

# BUDGETWATCH

## March 2013 Flash Report

### Overall Latest Condition:

Preliminary YTD results were better than Plan due to very favorable real estate transaction taxes in January and February. Excepting the higher real estate revenues, overall results were very close to Budget.

Combined passenger and toll revenues for January were \$2.1 million, or 0.4% unfavorable, while operating expenses were \$12.0 million, or 1.6% favorable. January debt service costs were \$11.8 million, or 5.9% favorable. February YTD Payroll Mobility Tax receipts were \$6.5 million, or 2.2% unfavorable, while YTD PBT receipts were also unfavorable by \$5.3 million, or 5.2%; these variances appear to be primarily due to timing. Combined real estate tax receipts for February YTD were \$79.5 million, or 63.1% favorable.

### Passenger and Toll Revenues

Month of January 2013 (\$ in millions)				
	Prelim <u>Actual</u>	Adopted <u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT:				
Subway	\$223.2	\$227.5	(\$4.3)	-1.9%
Bus	70.3	70.9	(0.7)	-0.9%
Other	<u>5.6</u>	<u>5.8</u>	<u>(0.2)</u>	<u>-3.1%</u>
NYCT	\$299.1	\$304.2	(\$5.1)	-1.7%
LIRR	46.0	45.9	0.2	0.3%
MNR	<u>47.3</u>	<u>48.6</u>	<u>(1.3)</u>	<u>-2.7%</u>
<b>Sub-total</b>	<b>\$392.4</b>	<b>\$398.8</b>	<b>(\$6.3)</b>	<b>-1.6%</b>
B&T	<u>116.8</u>	<u>112.6</u>	<u>4.2</u>	<u>3.7%</u>
<b>Total</b>	<b>\$509.2</b>	<b>\$511.4</b>	<b>(\$2.1)</b>	<b>-0.4%</b>

Passenger revenues were \$6.3 million, or 1.6% below budget. At NYCT, revenues were 1.7% unfavorable, reflecting residual ridership impacts from Tropical Storm Sandy. Revenues were 2.7% unfavorable at MNR due to lower non-commutation ticket sales. Toll revenues were favorable by 3.7%, evidencing higher average toll and traffic resulting from relatively mild weather conditions.

### Total Operating Expenses before Non-Cash Liability Adjustments

Month of January 2013 (\$ in millions)				
	Prelim <u>Actual</u>	Adopted <u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$525.6	\$524.2	(\$1.4)	-0.3%
LIRR	108.1	113.5	5.4	4.8%
MNR	85.6	92.6	7.0	7.6%
B&T	<u>29.6</u>	<u>30.7</u>	<u>1.0</u>	<u>3.3%</u>
<b>Total</b>	<b>\$748.9</b>	<b>\$760.9</b>	<b>\$12.0</b>	<b>1.6%</b>

Overall, preliminary expenses were slightly favorable by \$12.0 million or 1.6%. NYCT was \$1.4 million unfavorable due to higher labor expenses (\$5.0 million – mainly overtime and other fringe benefits) which were partially offset by lower non-labor expenses (\$3.6 million – mostly in maintenance and other operating contracts and paratransit service contracts). The LIRR was favorable by \$5.4 million due to lower labor expenses (\$2.2 million - mostly from payroll, health and welfare, and OPEB current payment) and lower non-labor expenses (\$3.3 million – mainly materials & supplies, fuel, and

maintenance and other operating contracts). MNR was favorable by \$7.0 million due to lower labor (\$1.5 million – mostly health and welfare, and other fringe benefits) and non-labor expenses (\$5.5 million – mainly maintenance and other operating contracts, electric power, and professional services). B&T was favorable due to lower labor and non-labor expenses (primarily maintenance and other operating contracts).

