

BUDGETWATCH

May 2019 Flash Report

Overall Latest Condition (reporting on operations through April and subsidies through May):

Overall, preliminary YTD net results were positive. An increase in subway and non-commutation ridership at the Commuter Railroads, along with the continuing favorable trend in traffic volume, resulted in revenues which exceeded the budget for the month and YTD, although bus revenues continue to fall short of expectations. Preliminary expense levels continue to reflect the impact of restricted hiring and other management actions to control spending, along with timing. Overspending in overtime is mainly SAP-related and driven by intensified station deep cleaning as well as track and signal defect work. Debt service costs are timing-related. In general, subsidies were above target YTD by \$25 million and chiefly on strong Urban Tax collections from January and February, MTA Aid, and Petroleum Business Tax (PBT) receipts. However, included within that result is a \$45 million timing shortfall in the collection of the For-Hire Vehicle Surcharge (FHV).

Passenger and Toll Revenues

YTD April 2019 (\$ in millions)					Month of April 2019 (\$ 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	\$1,117.7	\$1,114.4	\$3.3	0.3%	Subway	\$295.1	\$290.6	\$4.5	1.5%
Bus	297.3	299.5	(2.2)	-0.7%	Bus	77.5	77.8	(0.4)	-0.5%
Other	33.7	33.3	0.5	1.4%	Other	8.5	8.5	0.0	0.4%
NYCT	\$1,448.7	\$1,447.1	\$1.5	0.1%	NYCT	\$381.0	\$376.9	\$4.2	1.1%
MTA Bus	68.1	73.0	(4.9)	-6.7%	MTA Bus	18.0	19.1	(1.2)	-6.1%
LIRR	236.3	231.6	4.7	2.0%	LIRR	61.7	60.4	1.3	2.1%
MNR	234.7	234.6	0.1	0.1%	MNR	62.1	60.7	1.4	2.3%
Sub-total	\$1,987.8	\$1,986.4	\$1.4	0.1%	Sub-total	\$522.8	\$517.2	\$5.6	1.1%
B&T	627.5	616.3	11.2	1.8%	B&T	175.8	170.5	5.3	3.1%
Total	\$2,615.3	\$2,602.6	\$12.6	0.5%	Total	\$698.6	\$687.7	\$10.9	1.6%

Through April, total **passenger and toll revenues** were favorable by \$12.6 million, or 0.5%. For the month, **passenger revenues** were \$5.6 million, or 1.1% above budget. Favorable subway revenue was due to higher ridership, while Bus revenue continues to fall short of expectations. At the Commuter Railroads, favorable revenue mainly reflects higher non-commutation ridership. On a year-to-date basis, passenger revenues are on-target. **Toll revenues** were higher on a monthly and year-to-date basis, reflecting an ongoing trend in higher traffic volume resulting from mild weather conditions and the sooner-than-projected full return of customers using tunnels following the completion of Sandy-related work.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD April 2019 (\$ in millions)					Month of April 2019 (\$ 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	\$2,865.8	\$2,886.8	\$21.0	0.7%	NYCT	\$726.8	\$720.2	(\$6.6)	-0.9%
MTA Bus	264.3	273.4	9.1	3.3%	MTA Bus	66.2	69.2	3.0	4.4%
LIRR	491.0	552.3	61.3	11.1%	LIRR	117.8	127.7	9.9	7.8%
MNR	430.6	440.7	10.1	2.3%	MNR	109.5	105.5	(4.0)	-3.8%
B&T	147.4	171.1	23.7	13.8%	B&T	34.4	41.7	7.3	17.6%
Total	\$4,199.1	\$4,324.4	\$125.2	2.9%	Total	\$1,054.7	\$1,064.3	\$9.6	0.9%

Preliminary expenses for April were favorable by \$9.6 million, or 0.9%, and indicative of vacancy savings, credits to operating expenses due to increased capital project activity, reduced non-labor spending, and timing. The LIRR's

favorable variance reflects vacancy savings, higher operating credits, and lower energy consumption and rates, partly offset by higher costs for materials due to timing. B&T's favorable variance was primarily due to vacancies, lower back-office costs for processing E-ZPass and Tolls by Mail collection, and the timing of major maintenance contracts. The MTA Bus favorable timing variance mainly occurred in non-labor categories. These results were partly offset by an overall unfavorable variance at NYCT resulting from higher overtime and non-labor expenses (primarily energy), partially offset by higher credits in prescription benefits. MNR was also unfavorable due mainly to higher labor and energy costs.

YTD preliminary expenses were \$125.2 million, or 2.9% favorable, and for the most part, reflect continued vacancy savings and lower spending for contracted services.

Overtime

YTD April 2019 (\$ in millions)					Month of April 2019 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
NYCT	\$210.9	\$163.0	(\$47.9)	-29.4%	NYCT	\$53.9	\$39.6	(\$14.3)	-36.0%
MTA Bus	25.8	20.5	(5.3)	-25.7%	MTA Bus	6.3	5.2	(1.1)	-20.8%
LIRR	49.0	47.2	(1.8)	-3.7%	LIRR	12.9	10.6	(2.3)	-21.6%
MNR	32.3	33.2	0.9	2.8%	MNR	8.3	7.4	(0.9)	-11.5%
B&T	9.1	9.8	0.7	7.4%	B&T	2.0	2.2	0.2	8.9%
Total	\$327.1	\$273.7	(\$53.3)	-19.5%	Total	\$83.4	\$65.1	(\$18.3)	-28.1%

Preliminary overtime costs for April exceeded the budget by \$18.3 million, or 28.1%, primarily due to SAP-related work, including intensified station cleaning, and track and signal defect repair work. At the Commuter Railroads, the LIRR was unfavorable due to higher right-of-way (ROW) maintenance, vacancies, and scheduled train crew overtime, while MNR was unfavorable due to higher requirements for infrastructure repair. MTA Buses' unfavorable variance was mostly from higher running time due to traffic congestion and programmatic maintenance requirements, while B&T was on budget.

YTD preliminary overtime expenses were unfavorable by \$53.3 million or 19.5%, with NYCT accounting for 90% of this variance. The overages at NYCT and MTA Bus are mainly the same as those noted for the month. Additionally, the MTA Bus variance includes the impact of weather-related coverage that occurred in early March. While programmatic information on overspending through April is currently unavailable, these specifics on an MTA-wide basis through March are provided in the Overtime Detail section which follows this Flash Report.

Debt Service

April Debt Service of \$312.7 million was \$83.3 million, or 36.3%, unfavorable predominately due to timing from the partial prefunding of May debt service, which is expected to reverse next month. YTD Debt Service of \$1,009.8 billion was \$57.1 million or 6.0% unfavorable and mainly due to the same reason noted for the month.

State Dedicated Taxes and Fees

YTD May 2019 (\$ in millions)					Month of May 2019 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MMTOA	\$175.3	\$170.9	\$4.4	2.6%	MMTOA	\$175.3	\$170.9	\$4.4	2.6%
PBT	269.9	258.4	11.5	4.4%	PBT	50.9	47.9	3.0	6.3%
PMT ¹	663.8	664.4	(0.6)	-0.1%	PMT ¹	166.0	125.9	40.1	31.9%
MTA Aid ²	60.0	45.2	14.8	32.7%	MTA Aid ²	0.0	0.0	0.0	0.0%
FHV ³	68.4	113.2	(44.8)	-39.6%	FHV ³	34.4	37.7	(3.3)	-8.8%
Total	\$1,237.4	\$1,252.1	(\$14.7)	-1.2%	Total	\$426.6	\$382.4	\$44.2	11.6%

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.

³ For-Hire Vehicle Surcharge.

For the month of May, the Payroll Mobility Tax (PMT) was favorable to budget, and the FHV fee was slightly below budget. Year-to-date, FHV receipts were unfavorable to budget, primarily reflecting timing in the transmittal of receipts from the State. PMT receipts were unfavorable by less than \$1 million. These were partially offset by favorable YTD MMTOA and Petroleum Business Tax (PBT) receipts and MTA Aid receipts, which were mostly timing related.

