4%

The first MMTOA payment for the year is not expected until May. Petroleum Business Tax (PBT) receipts for March were \$0.2 million (0.4%) unfavorable; YTD was unfavorable by \$6.8 million (4.4%). The unpredictability of month to-month PBT receipts makes it difficult to ascertain if the unfavorable YTD variance is 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.

March Payroll Mobility Tax (PMT) receipts were \$6.2 million (5.7%) favorable which decreased the level of the YTD unfavorable variance to \$10.1 million (2.4%). It is important to note that the March payment reflects an incomplete month of receipts due to the annual unavailability of the State accounting system while year-end updates are processed. This year that process began one week earlier than expected, resulting in a lag of those receipts into April. Had the March payment included the collections for that week, YTD results would be very close to budget. The first quarter receipt of MTA Aid receipts was \$3.0 million, or 4.2%, unfavorable.

Real Estate Transaction Taxes

YTD March 2016 (\$ in millions)					Month of March 2016 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	%Diff		Actual	Budget	Diff	%Diff
MRT	\$111.6	\$111.8	(\$0.2)	-0.2%	MRT	\$37.6	\$37.3	\$0.4	0.9%
NYC Urban	\$255.6	244.1	\$11.5	4.7%	NYC Urban	\$82.1	65.5	\$16.6	25.4%
Total	\$367.2	\$355.9	\$11.3	3.2%	Total	\$119.7	\$102.7	\$17.0	16.5%

Total real estate transaction taxes for March were \$17.0 million (16.5%) favorable to budget, with the YTD variance favorable by \$11.3 million (3.2%). When compared with last year, real estate taxes are lower by \$3.0 million (0.8%); Urban Tax is off last year's level by \$12.8 million, or 4.8%, while MRT is running ahead of last year by \$9.8 million, or 9.7%.

Regional Mortgage Recording Tax³ receipts for March were \$0.4 million, or 0.9%, higher than forecast; MRT-1 was favorable by \$1.4 million, and MRT-2 receipts were unfavorable by \$1.1 million. YTD MRT receipts were unfavorable by \$0.2 million, or 0.2%, with MRT-1 receipts \$2.4 million favorable and MRT-2 receipts 2.6 million unfavorable.

New York City Urban Tax⁴ receipts for March were \$16.6 million, or 25.4%, favorable, making YTD Urban Tax receipts \$11.5 million (4.7%) favorable. For March, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was favorable by \$10.5 million, or 24.0%, while the MRT portion of the Urban Tax was \$6.1 million or 28.2% favorable. A single transaction, recorded in March, accounted for \$21.8 million of the March Urban Tax receipts.

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.

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
- Information
- Professional and Business Services
- Leisure and Hospitality
- Government
- Transportation, Utilities
- Financial Activities
- Education and Health Services
- Other Services
- Manufacturing