## Overtime

Month of January 2013 (\$ in millions)				
	<u>Prelim</u>	<u>Adopted</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
NYCT	\$34.2	\$25.2	(\$9.0)	-35.8%
LIRR	7.0	6.3	(0.7)	-11.4%
MNR	5.1	5.1	(0.0)	-0.9%
B&T	1.8	2.0	0.3	13.0%
<b>Total</b>	<b>\$48.1</b>	<b>\$38.6</b>	<b>(\$9.5)</b>	<b>-24.7%</b>

Overtime was \$9.5 million or 24.7% unfavorable to budget. Of this amount, \$9.0 million of the unfavorable variance is at NYCT, and is primarily attributable to the timing of “banked” overtime payments from 2012 to represented employees, as well as continued Sandy-related work and maintenance requirements. The LIRR was \$0.7 million unfavorable, mostly due to delays in the filling of vacant positions existing in the Maintenance of Equipment division. B&T was \$0.3 million favorable due to mild weather conditions, and MNR was on target.

## Debt Service

Debt service costs for January were \$189.2 million, which was \$11.8 million, or 5.9%, favorable to budget due to lower variable rates, the timing of new money issuances, and the timing of the release of debt service reserve funds for payment of 2 Broadway Certificate of Participation notes (COPs).

## New State Aid

YTD February 2013 (\$ in millions)					Month of February 2013 (\$ in millions)				
	<u>Actual</u>	<u>Adopted</u>				<u>Actual</u>	<u>Adopted</u>		
		<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>			<u>Budget</u>	<u>Diff</u>	<u>% Diff</u>
PMT	\$293.7	\$300.2	(\$6.5)	-2.2%	PMT	\$160.2	\$173.6	(\$13.5)	-7.7%
MTA Aid	0.0	0.0	0.0	0.0%	MTA Aid	0.0	0.0	0.0	0.0%
<b>Total</b>	<b>\$293.7</b>	<b>\$300.2</b>	<b>(\$6.5)</b>	<b>-2.2%</b>	<b>Total</b>	<b>\$160.2</b>	<b>\$173.6</b>	<b>(\$13.5)</b>	<b>-7.7%</b>

Notes: 1) MTA Aid includes the License Fee, Vehicle Registration Fee, Taxi Fee, Automobile Rental Fee.  
2) PMT replacement funds totaling \$310 million for the year, excluded from the results reported in this table, are projected to be received in five equal installments of \$62 million.

February Payroll Mobility Tax (PMT) receipts of \$160.2 million were \$13.5 million unfavorable compared with the Adopted Budget forecast. YTD receipts were also slightly unfavorable to the forecast by \$6.5 million, or 2.2%. It appears that some companies paid out bonuses in 2012 in anticipation of tax rate increases. December collections were approximately \$10 million favorable.

MTA Aid receipts are received quarterly, with the first quarterly receipt due in March.

## State Dedicated Taxes

Petroleum Business Tax (PBT) receipts for February were \$2.0 million (4.0%) unfavorable and year-to-date PBT receipts were also unfavorable by \$5.3 million (5.2%). Since PBT collections vary significantly from month to month, the unfavorable variance most likely reflects timing, with receipts that were forecasted in the current month being collected in subsequent months. The first MMTOA payment for the year is not expected until May.

## Real Estate Transaction Taxes

YTD February 2013 (\$ in millions)					Month of February 2013 (\$ 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	\$61.7	\$53.9	\$7.8	14.4%	MRT	\$33.2	\$27.0	\$6.3	23.2%
NYC Urban	143.7	72.0	\$71.7	99.7%	NYC Urban	80.4	36.0	\$44.4	123.3%
<b>Total</b>	\$205.4	\$125.9	\$79.5	63.1%	<b>Total</b>	\$113.6	\$63.0	\$50.6	80.4%

Total real estate taxes for February of \$113.6 million were \$50.6 million (80.4%) better than budget, increasing the YTD variance to a favorable \$79.5 million (63.1%). Receipts from each individual tax improved from January levels, with both months easily exceeding 2012 collections for those months.