Real Estate Transaction Taxes

YTD May 2019 (\$ in millions)					Month of May 2019 (\$ in millions)				
	Adopted					Adopted			
	Actual	Budget	Diff	% Diff		Actual	Budget	Diff	% Diff
MRT	\$179.8	\$188.6	(\$8.8)	-4.7%	MRT	\$36.8	\$37.7	(\$0.9)	-2.4%
NYC Urban	309.8	261.0	48.8	18.7%	NYC Urban	45.4	52.2	(6.8)	-13.0%
Total	\$489.5	\$449.6	\$39.9	8.9%	Total	\$82.3	\$89.9	(\$7.7)	-8.5%

Total real estate transaction taxes for May were \$7.7 million (8.5%) unfavorable, with a favorable YTD variance of \$39.9 million (8.9%). Compared with last year through May, real estate transaction taxes are \$45.2 million (10.2%) favorable; Urban Tax is greater than last year by \$38.9 million (14.4%), and MRT is \$6.2 million (3.6%) favorable.

Regional Mortgage Recording Tax⁴ receipts for May were \$0.9 million (2.4%) unfavorable; MRT-1 was favorable by \$1.0 million (3.9%), and MRT-2 receipts were unfavorable by \$1.9 million (15.9%). YTD, MRT receipts were unfavorable by \$8.8 million (4.7%), with MRT-1 receipts \$1.9 million (1.5%) favorable and MRT-2 receipts \$10.7 million (18.0%) unfavorable.

New York City Urban Tax⁵ receipts for May were \$6.8 million (13.0%) unfavorable, and YTD receipts were \$48.8 million (18.7%) favorable. May receipts for the Real Property Transfer Tax (RPTT) component were \$11.7 million (32.4%) unfavorable, while receipts from the Mortgage Recording Tax (MRT) component were \$4.9 million (30.2%) favorable. YTD, RPTT receipts were \$18.7 million (10.4%) favorable, while MRT receipts were \$30.1 million (37.1%) favorable.

⁴ 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.

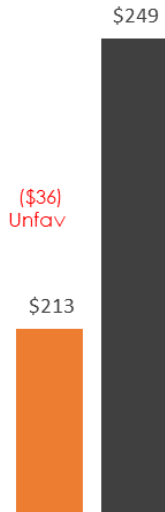
⁵ New York City Urban Taxes are imposed on commercial property and apartment building transactions within New York City. The MRT component is imposed on mortgages exceeding \$500,000, and the Real Property Transfer Tax component is imposed on transfers exceeding \$500,000.

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Overtime Detail

Mar YTD 2019
Non-Reimbursable
Overtime

■ ADOPTED BUDGET ■ ACTUALS



2019 YTD Overtime – Major Drivers through March

Non-Reimbursable (\$36 million)

NYCT (\$34 million)

- \$22M is due to the Subway Action Plan: *intensified station deep cleaning efforts (\$8M), track and signal defects and emergency response efforts (\$9M), sealing leaks and clearing track drains (\$2M), train operator support and SMS car equipment work (\$2M)*;
- \$7M for vacancy/absentee coverage;
- \$3M for non-SAP related signals/power/infrastructure work;
- \$1M for system-wide safety inspections of escalators and inspections of elevated infrastructure and track structures.

MTA Bus (\$4 million)

- \$2M for additional maintenance work to prolong the safe operation of buses which will be replaced in the next capital program;
- \$1M for higher running time due to traffic congestion;
- \$0.8M for weather-related coverage.

MTAHQ (\$1 million)

- \$0.4M for MTA Police backfill coverage;
- \$0.2M for MTA Police special event coverage;
- \$0.2M for MTA Police arrest processing and handling of incidents.

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Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

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

Sectors with Year-over-Year Employment Losses

- Manufacturing
- Leisure & Hospitality
- Financial Activities

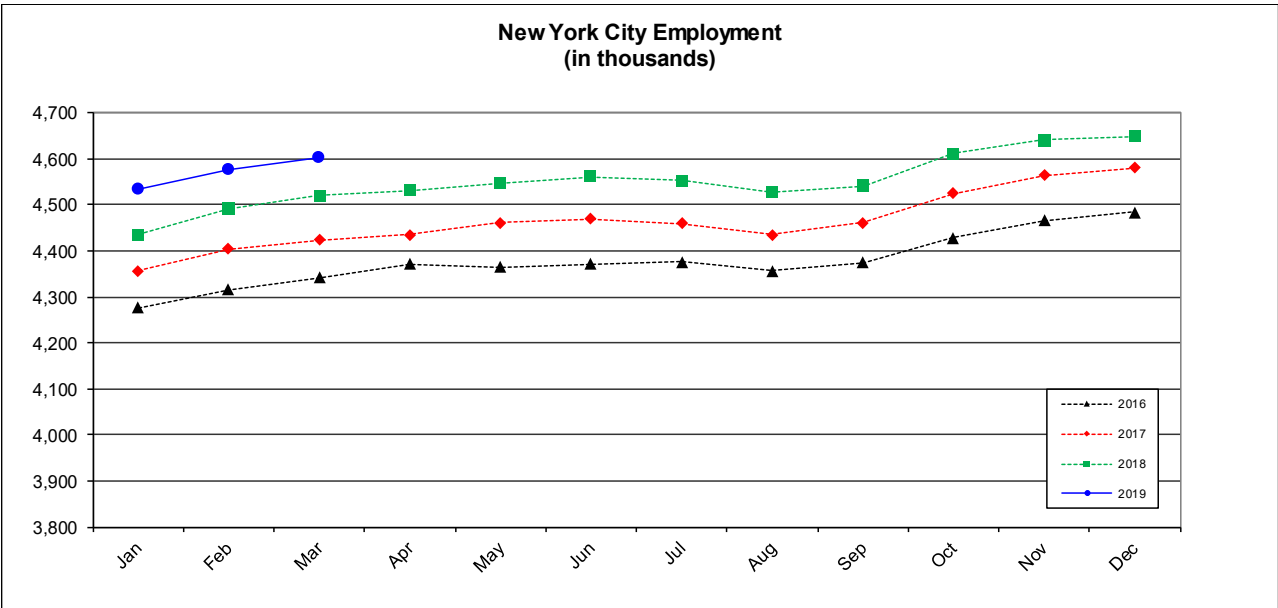
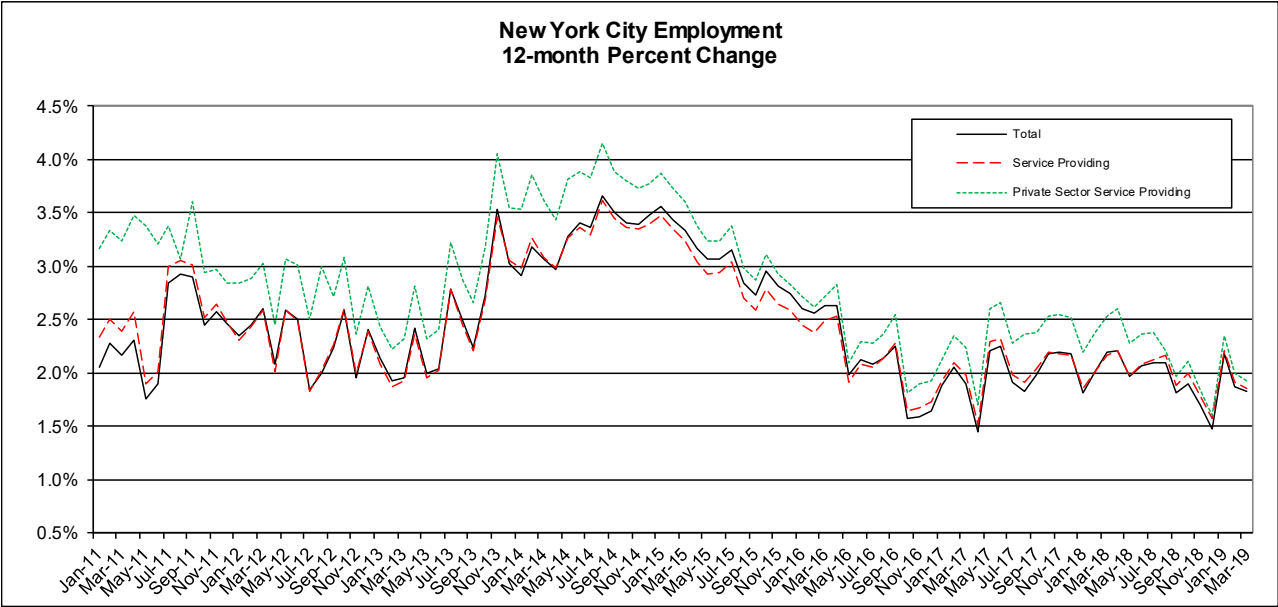
New York City Employment (in thousands)				Mar-19 versus			
	Prelim Mar-19	Revised Feb-19	Mar-18	Feb-19		Mar-18	
				Net	Pct	Net	Pct
Total Employment	4,603.2	4,577.0	4,520.8	26.2	0.6%	82.4	1.8%
Goods Producing	228.3	225.7	225.3	2.6	1.2%	3.0	1.3%
Construction, Mining, Nat Res	158.8	156.2	154.1	2.6	1.7%	4.7	3.0%
Manufacturing	69.5	69.5	71.2	0.0	0.0%	(1.7)	-2.4%
Service Providing	4,374.9	4,351.3	4,295.5	23.6	0.5%	79.4	1.8%
Transportation, Utilities	143.5	142.8	139.5	0.7	0.5%	4.0	2.9%
Trade	487.4	488.1	484.8	(0.7)	-0.1%	2.6	0.5%
Information	208.6	207.2	203.7	1.4	0.7%	4.9	2.4%
Financial Activities	467.2	469.1	469.5	(1.9)	-0.4%	(2.3)	-0.5%
Professional & Business Svcs	770.2	763.0	752.3	7.2	0.9%	17.9	2.4%
Education & Health Svcs	1,054.1	1,047.4	1,008.9	6.7	0.6%	45.2	4.5%
Leisure & Hospitality	454.3	447.8	458.8	6.5	1.5%	(4.5)	-1.0%
Other Services	196.1	197.1	192.3	(1.0)	-0.5%	3.8	2.0%
Government	593.5	588.8	585.7	4.7	0.8%	7.8	1.3%

