

BUDGETWATCH

March 2018 Flash Report

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

Passenger revenues were \$6 million unfavorable in February, increasing the unfavorable YTD variance to \$30 million, the result of low subway and NYCT bus ridership as well as the impact from Winter Storm Grayson in January. MTA Bus was favorable for February, but remained unfavorable YTD, while the Commuter Railroads were close to target for both February and YTD. Toll revenue was favorable by \$3 million in February, increasing the favorable YTD variance to \$7 million.

Preliminary expenses for February and YTD were slightly favorable, reflecting higher labor expenses (including overtime) at NYCT which were offset by favorable results at the other Agencies. Debt Service costs were unfavorable for the month due to the timing of debt service deposits, but remain slightly favorable YTD.

Subsidies in March were unfavorable by \$25.2 million, and the YTD variance was unfavorable by \$17.2 million; included in these variances are an unfavorable timing variance for MTA Aid of approximately \$22 million. Mortgage Recording Tax collections were also unfavorable, both for March and YTD, and were offset by favorable March and YTD results for the Urban Tax and Petroleum Business Tax. Payroll Mobility Tax receipts were on target for March and remain favorable YTD.

Overall, preliminary net results, were on target for the month and YTD. However, the unfavorable results for Passenger Revenue and for the Mortgage Recording Tax are a matter of concern.

Passenger and Toll Revenues

YTD February 2018 (\$ in millions)					Month of February 2018 (\$ 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>
NYCT:					NYCT:				
Subway	\$526.9	\$545.6	(\$18.7)	-3.4%	Subway	\$255.5	\$261.0	(\$5.5)	-2.1%
Bus	144.2	152.4	(8.2)	-5.4%	Bus	71.5	73.1	(1.6)	-2.2%
Other	15.9	16.2	(0.2)	-1.3%	Other	8.0	8.0	(0.1)	-0.7%
NYCT	\$687.1	\$714.1	(\$27.1)	-3.8%	NYCT	\$335.0	\$342.2	(\$7.2)	-2.1%
MTA Bus	32.4	34.8	(2.4)	-6.9%	MTA Bus	17.1	16.8	0.3	2.0%
LIRR	111.7	111.6	0.2	0.1%	LIRR	55.6	55.2	0.4	0.8%
MNR	111.8	112.7	(0.9)	-0.8%	MNR	55.0	54.9	0.1	0.2%
Sub-total	\$943.0	\$973.3	(\$30.3)	-3.1%	Sub-total	\$462.7	\$469.0	(\$6.3)	-1.3%
B&T	283.2	276.6	6.5	2.4%	B&T	136.9	133.5	3.5	2.6%
Total	\$1,226.2	\$1,249.9	(\$23.7)	-1.9%	Total	\$599.6	\$602.4	(\$2.8)	-0.5%

For the month, **passenger revenues** were unfavorable by \$6.3 million, or 1.3%, due to lower subway and NYCT bus ridership. Revenue was slightly better than budget at the Commuter Railroads, reflecting generally higher ridership at the LIRR and higher non-commutation ridership at MNR. The favorable variance at MTA Bus reflects a prior period adjustment. Overall, YTD results fundamentally reflect lower subway and bus ridership, including the impact in January from Winter Storm Grayson. **Toll revenues** were favorable for both the month and YTD, reflecting higher-than-anticipated traffic levels.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD February 2018 (\$ in millions)					Month of February 2018 (\$ 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>
NYCT	\$1,401.7	\$1,379.4	(\$22.3)	-1.6%	NYCT	\$680.5	\$674.3	(\$6.2)	-0.9%
MTA Bus	123.6	126.9	3.3	2.6%	MTA Bus	59.7	59.7	0.0	0.0%
LIRR	251.7	267.6	15.9	5.9%	LIRR	122.2	130.1	7.9	6.1%
MNR	216.1	221.9	5.8	2.6%	MNR	103.5	107.6	4.1	3.8%
B&T	74.3	84.9	10.6	12.5%	B&T	40.0	41.1	1.1	2.7%
Total	\$2,067.4	\$2,080.7	\$13.3	0.6%	Total	\$1,005.9	\$1,012.8	\$6.9	0.7%

Expenses for February were slightly below the Budget by \$6.9 million, or 0.7%. The LIRR was favorable by \$7.9 million, reflecting the impact of lower labor-related expenses caused by vacancies, lower OPEB current costs resulting from fewer

retirees, and higher capital project activity, partly offset by higher FELA Indemnity reserves and payments. Other contributing factors included lower non-labor expenses due to the revised timing of materials and supplies, and lower power consumption, partially offset by prior period adjustments for procured services and maintenance contracts expenses. MNR was \$4.1 million favorable mainly due to the timing of contracted services and lower payroll costs for health and welfare and employee claims. B&T was favorable by \$1.1 million primarily as a result of vacancies. NYCT was \$6.2 million unfavorable mostly due to higher labor expenses (mostly overtime, which is further described below, and partly offset by lower health & welfare/OPEB) as well as non-labor expenses, specifically, materials & supplies and professional services expenses, which were due in part to timing. Total expenses at MTA Bus were on target.