Sectors with Year-over-Year Employment Losses

- Trade

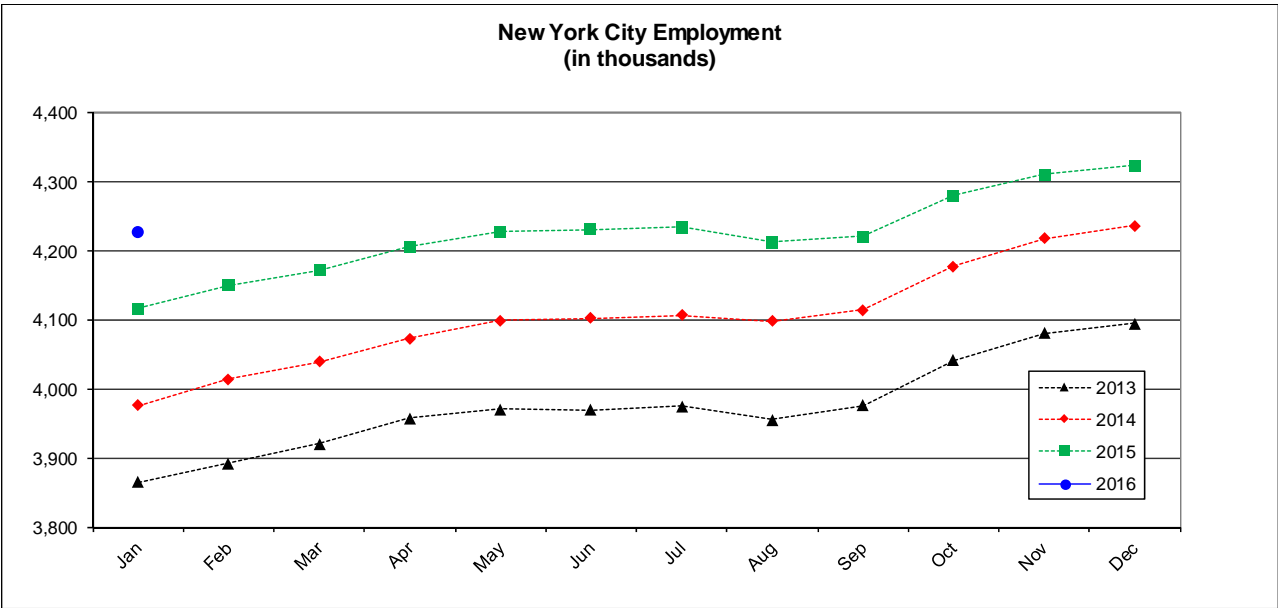
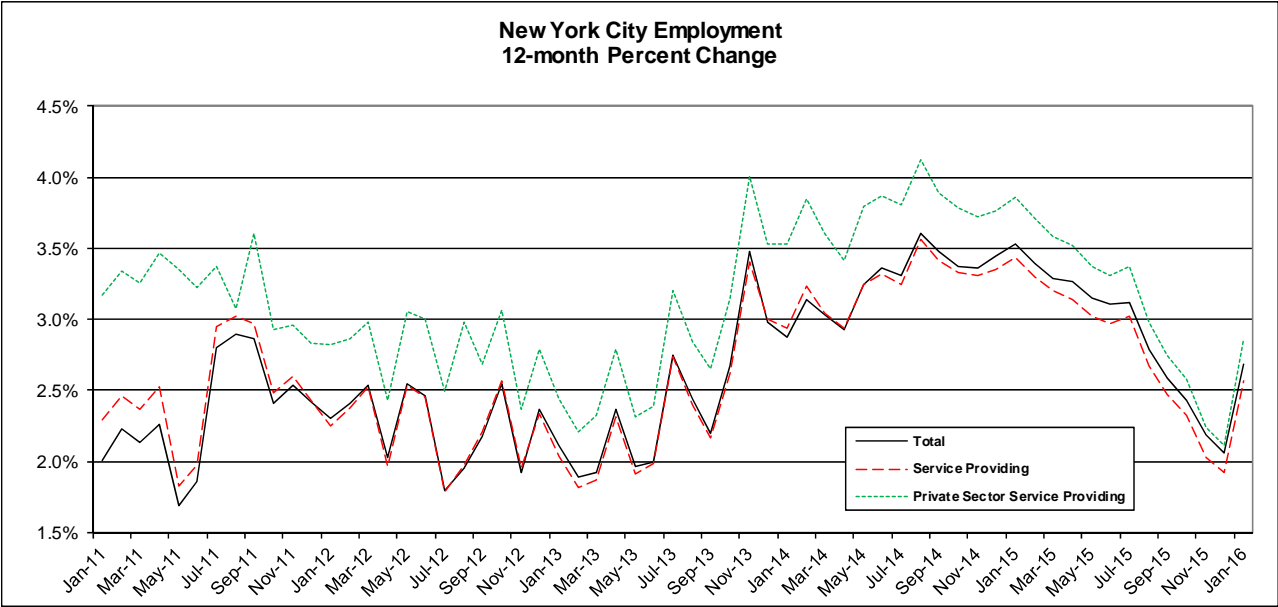
New York City Employment (in thousands)				Jan-16 versus			
	Prelim Jan-16	Revised Dec-15	Jan-15	Dec-15		Jan-15	
				Net	Pct	Net	Pct
Total Employment	4,227.0	4,323.2	4,116.4	(96.2)	-2.2%	110.6	2.7%
Goods Producing	214.6	221.5	204.4	(6.9)	-3.1%	10.2	5.0%
Construction, Mining, Nat Res	135.5	142.4	128.4	(6.9)	-4.8%	7.1	5.5%
Manufacturing	79.1	79.1	76.0	0.0	0.0%	3.1	4.1%
Service Providing	4,012.4	4,101.7	3,912.0	(89.3)	-2.2%	100.4	2.6%
Transportation, Utilities	134.9	139.5	130.5	(4.6)	-3.3%	4.4	3.4%
Trade	493.1	508.2	495.2	(15.1)	-3.0%	(2.1)	-0.4%
Information	188.4	193.7	184.2	(5.3)	-2.7%	4.2	2.3%
Financial Activities	456.5	464.4	450.9	(7.9)	-1.7%	5.6	1.2%
Professional & Business Svcs	709.1	719.4	677.2	(10.3)	-1.4%	31.9	4.7%
Education & Health Svcs	888.9	898.8	852.1	(9.9)	-1.1%	36.8	4.3%
Leisure & Hospitality	417.2	433.5	404.0	(16.3)	-3.8%	13.2	3.3%
Other Services	185.0	188.0	182.2	(3.0)	-1.6%	2.8	1.5%
Government	539.3	556.2	535.7	(16.9)	-3.0%	3.6	0.7%