Preliminary March 2019 employment in New York City shows a gain of 82,400 jobs (1.8%) when compared to last March's employment level. This marks the 108th consecutive month in which employment has improved over its level from one year earlier. The Education & Health Services and Professional & Business Services sectors experienced the greatest gains in the number of jobs among the major sectors, adding 45,200 and 17,900 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 79,400 jobs (1.8%) over the March 2018 level. Private-sector service-providing employment in New York City increased by 71,600 jobs (1.9%), the 109th consecutive month of year-to-year improvement.

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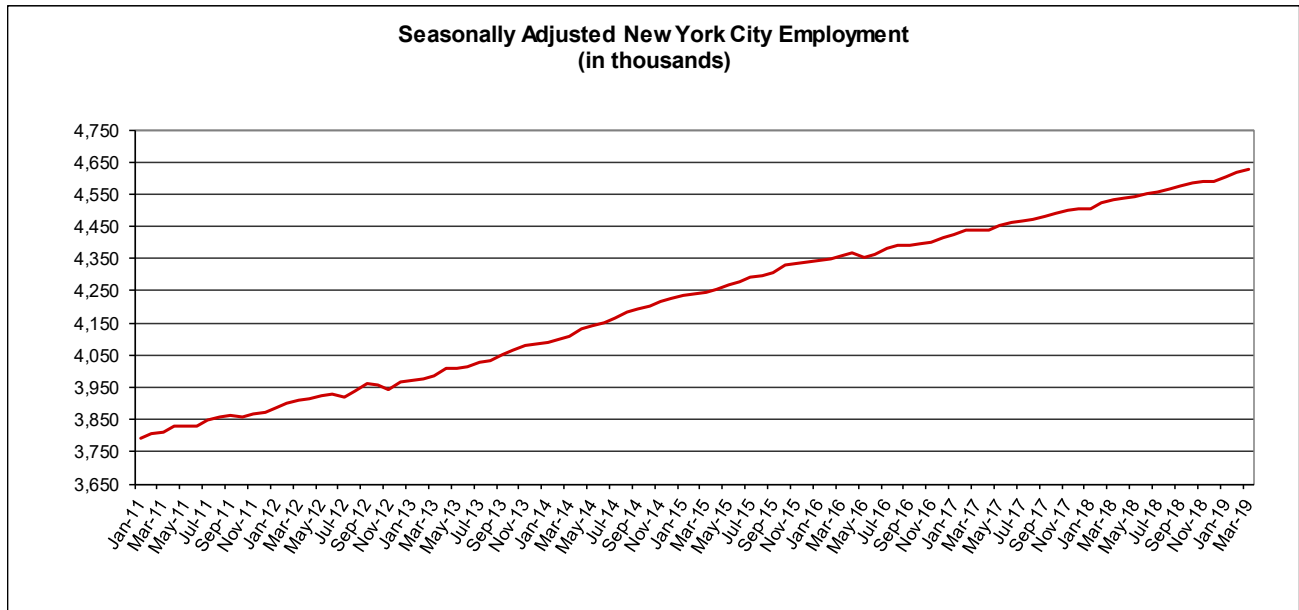
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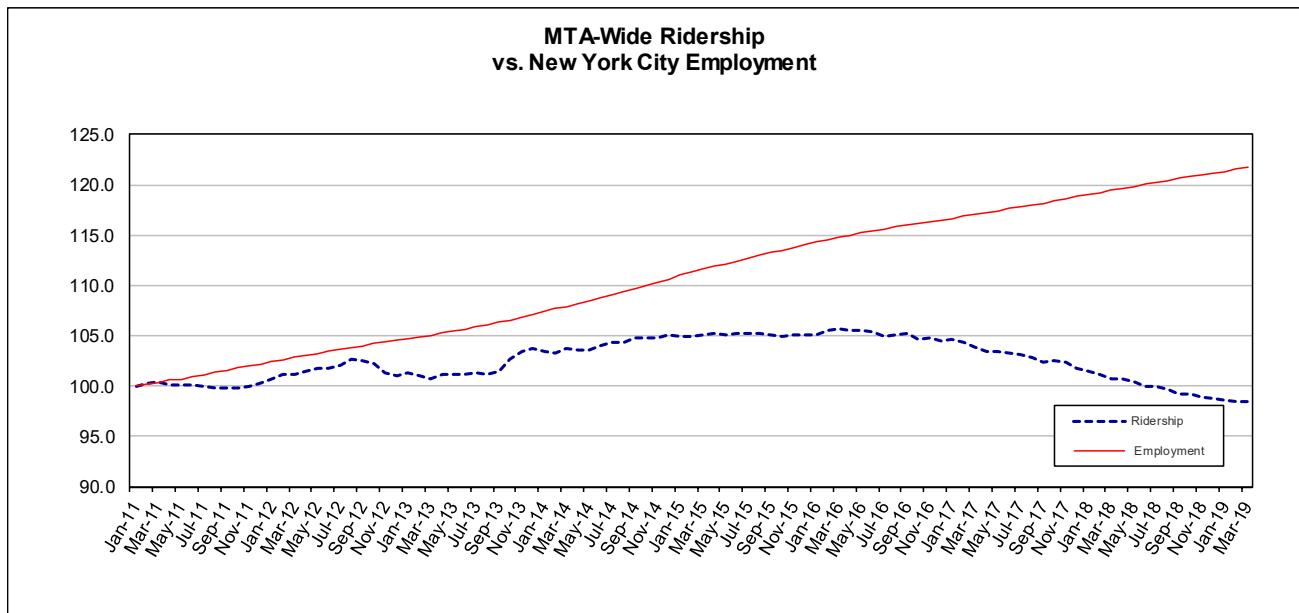
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In March 2019, seasonally adjusted New York City employment of 4.63 million was higher than in March 2018 by 91,500 jobs (2.02%), and was higher than the prior month by 8,700 jobs (0.19%).