Overall, YTD preliminary expenses were also slightly below the Budget by \$13.3 million, or 0.6%. The LIRR was \$15.9 million favorable, reflecting a continuation of the same factors driving the month's variance. B&T was favorable by \$10.6 million, mainly due to vacancies and the timing of E-ZPass Customer Service Center expenses. MNR was favorable by \$5.8 million, largely due to the favorable revised timing of procured services and subsidy payments to New Jersey Transit for West of Hudson operations. MTA Bus was \$3.3 million favorable primarily as a result of lower fringe benefit costs, and the favorable timing of maintenance contracts, materials & supplies, and professional services expenses, partially offset by higher claims expense. NYCT was \$22.3 million unfavorable mainly due to higher labor expenses (mostly overtime, which is further described below, partly offset by lower health & welfare/OPEB), higher timing-related maintenance contracts expenses, the impact of lower capital project activity, and partially offset by favorable timing-related professional services expenses.

Overtime

YTD February 2018 (\$ in millions)					Month of February 201 (\$ in millions)				
	Adopted		Diff	%Diff		Adopted		Diff	%Diff
	Actual	Budget				Actual	Budget		
NYCT	\$110.8	\$84.7	(\$26.1)	-30.8%	NYCT	\$54.7	\$40.8	(\$13.9)	-34.0%
MTA Bus	10.8	11.1	0.3	2.8%	MTA Bus	4.9	5.3	0.4	8.0%
LIRR	24.6	24.2	(0.4)	-1.6%	LIRR	10.9	11.9	1.0	8.3%
MNR	18.3	16.7	(1.6)	-9.8%	MNR	9.0	8.1	(0.9)	-11.4%
B&T	4.5	4.5	0.0	0.3%	B&T	2.1	2.3	0.2	8.9%
Total	\$169.0	\$141.3	(\$27.8)	-19.7%	Total	\$81.6	\$68.4	(\$13.2)	-19.3%

Preliminary overtime expenses for the month were \$13.2 million, or 19.3%, unfavorable. NYCT was unfavorable by \$13.9 million or 34.0% and is conducting a review of this variance, some of the overage appears to be related to work in support of the Subway Action Plan (SAP). MNR was unfavorable by 11.4%, reflecting increased infrastructure work, including track, and facility maintenance. The LIRR was 8.3% favorable due mainly to lower weather-related overtime. MTA Bus was 8.0% favorable, reflecting lower unscheduled service requirements. B&T was 8.9% favorable due to favorable weather conditions (lower than expected snowfall). YTD preliminary overtime expense was \$27.8 million or 19.7% unfavorable, most of which was attributable to NYCT. At NYCT, in addition to the February overtime expenditures which are being reviewed, January overtime was unfavorable to provide support for the SAP and to prepare for Winter Storm Grayson. MNR was unfavorable by 9.8% primarily due to storm preparation and cleanup for Winter Storm Grayson and increased infrastructure and facility maintenance. The LIRR was unfavorable by 1.6% due mostly to higher vacancy and absentee coverage. MTA Bus was favorable by 2.8% due to lower unscheduled service requirements, and B&T was on target.

Debt Service

Debt Service for the month of February was \$236.2 million, which is \$7.7 million, or 3.4%, unfavorable to budget. Results are primarily due to the timing of debt service deposits, including the timing of deposits for an anticipated BAN interest payment; this was partially offset by lower than budgeted variable interest rates. Year-to-date debt service through February of \$453.7 million was \$3.2 million, or 0.7%, favorable due to a combination of timing and lower than budgeted variable interest rates.