Preliminary January 2016 employment in New York City shows a gain of 110.6 thousand jobs (2.7%) compared to last January's employment level. This marks the sixty-sixth 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 36,800 and 31,900 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 100.4 thousand jobs (2.6%) over the January 2015 level. Private-sector service-providing employment in New York City increased by 96.8 thousand jobs (2.9%), the seventy-first consecutive month of year-to-year improvement.

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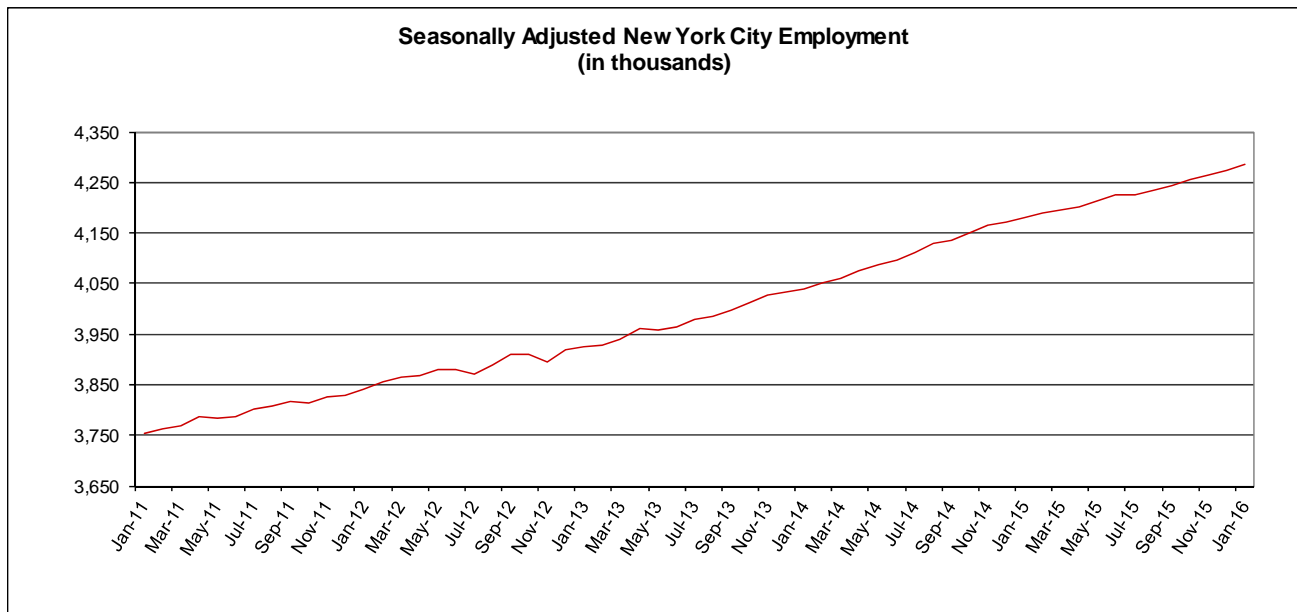
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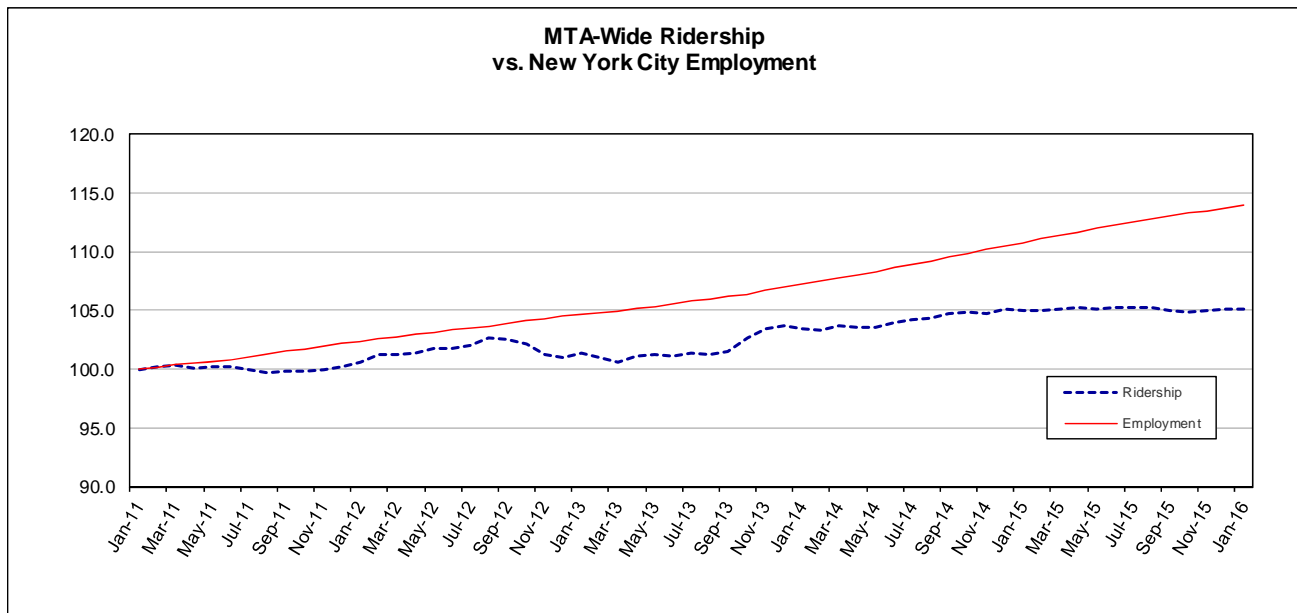
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In January, seasonally adjusted New York City employment of 4.3 million was higher than in January 2015 by 104.5 thousand jobs (2.5%), and was higher than last month by 13.3 thousand jobs (0.3%).



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 13.9%, annualized (12-month average) MTA-wide ridership has grown by 5.1%. The twelve-month average for ridership in January 2016 was 0.2% higher than one year earlier.