Ridership and Employment

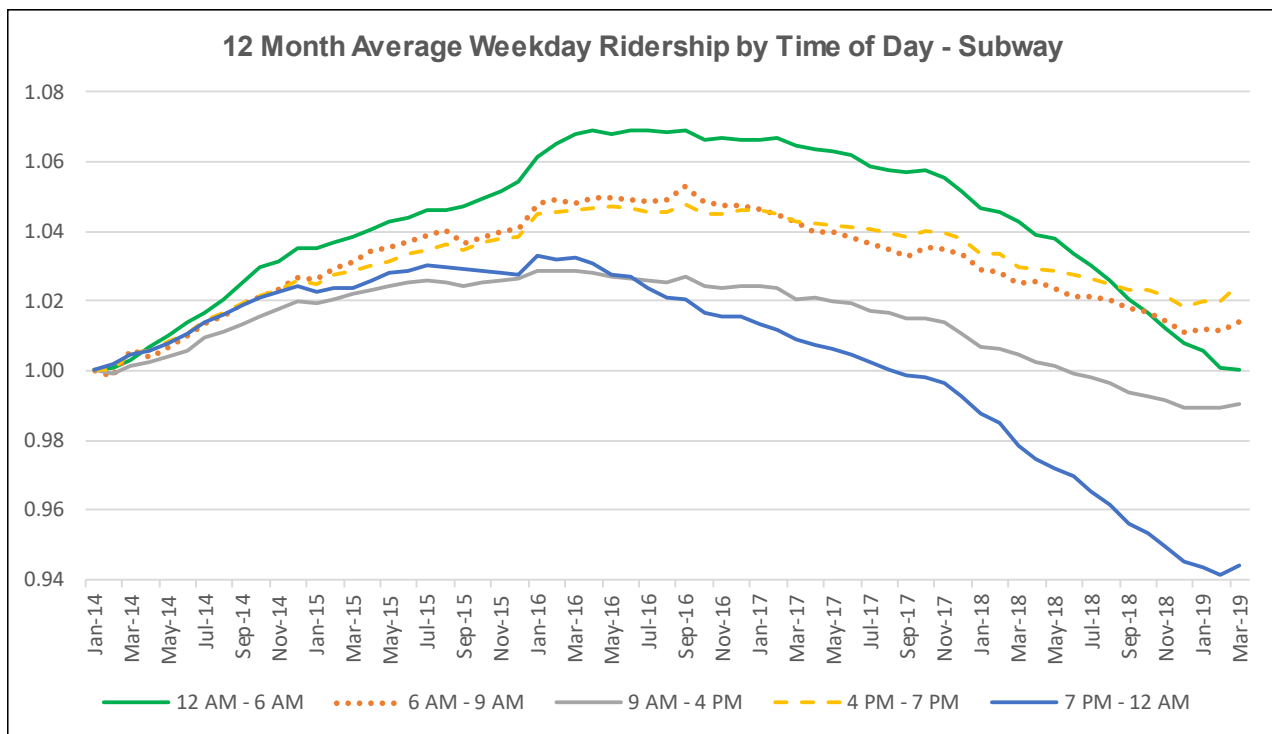
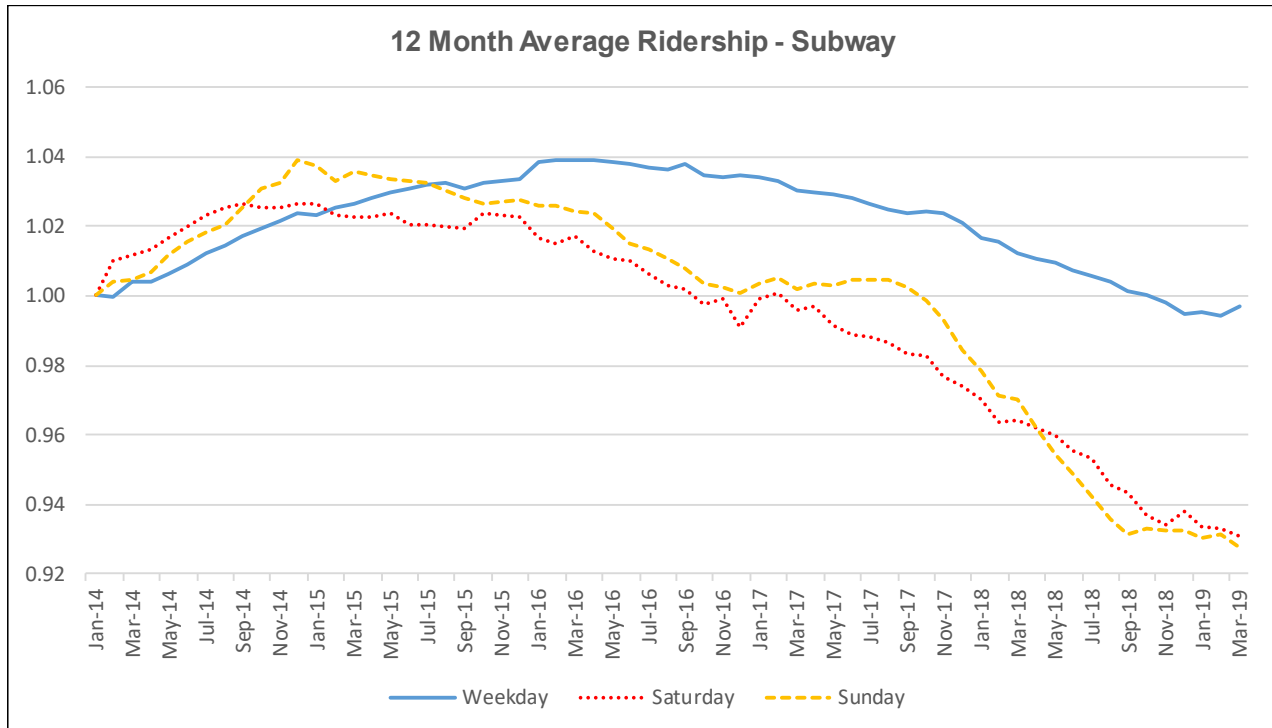
In December 2008, the twelve-month moving average for employment began to decline after increasing in 56 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month employment average has increased with almost no interruption. Considering the more recent period since January 2011, the twelve-month average for employment has increased by 21.7% through March 2019, while the 12-month average MTA-wide ridership has fallen by 1.5%. The twelve-month average for ridership in February 2019 was 2.3% lower than one year earlier.