**Regional Mortgage Recording Tax<sup>1</sup>** receipts for February were \$6.3 million or 23.2% above the Adopted Budget, accounting for most of the \$7.8 million (14.4%) positive YTD variance. The favorable MRT result is due to MRT-1 receipts, particularly in New York City; MRT-1 receipts in NYC were \$17.2 million, the highest since April 2008. In February, total MRT-1 was favorable by 38.2%. While total MRT-2 was 6.0% unfavorable, its February receipts of \$8.6 million were higher than the 2012 average of \$7.7 million.

**New York City Urban Tax<sup>2</sup>** receipts for February were \$44.4 million or 123.3% favorable, and YTD Urban Tax receipts through February were \$71.7 million (99.7%) favorable. For February, the MRT portion of the Urban Tax was \$23.6 million, which was \$12.9 million or 120.9% favorable; this component of the Urban Tax reached its highest level since September 2007, and exceeded the 2012 average receipt of \$9.7 million. The Real Property Transfer Tax (RPTT) portion of the Urban Tax was \$56.8 million in February, favorable by \$31.5 million or 124.4%. RPTT receipts reached their highest level since January 2008, and were much higher than the 2012 average of \$24.2 million. As in January, it is worthwhile to note that high Urban Tax revenues were not attributable to any single large transaction, but were rather the result of an overall high volume and pricing of commercial real estate transactions.

<sup>1</sup> Mortgage Recording Taxes consist of two separate taxes on all mortgages recorded in the twelve-county region: MRT-1 is a tax on both commercial and residential mortgages, while MRT-2 is imposed on residential real estate structures containing one to six dwelling units.

<sup>2</sup> New York City Urban Taxes are imposed on non-residential property and apartment building transactions within New York City that are valued at over \$500,000. The MRT component of the Urban Tax is imposed on mortgages of commercial property exceeding \$500,000, and the Real Property Transfer Tax component is imposed on the transfer of NYC commercial real properties valued over \$500K.





# March 2013 BudgetWatch Regional Economy

## New York City Employment

### Sectors with Employment losses in December 2012 Compared to December 2011

- Manufacturing
- Transportation, Utilities
- Construction, Mining, Natural Resource
- Government



### Sectors with Employment Gains in December 2012 Compared to December 2011

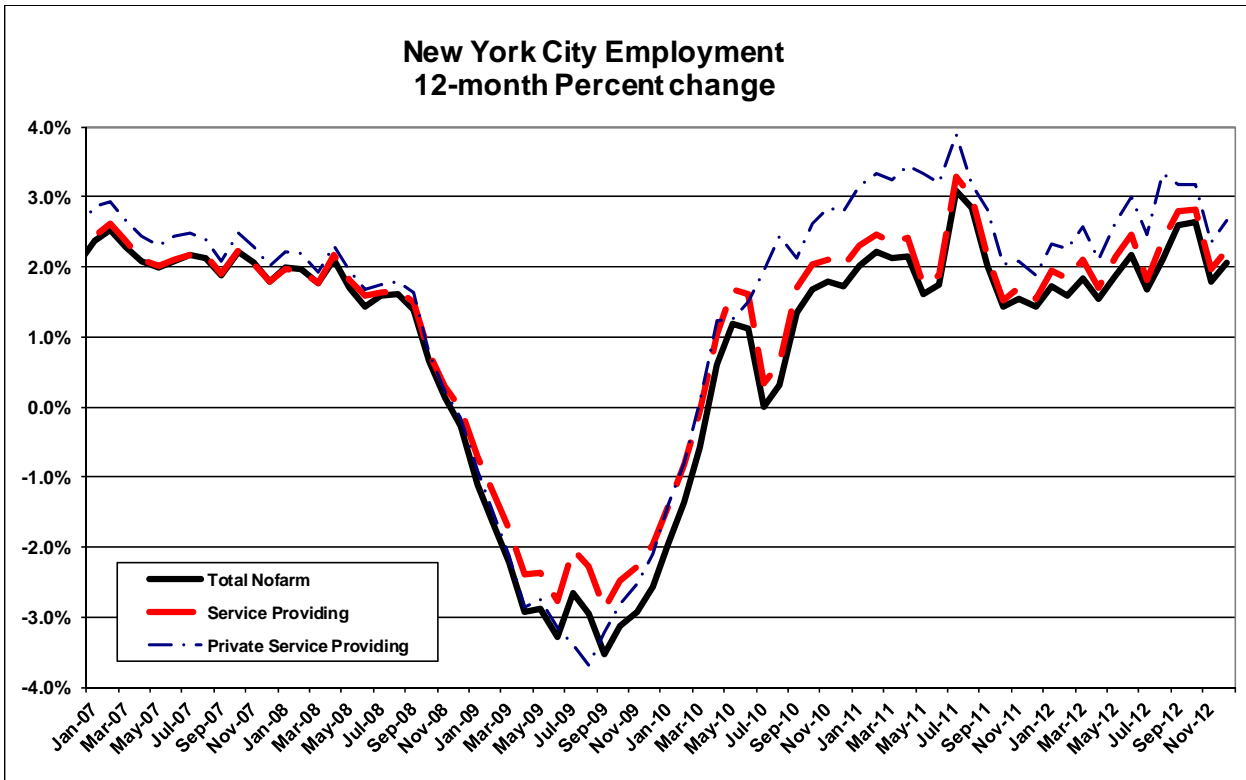
- Trade
- Leisure and Hospitality
- Other Services
- Professional and Business Services
- Education and Health Svcs.
- Information
- Financial Activities