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Consumer Price Index

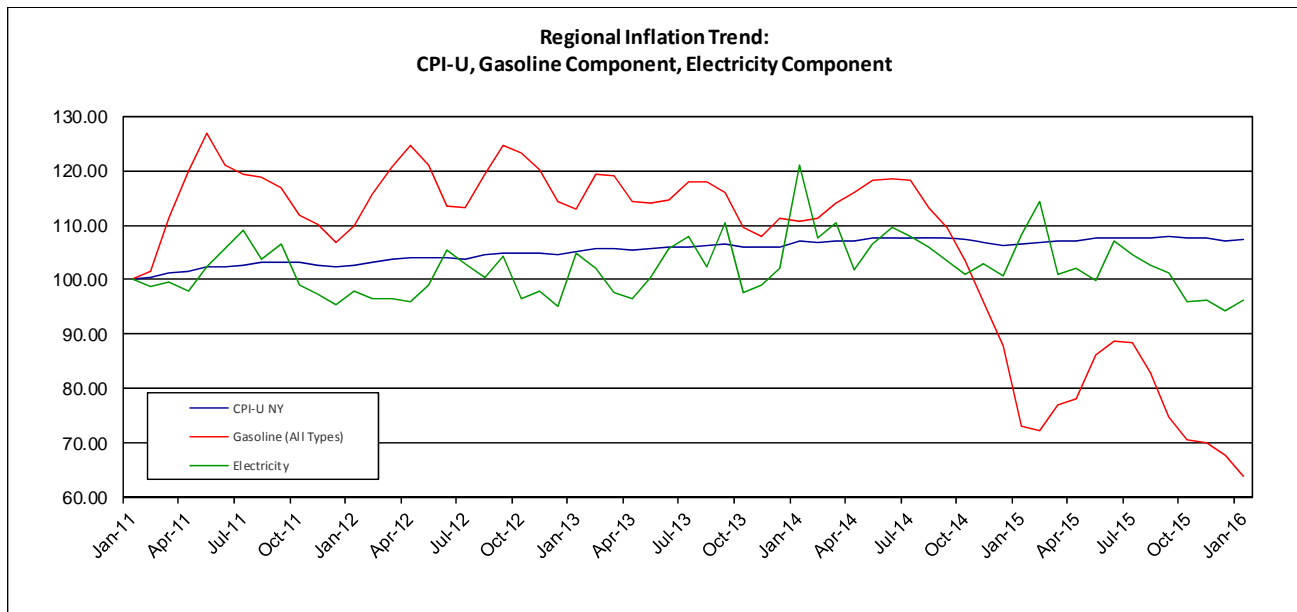
Goods Reporting Month-over-Month Price Increases

- Apparel
- Food
- Electricity
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Gasoline
- Transportation

	Jan-16 versus						
	Jan-16	Dec-15	Jan-15	Dec-15		Jan-15	
				Net	Pct	Net	Pct
Regional CPI-U	260.34	259.94	258.38	0.40	0.2%	1.97	0.8%
Medical Care Component	451.77	445.72	445.92	6.05	1.4%	5.86	1.3%
Electricity Component	175.77	172.14	197.38	3.63	2.1%	(21.62)	-11.0%
Gasoline (all grades) Component	158.36	168.38	181.61	(10.03)	-6.0%	(23.26)	-12.8%
National CPI-U	236.92	236.53	233.71	0.39	0.2%	3.21	1.4%