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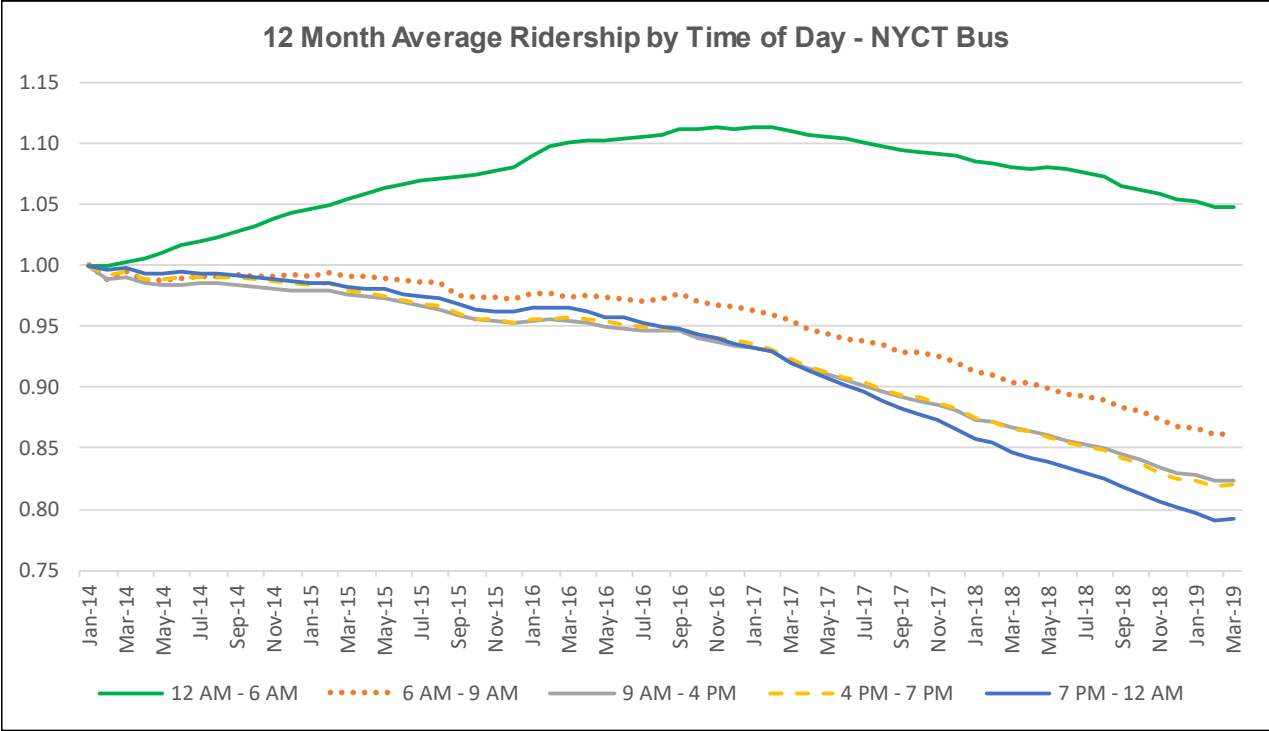
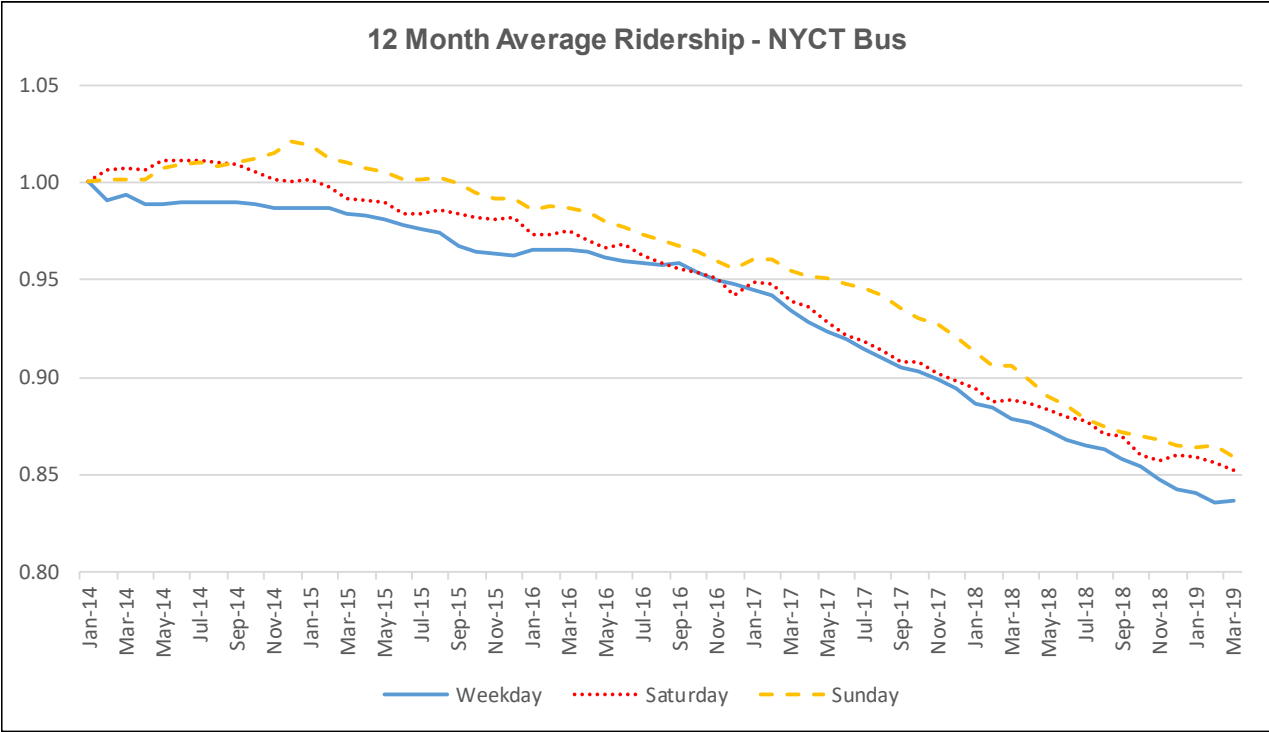
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The following ridership trend graphs depict 12-month averages; for example, the January 2014 data point is the average of February 2013 to January 2014, and the February 2014 data point is the average of March 2013 to February 2014, providing a visual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