State Dedicated Taxes and Fees

	YTD March 2018 (\$ in millions)				Month of March 2018 (\$ 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	153.5	149.5	4.0	2.7%	PBT	45.1	41.4	3.7	9.1%
PMT ¹	425.0	420.9	4.1	1.0%	PMT ¹	70.0	70.0	(0.0)	-0.1%
MTA Aid ²	40.0	62.5	(22.5)	-36.0%	MTA Aid ²	40.0	62.5	(22.5)	-36.0%
Total	\$618.5	\$632.9	(\$14.4)	-2.3%	Total	\$155.1	\$173.9	(\$18.8)	-10.8%

The first MMTOA payment for the year is scheduled for receipt in May. Petroleum Business Tax (PBT) receipts for March were \$3.7 million (9.1%) favorable, and YTD receipts were favorable by \$4.0 million (2.7%). Payroll Mobility Tax (PMT) collections were on target for March, and YTD receipts were favorable by \$4.1 million (1.0%). MTA Aid receipts, received on a quarterly basis, were unfavorable by \$22.5 million (36.0%) due to timing. A portion of collections were not available for transfer to the MTA due to State end-of-fiscal-year certification requirements, and the variance is expected to be offset with the next quarterly receipt from the State in June.

Real Estate Transaction Taxes

	YTD March 2018 (\$ in millions)				Month of March 2018 (\$ in millions)				
	Adopted				Adopted				
	Actual	Budget	Diff	% Diff	Actual	Budget	Diff	% Diff	
MRT	\$106.0	\$117.7	(\$11.7)	-9.9%	MRT	\$30.3	\$39.2	(\$8.9)	-22.7%
NYC Urban	140.9	131.9	\$8.9	6.8%	NYC Urban	46.5	44.0	\$2.5	5.7%
Total	\$246.9	\$249.6	(\$2.7)	-1.1%	Total	\$76.8	\$83.2	(\$6.4)	-7.7%

Total real estate transaction taxes for March were \$6.4 million (7.7%) unfavorable, resulting in an unfavorable YTD variance of \$2.7 million (1.1%). Compared with last year through March, real estate taxes are \$37.4 million (13.2%) lower; Urban Tax is below last year's level by \$26.9 million (16.0%), while MRT is \$10.5 million (9.0%) below last year's level.

Regional Mortgage Recording Tax³ receipts for March were \$8.9 million (22.7%) unfavorable; MRT-1 was unfavorable by \$5.8 million, and MRT-2 receipts were unfavorable by \$3.1 million. YTD MRT receipts were unfavorable by \$11.7 million (9.9%), with MRT-1 receipts \$6.2 million unfavorable and MRT-2 receipts \$5.5 million unfavorable.

New York City Urban Tax⁴ receipts for March were \$2.5 million (5.7%) favorable, and YTD receipts were \$8.9 million (6.8%) favorable. March receipts for the Real Property Transfer Tax (RPTT) component were \$5.4 million (20.3%) favorable while receipts from the Mortgage Recording Tax (MRT) component were \$2.9 million (16.7%) unfavorable. YTD, RPTT receipts were \$8.5 million (10.7%) favorable and MRT receipts were \$0.4 million (0.8%) favorable.

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.

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
- Financial Activities
- Education & Health Services
- Other Services
- Transportation, Utilities
- Information
- Professional & Business Services
- Leisure & Hospitality