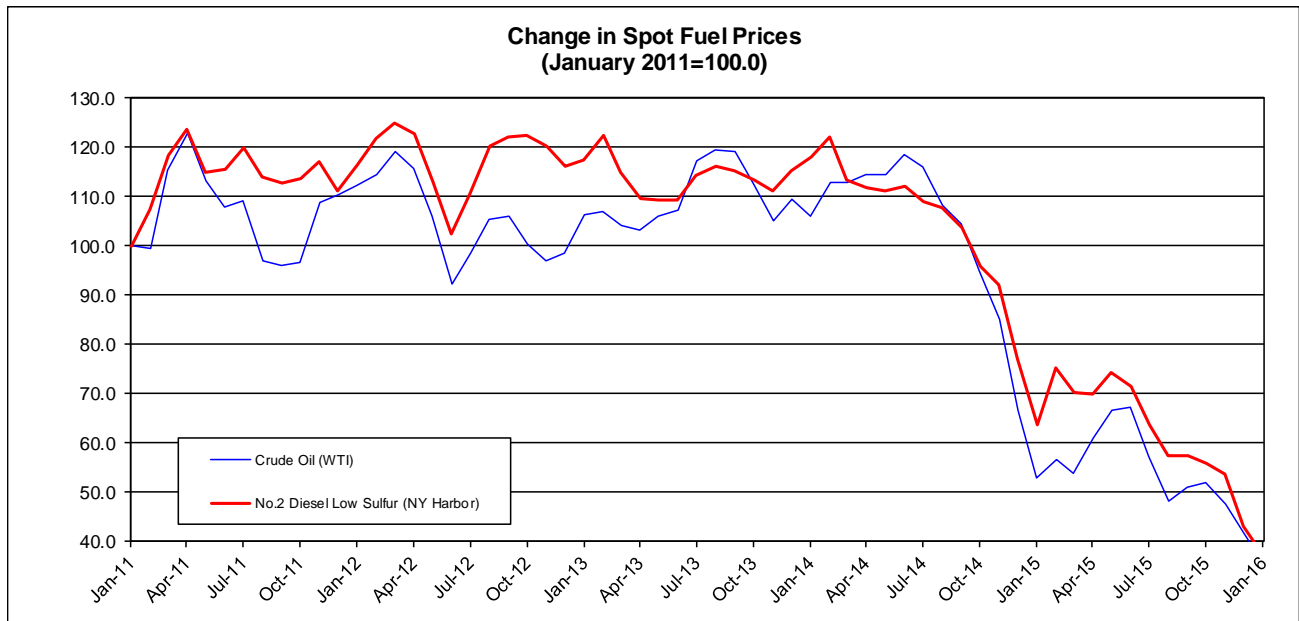


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Regional Economy Report

Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price			Jan-16 versus		
	03/07/16	Jan-16	Dec-15	Jan-15	Dec-15	Jan-15
Crude Oil (\$/bbl)	37.90	31.68	37.19	47.22	-14.8%	-32.9%
Conventional Regular Gasoline (\$/gal)	1.10	1.12	1.28	1.36	-12.1%	-17.8%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.21	0.98	1.14	1.68	-14.0%	-41.7%
No.2 Heating Oil (\$/gal)	1.15	0.94	1.04	1.62	-9.5%	-41.9%



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Regional Economy Report

Nassau, Suffolk Employment (in thousands)				Jan-16 versus			
	Prelim Jan-16	Revised Dec-15	Jan-15	Dec-15		Jan-15	
				Net	Percent	Net	Percent
Total Employment	1,277.8	1,324.8	1,259.1	-47.0	-3.5%	18.7	1.5%
Goods Producing	139.1	145.1	137.0	-6.0	-4.1%	2.1	1.5%
Construction, Mining, Nat Res	67.3	73.0	66.5	-5.7	-7.8%	0.8	1.2%
Manufacturing	71.8	72.1	70.5	-0.3	-0.4%	1.3	1.8%
Service Providing	1,138.7	1,179.7	1,122.1	-41.0	-3.5%	16.6	1.5%
Transportation, Utilities	41.7	43.9	41.1	-2.2	-5.0%	0.6	1.5%
Trade	227.8	235.7	230.5	-7.9	-3.4%	-2.7	-1.2%
Information	19.9	20.2	21.1	-0.3	-1.5%	-1.2	-5.7%
Financial Activities	73.6	73.8	72.4	-0.2	-0.3%	1.2	1.7%
Professional & Business Svcs	165.1	173.5	162.1	-8.4	-4.8%	3.0	1.9%
Education & Health Svcs	247.9	256.1	242.2	-8.2	-3.2%	5.7	2.4%
Leisure & Hospitality	111.5	116.5	107.0	-5.0	-4.3%	4.5	4.2%
Other Services	57.6	58.9	56.1	-1.3	-2.2%	1.5	2.7%
Government	193.6	201.1	189.6	-7.5	-3.7%	4.0	2.1%