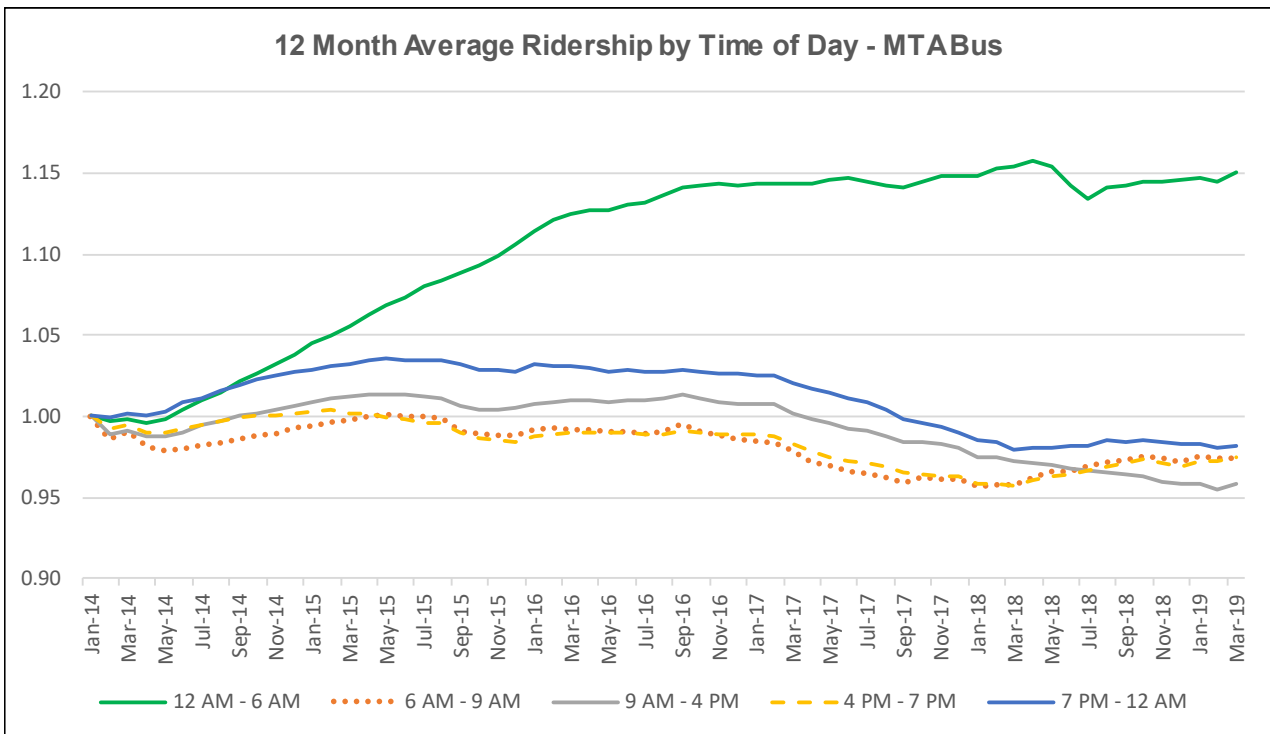
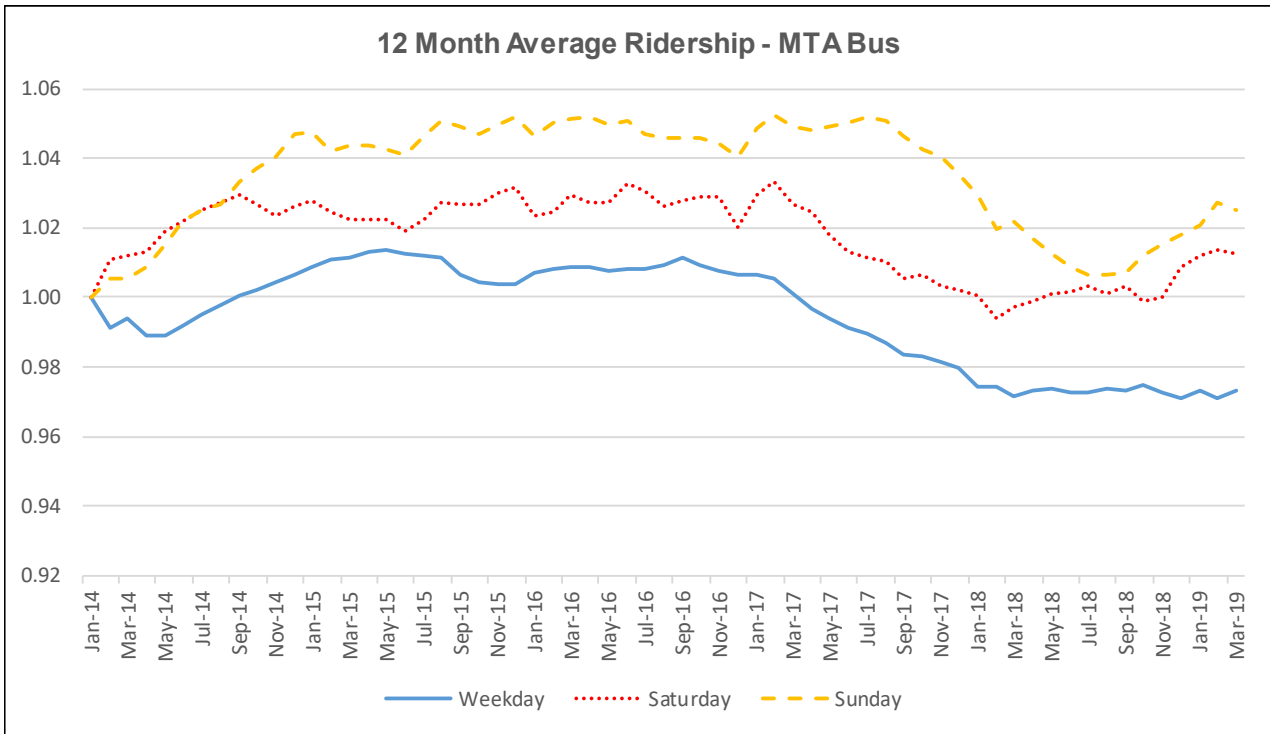
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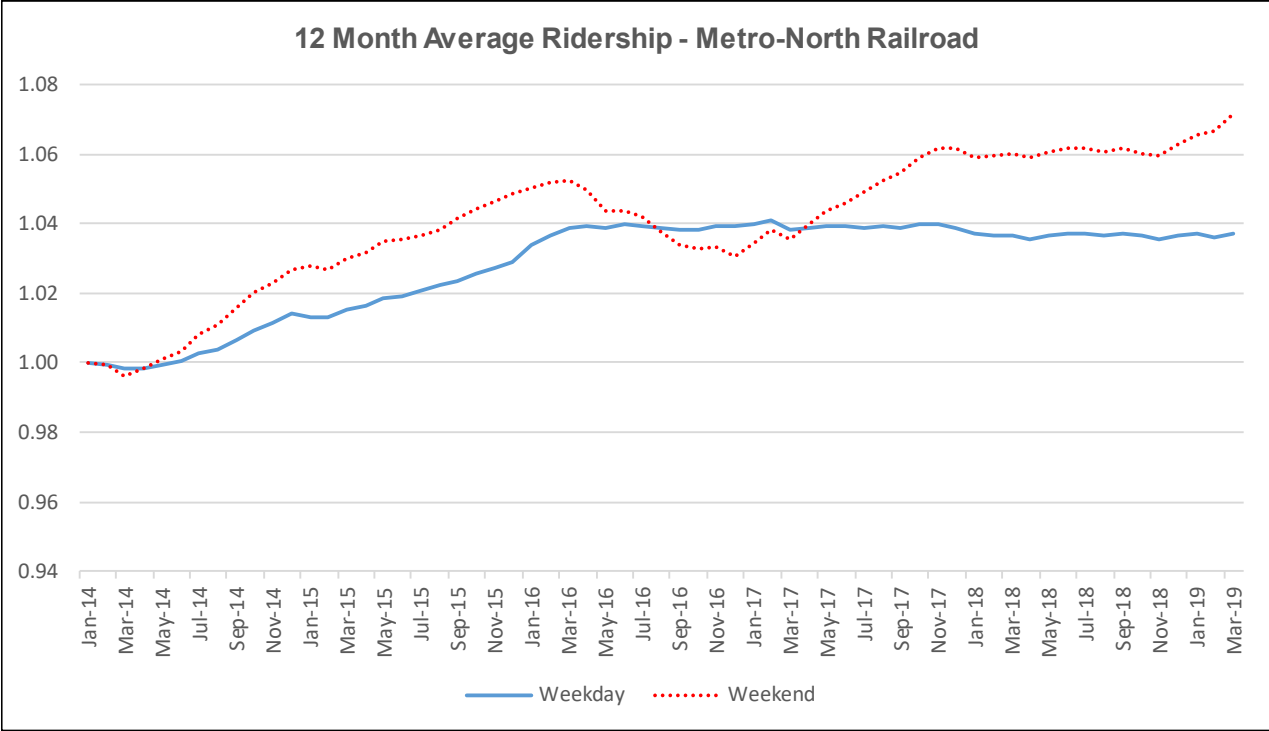
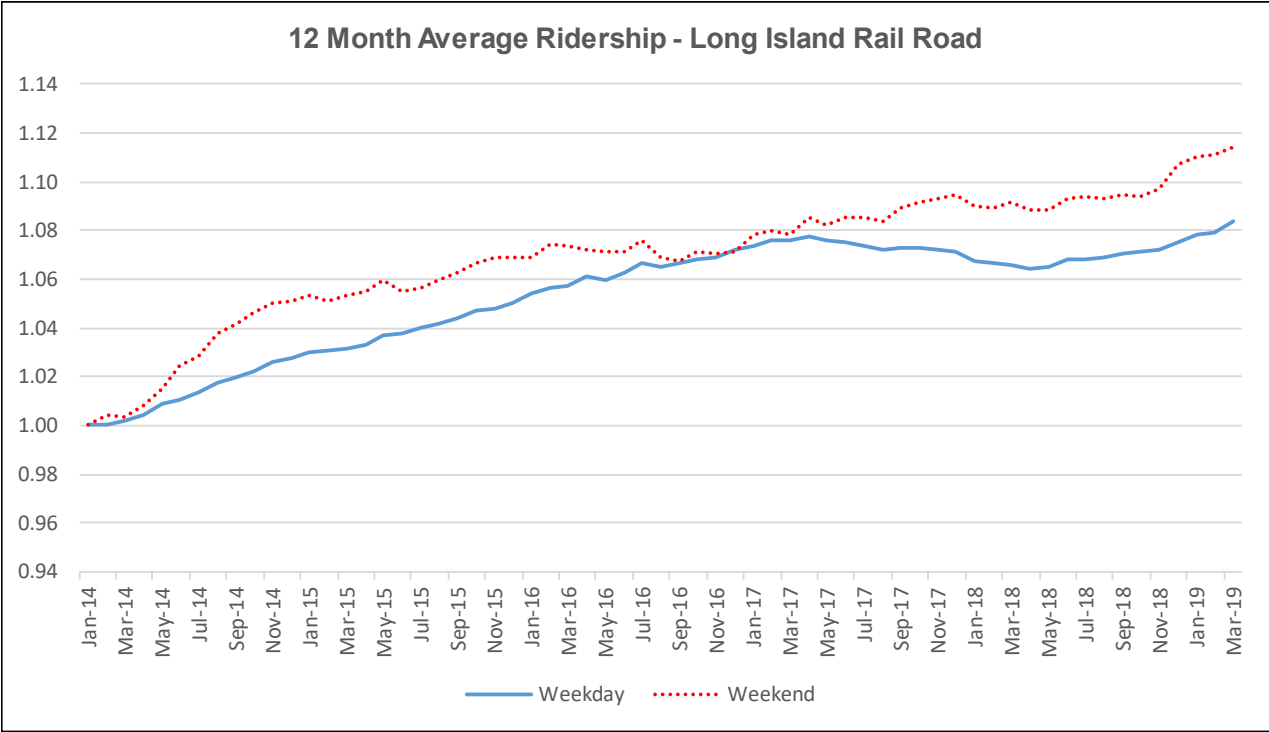
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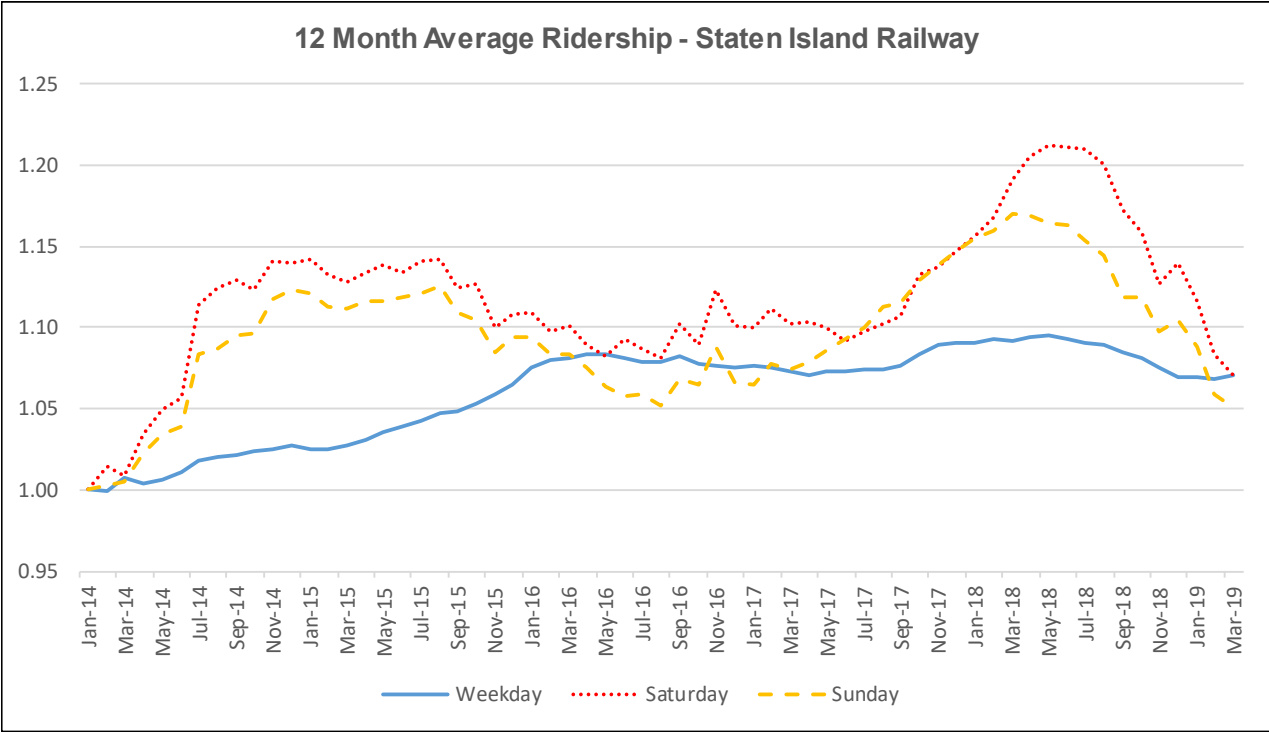
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Consumer Price Index