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Government

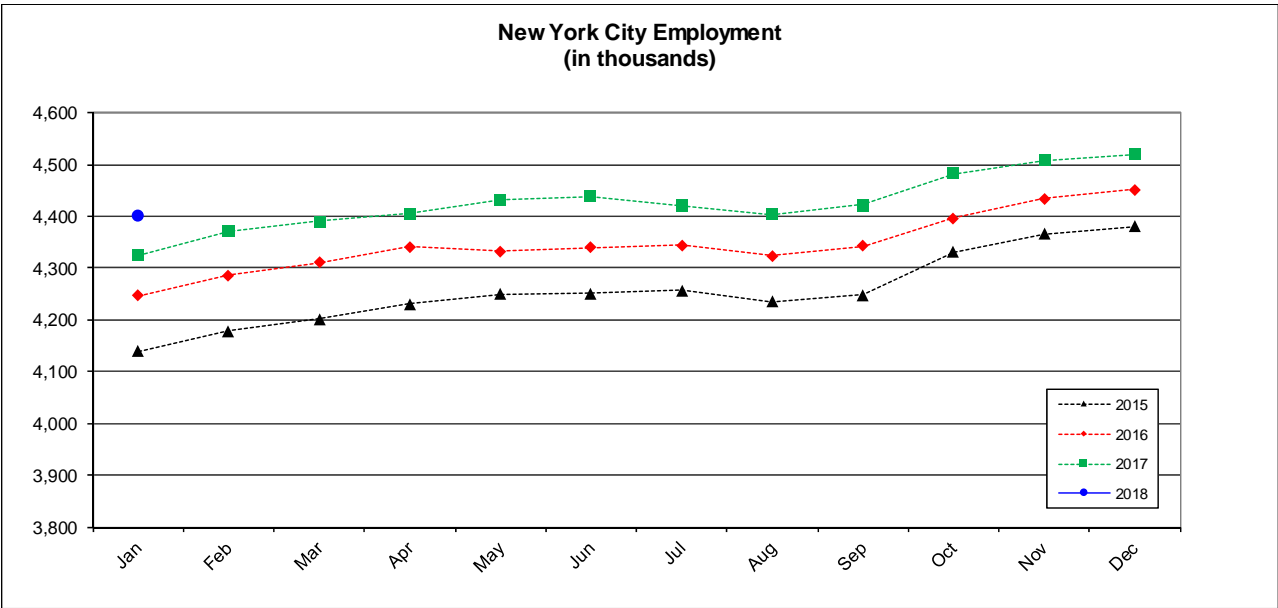
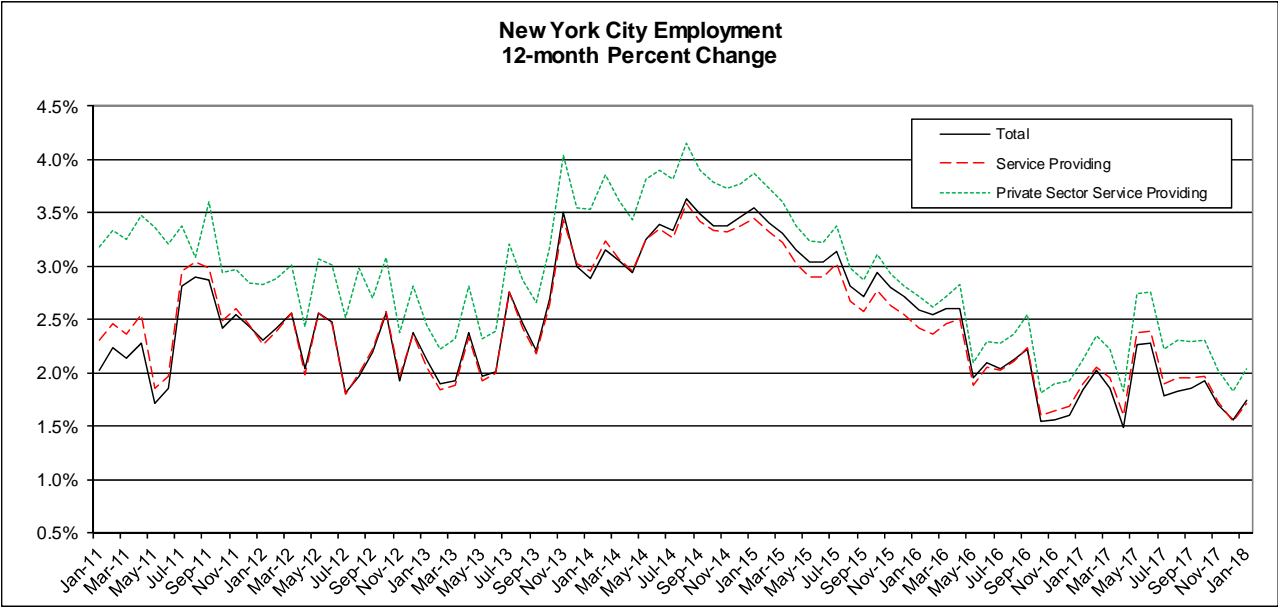
New York City Employment (in thousands)				Jan-18 versus			
	Prelim Jan-18	Revised Dec-17	Jan-17	Dec-17		Jan-17	
				Net	Pct	Net	Pct
Total Employment	4,400.1	4,520.6	4,324.6	(120.5)	-2.7%	75.5	1.7%
Goods Producing	222.6	228.1	217.7	(5.5)	-2.4%	4.9	2.3%
Construction, Mining, Nat Res	150.8	155.7	144.5	(4.9)	-3.1%	6.3	4.4%
Manufacturing	71.8	72.4	73.2	(0.6)	-0.8%	(1.4)	-1.9%
Service Providing	4,177.5	4,292.5	4,106.9	(115.0)	-2.7%	70.6	1.7%
Transportation, Utilities	138.0	144.4	137.9	(6.4)	-4.4%	0.1	0.1%
Trade	497.1	513.8	494.4	(16.7)	-3.3%	2.7	0.5%
Information	193.3	199.4	190.8	(6.1)	-3.1%	2.5	1.3%
Financial Activities	467.7	474.7	461.6	(7.0)	-1.5%	6.1	1.3%
Professional & Business Svcs	745.0	757.0	722.2	(12.0)	-1.6%	22.8	3.2%
Education & Health Svcs	971.5	998.4	936.8	(26.9)	-2.7%	34.7	3.7%
Leisure & Hospitality	436.6	454.5	433.3	(17.9)	-3.9%	3.3	0.8%
Other Services	189.2	194.0	188.9	(4.8)	-2.5%	0.3	0.2%
Government	539.1	556.3	541.0	(17.2)	-3.1%	(1.9)	-0.4%