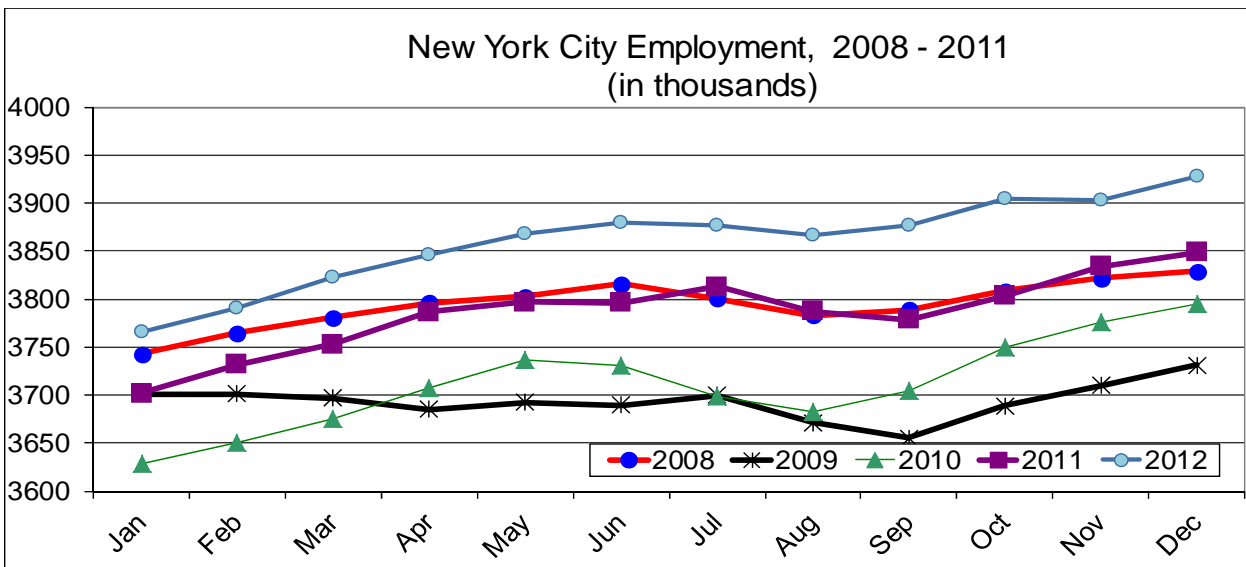
New York City Employment (in thousands)	Prelim Dec-12	Revised Nov-12	Dec-11	Gain / (Loss) Dec-12 versus			
				Nov-12		Dec-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>3927.5</b>	<b>3903.1</b>	<b>3848.8</b>	<b>24.4</b>	<b>0.6%</b>	<b>78.7</b>	<b>2.0%</b>
<b>Goods Producing</b>	<b>181.5</b>	<b>185.1</b>	<b>184.9</b>	<b>(3.6)</b>	<b>-1.9%</b>	<b>(3.4)</b>	<b>-1.8%</b>
Construction, Mining, Nat Res	109.5	111.9	111.5	(2.4)	-2.1%	(2.0)	-1.8%
Manufacturing	72.0	73.2	73.4	(1.2)	-1.6%	(1.4)	-1.9%
<b>Service Producing</b>	<b>3746.0</b>	<b>3718.0</b>	<b>3663.9</b>	<b>28.0</b>	<b>0.8%</b>	<b>82.1</b>	<b>2.2%</b>
Transportation, Utilities	122.7	120.8	123.0	1.9	1.6%	(0.3)	-0.2%
Trade	487.0	477.5	476.7	9.5	2.0%	10.3	2.2%
Information	173.0	174.0	172.1	(1.0)	-0.6%	0.9	0.5%
Financial Activities	443.9	440.5	440.7	3.4	0.8%	3.2	0.7%
Education & Health Svcs	653.0	649.2	616.5	3.8	0.6%	36.5	5.9%
Professional & Business Svcs	788.2	784.6	775.0	3.6	0.5%	13.2	1.7%
Leisure & Hospitality	358.7	354.8	349.1	3.9	1.1%	9.6	2.7%
Other Services	173.9	172.1	164.2	1.8	1.0%	9.7	5.9%
Government	545.6	544.5	546.6	1.1	0.2%	(1.0)	-0.2%