Orange, Rockland, Westchester Employment (in thousands)				Jan-16 versus			
	Prelim Jan-16	Revised Dec-15	Jan-15	Dec-15		Jan-15	
				Net	Percent	Net	Percent
Total Employment	691.6	714.0	678.0	-22.4	-3.1%	13.6	2.0%
Goods Producing	71.9	74.2	65.0	-2.3	-3.1%	6.9	10.6%
Construction, Mining, Nat Res	42.7	44.5	35.0	-1.8	-4.0%	7.7	22.0%
Manufacturing	29.2	29.7	30.0	-0.5	-1.7%	-0.8	-2.7%
Service Providing	619.7	639.8	613.0	-20.1	-3.1%	6.7	1.1%
Transportation, Utilities	26.0	27.5	24.9	-1.5	-5.5%	1.1	4.4%
Trade	118.9	122.9	118.8	-4.0	-3.3%	0.1	0.1%
Information	13.0	13.3	13.4	-0.3	-2.3%	-0.4	-3.0%
Financial Activities	37.0	37.2	36.8	-0.2	-0.5%	0.2	0.5%
Professional & Business Svcs	85.0	87.5	83.2	-2.5	-2.9%	1.8	2.2%
Education & Health Svcs	145.1	149.4	140.8	-4.3	-2.9%	4.3	3.1%
Leisure & Hospitality	54.6	57.9	58.1	-3.3	-5.7%	-3.5	-6.0%
Other Services	32.0	33.2	30.6	-1.2	-3.6%	1.4	4.6%
Government	108.1	110.9	106.4	-2.8	-2.5%	1.7	1.6%

Dutchess, Putnam Employment (in thousands)				Jan-16 versus			
	Prelim Jan-16	Revised Dec-15	Jan-15	Dec-15		Jan-15	
				Net	Percent	Net	Percent
Total Employment	139.0	146.6	138.8	-7.6	-5.2%	0.2	0.1%
Goods Producing	17.8	18.5	17.6	-0.7	-3.8%	0.2	1.1%
Construction, Mining, Nat Res	7.2	7.7	7.1	-0.5	-6.5%	0.1	1.4%
Manufacturing	10.6	10.8	10.5	-0.2	-1.9%	0.1	1.0%
Service Providing	121.2	128.1	121.2	-6.9	-5.4%	0.0	0.0%
Transportation, Utilities	4.2	4.7	3.9	-0.5	-10.6%	0.3	7.7%
Trade	19.1	19.6	20.0	-0.5	-2.6%	-0.9	-4.5%
Information	2.1	2.1	1.9	0.0	0.0%	0.2	10.5%
Financial Activities	4.8	4.8	4.7	0.0	0.0%	0.1	2.1%
Professional & Business Svcs	11.3	11.5	11.1	-0.2	-1.7%	0.2	1.8%
Education & Health Svcs	35.4	38.7	35.3	-3.3	-8.5%	0.1	0.3%
Leisure & Hospitality	12.2	13.1	12.6	-0.9	-6.9%	-0.4	-3.2%
Other Services	7.0	7.1	6.8	-0.1	-1.4%	0.2	2.9%
Government	25.1	26.5	24.9	-1.4	-5.3%	0.2	0.8%