Preliminary January 2018 employment in New York City shows a gain of 75,500 jobs (1.7%) when compared to last January's employment level. This marks the ninety-fourth 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 in the number of jobs among the major sectors, adding 34,700 and 22,800 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 70,600 jobs (1.7%) over the January 2017 level. Private-sector service-providing employment in New York City increased by 72,500 jobs (2.0%), the ninety-fifth consecutive month of year-to-year improvement.

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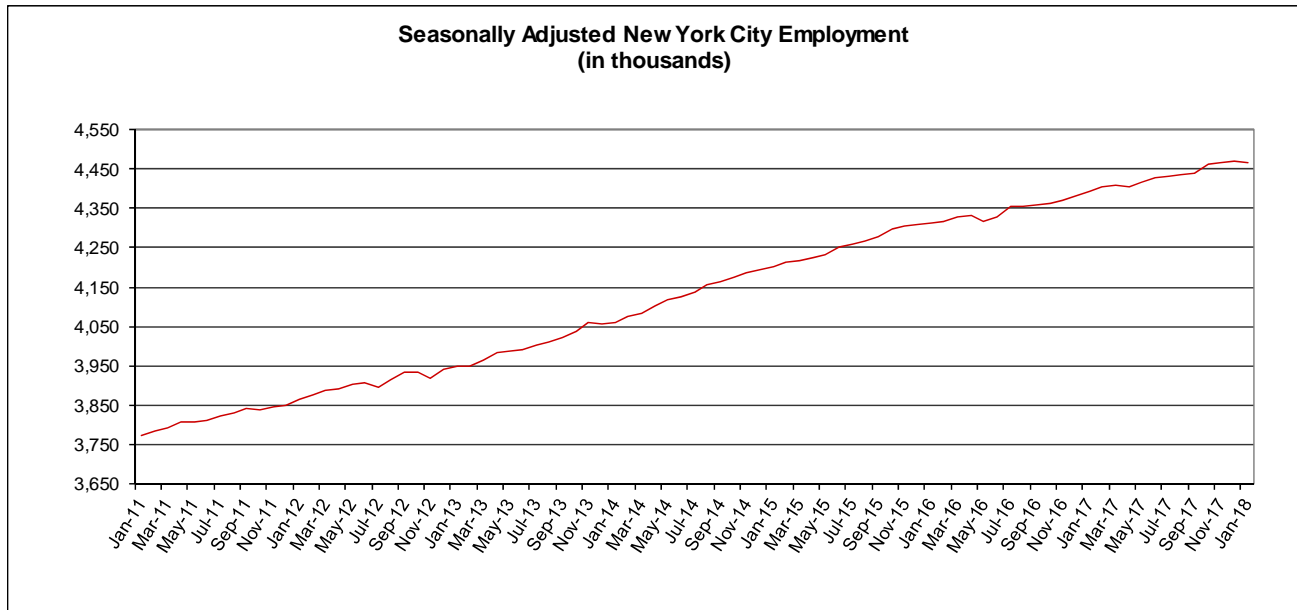
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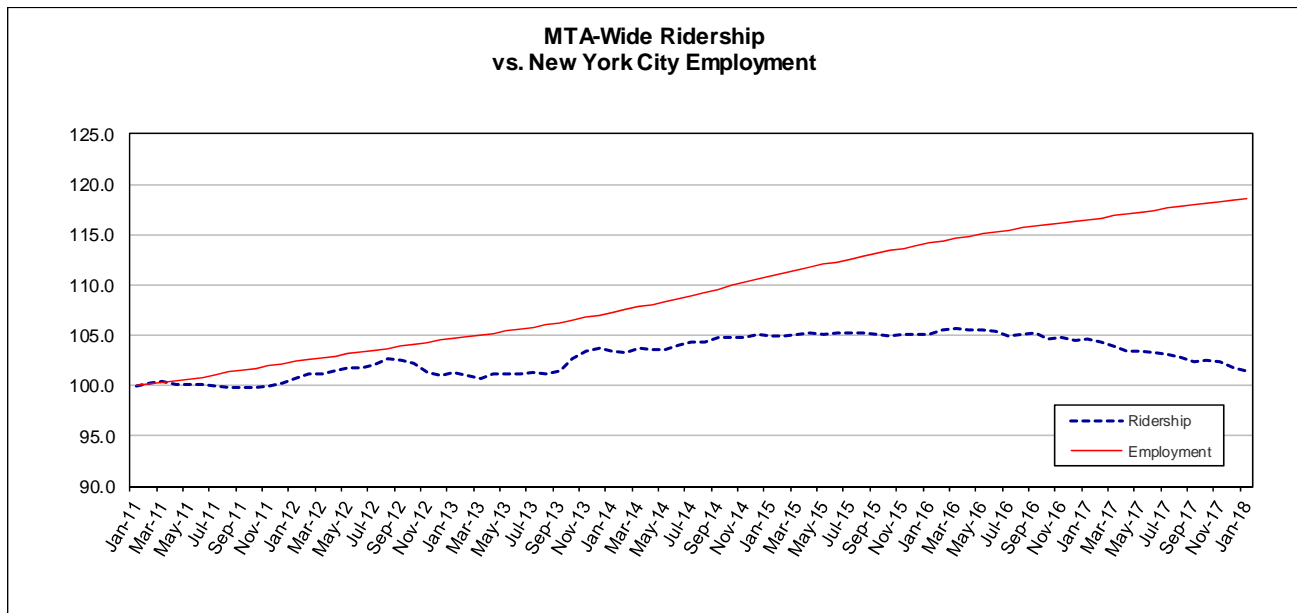
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In January 2018, seasonally adjusted New York City employment of 4.47 million was higher than in January 2017 by 73,600 jobs (1.68%), and was lower than the prior month by 1,600 jobs (0.04%).