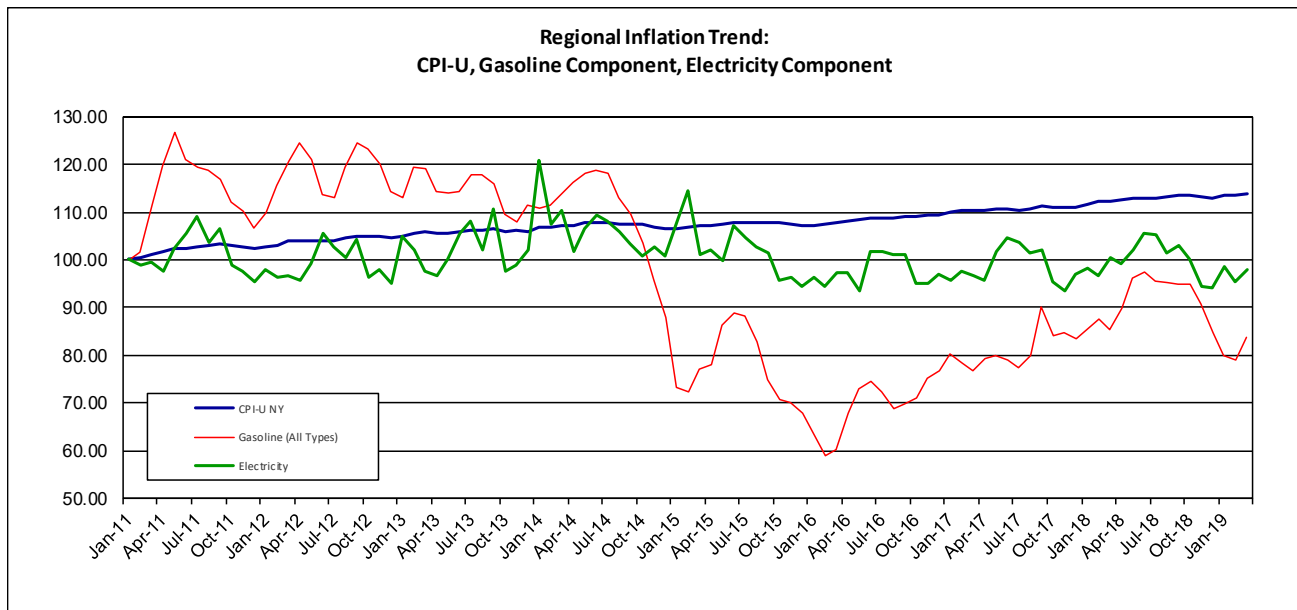
Goods Reporting Month-over-Month Price Increases

- Food
- Gasoline
- Electricity
- Transportation
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Apparel

				Mar-19 versus			
	Mar-19	Feb-19	Mar-18	Feb-19		Mar-18	
				Net	Pct	Net	Pct
Regional CPI-U	276.57	275.82	272.20	0.75	0.3%	4.37	1.6%
Medical Care Component	504.07	501.56	485.76	2.51	0.5%	18.31	3.8%
Electricity Component	178.80	173.99	183.37	4.81	2.8%	(4.57)	-2.5%
Gasoline (all grades) Component	207.72	195.93	211.76	11.79	6.0%	(4.04)	-1.9%
National CPI-U	254.20	252.78	249.55	1.43	0.6%	4.65	1.9%