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 18.6% through January 2018, while the 12-month average MTA-wide ridership has grown by 1.4%. The twelve-month average for ridership in January 2018 was 3.1% lower than one year earlier.



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Consumer Price Index

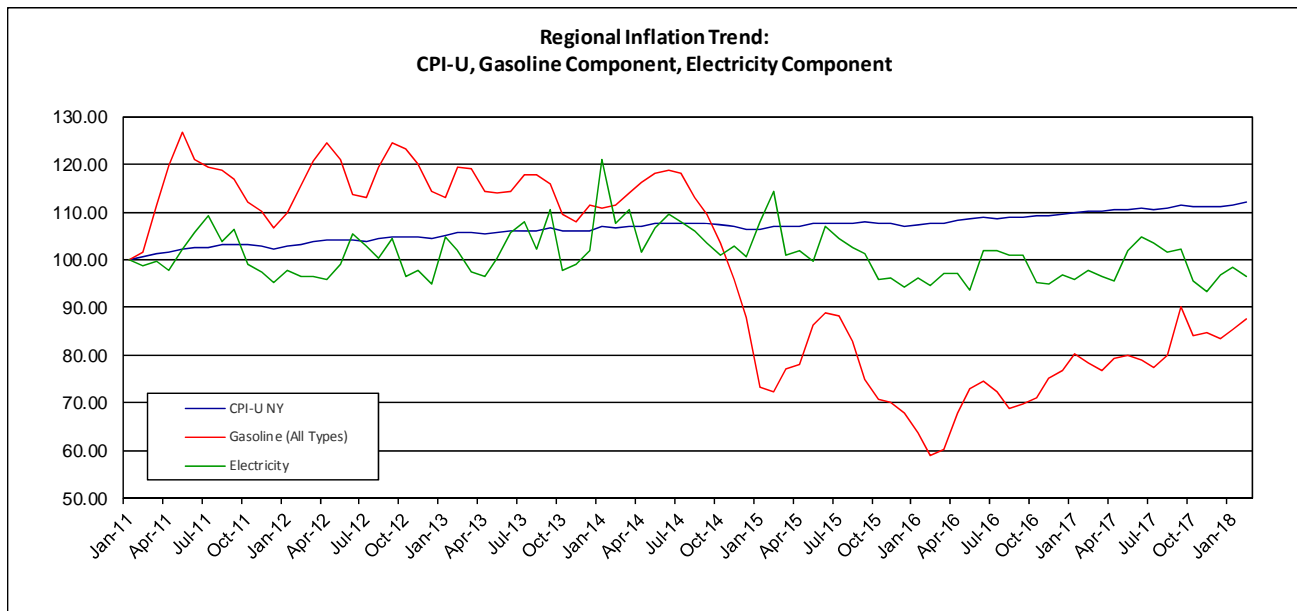
Goods Reporting Month-over-Month Price Increases

- Food
- Medical Care
- Apparel
- Transportation
- Gasoline

Goods Reporting Month-over-Month Price Declines

- Electricity

	Feb-18	Jan-18	Feb-17	Feb-18 versus			
				Jan-18		Feb-17	
				Net	Pct	Net	Pct
Regional CPI-U	272.21	270.77	267.66	1.44	0.5%	4.55	1.7%
Medical Care Component	484.76	483.36	474.26	1.39	0.3%	10.50	2.2%
Electricity Component	176.23	179.63	178.30	(3.41)	-1.9%	(2.07)	-1.2%
Gasoline (all grades) Component	217.14	212.13	194.68	5.01	2.4%	22.46	11.5%
National CPI-U	248.99	247.87	243.60	1.12	0.5%	5.39	2.2%

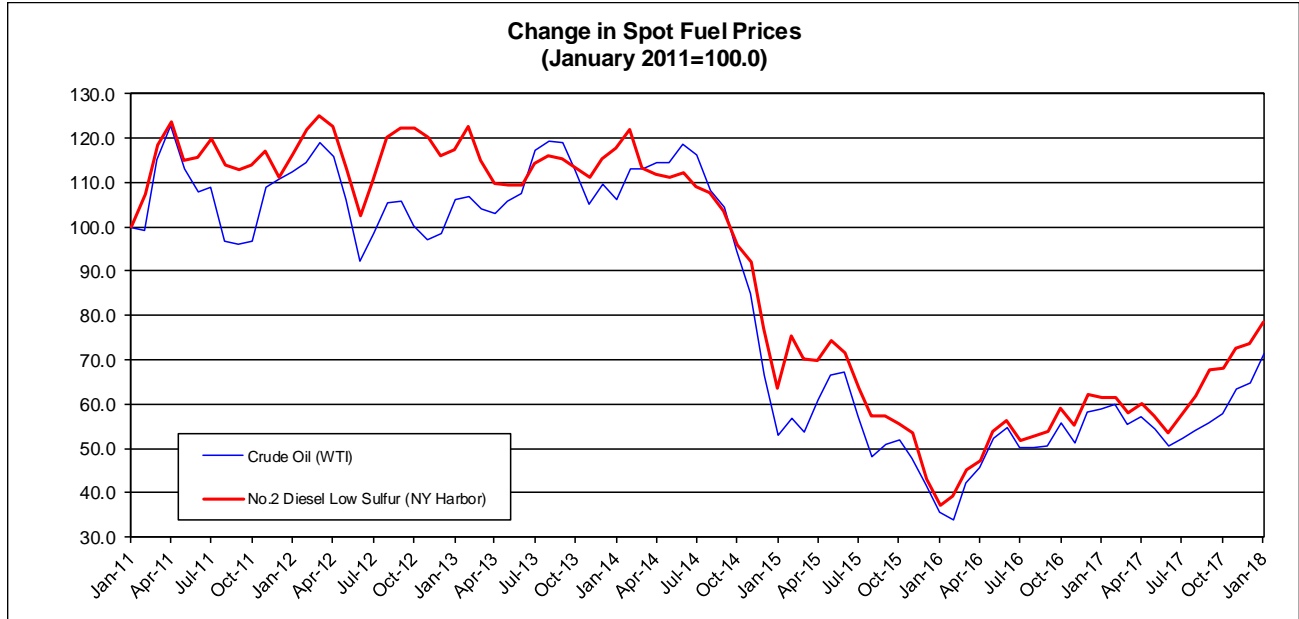


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Feb-18 versus		
	3/12/18	Feb-18	Jan-18	Feb-17	Jan-18	Feb-17
Crude Oil (\$/bbl)	61.35	62.23	63.70	53.47	-2.3%	16.4%
Conventional Regular Gasoline (\$/gal)	1.75	1.82	1.90	1.55	-4.3%	17.5%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.86	1.94	2.07	1.62	-6.6%	19.3%
No.2 Heating Oil (\$/gal)	1.78	1.85	2.02	1.56	-8.1%	18.6%