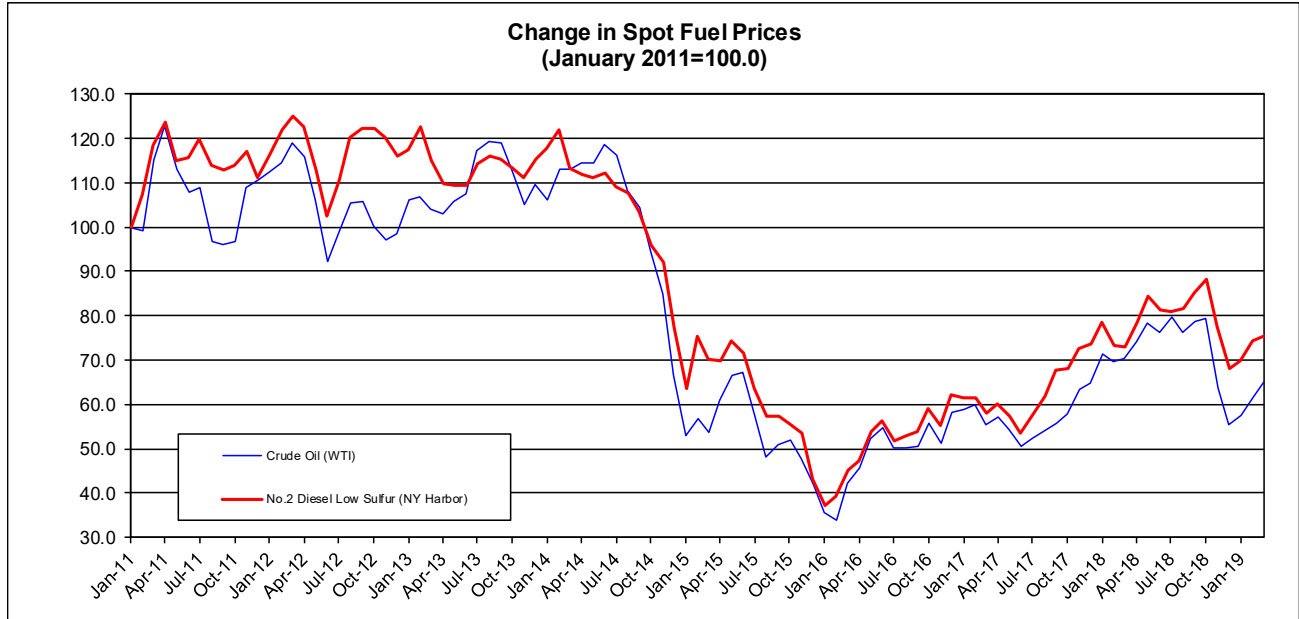


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Mar-19 versus		
	5/6/19	Mar-19	Feb-19	Mar-18	Feb-19	Mar-18
Crude Oil (\$/bbl)	62.30	58.15	54.95	62.73	5.8%	-7.3%
Conventional Regular Gasoline (\$/gal)	1.95	1.81	1.57	1.83	15.6%	-1.2%
Low Sulfur No.2 Diesel Fuel (\$/gal)	2.08	1.99	1.96	1.93	1.3%	3.0%
No.2 Heating Oil (\$/gal)	2.06	1.97	1.93	1.87	1.8%	4.9%



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Nassau, Suffolk Employment (in thousands)				Mar-19 versus			
	Prelim Mar-19	Revised Feb-19	Mar-18	Feb-19		Mar-18	
				Net	Percent	Net	Percent
Total Employment	1,332.8	1,326.1	1,323.8	6.7	0.5%	9.0	0.7%
Goods Producing	156.0	153.0	150.0	3.0	2.0%	6.0	4.0%
Construction, Mining, Nat Res	84.1	81.9	79.0	2.2	2.7%	5.1	6.5%
Manufacturing	71.9	71.1	71.0	0.8	1.1%	0.9	1.3%
Service Providing	1,176.8	1,173.1	1,173.8	3.7	0.3%	3.0	0.3%
Transportation, Utilities	43.3	43.2	42.0	0.1	0.2%	1.3	3.1%
Trade	226.7	226.8	227.9	-0.1	0.0%	-1.2	-0.5%
Information	16.7	16.7	17.9	0.0	0.0%	-1.2	-6.7%
Financial Activities	69.6	69.5	70.2	0.1	0.1%	-0.6	-0.9%
Professional & Business Svcs	158.5	158.7	167.3	-0.2	-0.1%	-8.8	-5.3%
Education & Health Svcs	283.4	280.7	271.9	2.7	1.0%	11.5	4.2%
Leisure & Hospitality	120.9	119.6	117.9	1.3	1.1%	3.0	2.5%
Other Services	58.9	59.2	60.0	-0.3	-0.5%	-1.1	-1.8%
Government	198.8	198.7	198.7	0.1	0.1%	0.1	0.1%

Orange, Rockland, Westchester Employment (in thousands)				Mar-19 versus			
	Prelim Mar-19	Revised Feb-19	Mar-18	Feb-19		Mar-18	
				Net	Percent	Net	Percent
Total Employment	717.8	714.0	713.5	3.8	0.5%	4.3	0.6%
Goods Producing	71.8	71.5	69.9	0.3	0.4%	1.9	2.7%
Construction, Mining, Nat Res	42.6	42.3	40.7	0.3	0.7%	1.9	4.7%
Manufacturing	29.2	29.2	29.2	0.0	0.0%	0.0	0.0%
Service Providing	646.0	642.5	643.6	3.5	0.5%	2.4	0.4%
Transportation, Utilities	25.2	24.4	26.1	0.8	3.3%	-0.9	-3.4%
Trade	113.4	114.0	114.6	-0.6	-0.5%	-1.2	-1.0%
Information	11.6	11.5	12.1	0.1	0.9%	-0.5	-4.1%
Financial Activities	38.0	37.5	37.0	0.5	1.3%	1.0	2.7%
Professional & Business Svcs	92.3	91.5	91.1	0.8	0.9%	1.2	1.3%
Education & Health Svcs	160.9	160.7	158.3	0.2	0.1%	2.6	1.6%
Leisure & Hospitality	62.0	60.5	62.2	1.5	2.5%	-0.2	-0.3%
Other Services	32.4	32.7	31.6	-0.3	-0.9%	0.8	2.5%
Government	110.2	109.7	110.6	0.5	0.5%	-0.4	-0.4%

Dutchess, Putnam Employment (in thousands)				Mar-19 versus			
	Prelim Mar-19	Revised Feb-19	Mar-18	Feb-19		Mar-18	
				Net	Percent	Net	Percent
Total Employment	149.1	147.8	146.2	1.3	0.9%	2.9	2.0%
Goods Producing	17.0	16.9	17.1	0.1	0.6%	-0.1	-0.6%
Construction, Mining, Nat Res	7.8	7.7	7.9	0.1	1.3%	-0.1	-1.3%
Manufacturing	9.2	9.2	9.2	0.0	0.0%	0.0	0.0%
Service Providing	132.1	130.9	129.1	1.2	0.9%	3.0	2.3%
Transportation, Utilities	4.6	4.6	4.1	0.0	0.0%	0.5	12.2%
Trade	19.0	18.9	19.8	0.1	0.5%	-0.8	-4.0%
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	13.5	13.3	12.1	0.2	1.5%	1.4	11.6%
Education & Health Svcs	41.1	40.4	39.2	0.7	1.7%	1.9	4.8%
Leisure & Hospitality	14.1	14.0	13.9	0.1	0.7%	0.2	1.4%
Other Services	7.1	7.0	7.1	0.1	1.4%	0.0	0.0%
Government	26.1	26.1	26.2	0.0	0.0%	-0.1	-0.4%

BUDGETWATCH

Regional Economy Report