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Nassau, Suffolk Employment (in thousands)				Jan-18 versus			
	Prelim Jan-18	Revised Dec-17	Jan-17	Dec-17		Jan-17	
				Net	Percent	Net	Percent
Total Employment	1,307.1	1,359.7	1,299.5	-52.6	-3.9%	7.6	0.6%
Goods Producing	144.3	150.9	145.4	-6.6	-4.4%	-1.1	-0.8%
Construction, Mining, Nat Res	74.1	79.6	74.3	-5.5	-6.9%	-0.2	-0.3%
Manufacturing	70.2	71.3	71.1	-1.1	-1.5%	-0.9	-1.3%
Service Providing	1,162.8	1,208.8	1,154.1	-46.0	-3.8%	8.7	0.8%
Transportation, Utilities	44.8	47.0	42.5	-2.2	-4.7%	2.3	5.4%
Trade	234.0	241.2	231.3	-7.2	-3.0%	2.7	1.2%
Information	17.9	18.4	18.3	-0.5	-2.7%	-0.4	-2.2%
Financial Activities	70.2	72.3	72.0	-2.1	-2.9%	-1.8	-2.5%
Professional & Business Svcs	167.5	177.4	166.6	-9.9	-5.6%	0.9	0.5%
Education & Health Svcs	259.9	268.5	259.3	-8.6	-3.2%	0.6	0.2%
Leisure & Hospitality	116.2	123.7	112.4	-7.5	-6.1%	3.8	3.4%
Other Services	58.5	60.1	58.5	-1.6	-2.7%	0.0	0.0%
Government	193.8	200.2	193.2	-6.4	-3.2%	0.6	0.3%

Orange, Rockland, Westchester Employment (in thousands)				Jan-18 versus			
	Prelim Jan-18	Revised Dec-17	Jan-17	Dec-17		Jan-17	
				Net	Percent	Net	Percent
Total Employment	697.7	727.1	697.5	-29.4	-4.0%	0.2	0.0%
Goods Producing	66.5	70.4	67.4	-3.9	-5.5%	-0.9	-1.3%
Construction, Mining, Nat Res	38.1	41.5	38.3	-3.4	-8.2%	-0.2	-0.5%
Manufacturing	28.4	28.9	29.1	-0.5	-1.7%	-0.7	-2.4%
Service Providing	631.2	656.7	630.1	-25.5	-3.9%	1.1	0.2%
Transportation, Utilities	25.2	27.4	25.8	-2.2	-8.0%	-0.6	-2.3%
Trade	115.8	122.2	117.6	-6.4	-5.2%	-1.8	-1.5%
Information	11.5	11.8	12.5	-0.3	-2.5%	-1.0	-8.0%
Financial Activities	37.1	37.9	37.0	-0.8	-2.1%	0.1	0.3%
Professional & Business Svcs	89.6	94.0	87.8	-4.4	-4.7%	1.8	2.1%
Education & Health Svcs	153.1	157.2	150.2	-4.1	-2.6%	2.9	1.9%
Leisure & Hospitality	57.9	61.8	59.6	-3.9	-6.3%	-1.7	-2.9%
Other Services	31.4	32.7	31.4	-1.3	-4.0%	0.0	0.0%
Government	109.6	111.7	108.2	-2.1	-1.9%	1.4	1.3%

Dutchess, Putnam Employment (in thousands)				Jan-18 versus			
	Prelim Jan-18	Revised Dec-17	Jan-17	Dec-17		Jan-17	
				Net	Percent	Net	Percent
Total Employment	145.1	151.8	143.3	-6.7	-4.4%	1.8	1.3%
Goods Producing	16.9	17.6	17.3	-0.7	-4.0%	-0.4	-2.3%
Construction, Mining, Nat Res	7.5	8.0	7.5	-0.5	-6.3%	0.0	0.0%
Manufacturing	9.4	9.6	9.8	-0.2	-2.1%	-0.4	-4.1%
Service Providing	128.2	134.2	126.0	-6.0	-4.5%	2.2	1.7%
Transportation, Utilities	4.3	4.5	4.2	-0.2	-4.4%	0.1	2.4%
Trade	19.8	20.5	20.2	-0.7	-3.4%	-0.4	-2.0%
Information	1.8	1.9	1.9	-0.1	-5.3%	-0.1	-5.3%
Financial Activities	4.7	4.8	4.6	-0.1	-2.1%	0.1	2.2%
Professional & Business Svcs	12.0	12.7	12.0	-0.7	-5.5%	0.0	0.0%
Education & Health Svcs	38.8	41.1	36.5	-2.3	-5.6%	2.3	6.3%
Leisure & Hospitality	14.1	14.9	13.6	-0.8	-5.4%	0.5	3.7%
Other Services	7.0	7.2	6.9	-0.2	-2.8%	0.1	1.4%
Government	25.7	26.6	26.1	-0.9	-3.4%	-0.4	-1.5%