Preliminary December 2012 employment in New York City shows a gain of 78.7 thousand jobs (an increase of 2.0%) compared to last December's employment level. December marks the twenty-ninth month in a row with higher employment than one year earlier. The Education and Health Services sector experienced the greatest gains among the major sectors, adding 36,500 jobs over the past twelve months; and growth was also strong in the Leisure & Hospitality sector, the Professional and Business Services sector and the Trade sector, which together added 33,000 jobs.

# March 2013 BudgetWatch Regional Economy

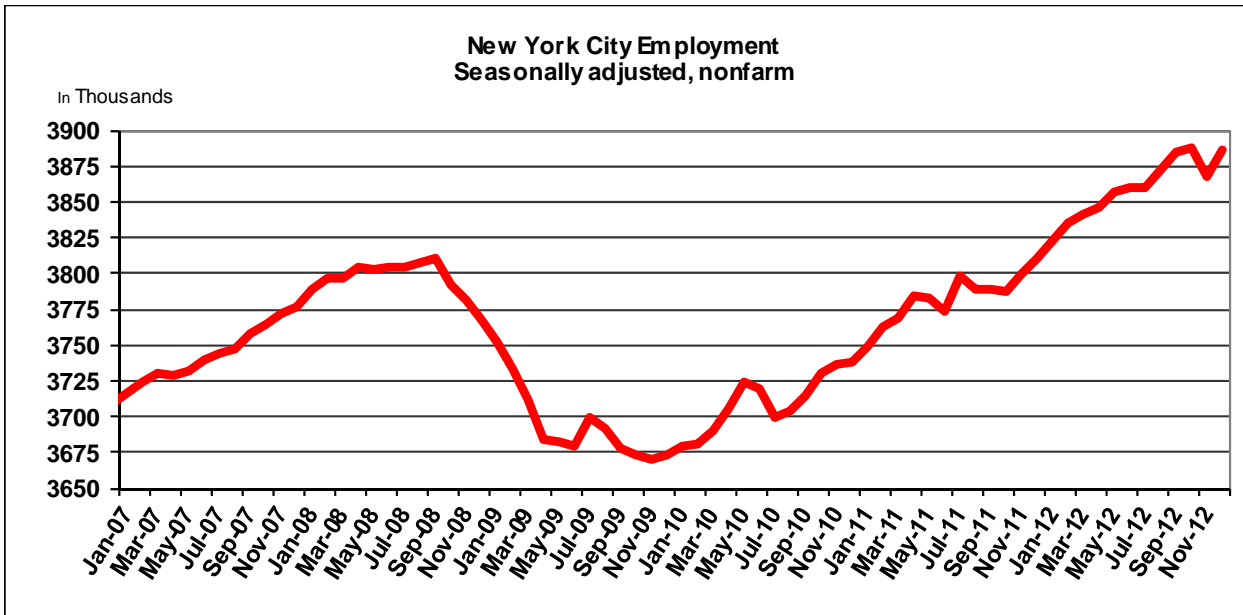


Employment in New York City’s service-producing sectors increased by 82.1 thousand jobs, an increase of 2.2% over the December 2011 level. Private-sector service-providing employment in New York City increased by 83.1 thousand jobs, 2.7% higher than the level of one year ago, and December marks the thirty-third month in a row with an annual increase greater than 1%.



# March 2013 BudgetWatch

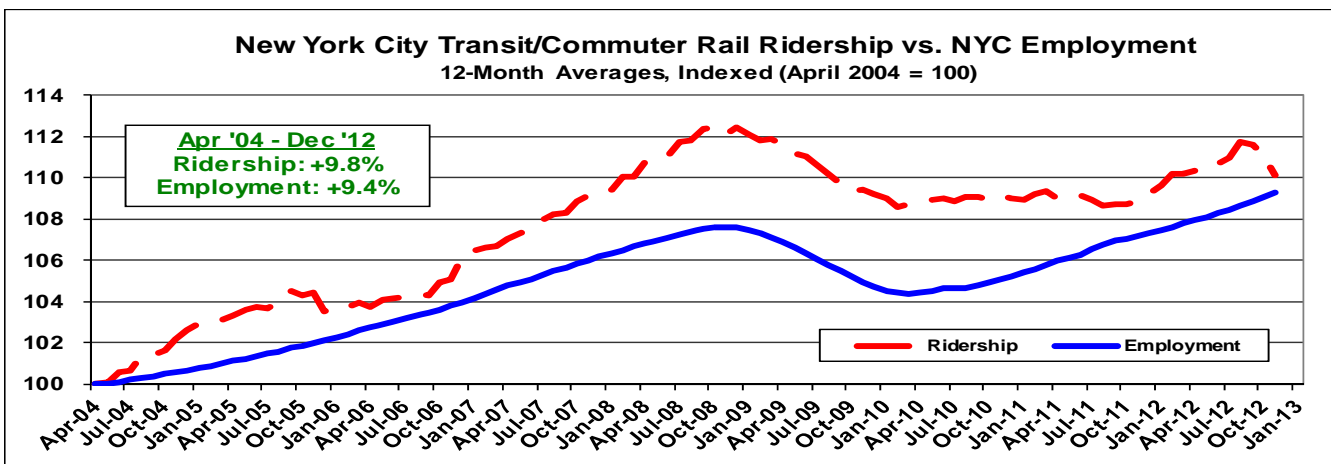
## Regional Economy



Seasonally adjusted New York City employment in December was higher than in December 2011 by 75.6 thousand jobs (up 2.0%), and was higher than November 2012 by 18.0 thousand jobs (up 0.5%). Since September 2009, when seasonally adjusted employment reached a recessionary low-point, New York City has added 209 thousand jobs, an increase of 5.7%.

### Ridership and Employment

In April 2004, the twelve-month moving average for employment began to increase after 35 consecutive months of declines from May 2001 through March 2004. Employment levels rose through November 2008, and declined for 16 months through March 2010. The twelve-month employment average (through December 2012) has increased for twenty-nine consecutive months, and is now 9.4% higher than the April 2004 level. Annualized (12-month average) New York City Transit/Commuter Rail ridership has grown to 9.8% above the April 2004 level. The twelve-month average for ridership was 0.5% higher in December 2012 than one year ago.





# March 2013 BudgetWatch Regional Economy

## Consumer Price Index

### Goods Reporting Price Increases in January 2013 Compared to December 2012

- Medical Care
- Food
- Apparel
- Electricity

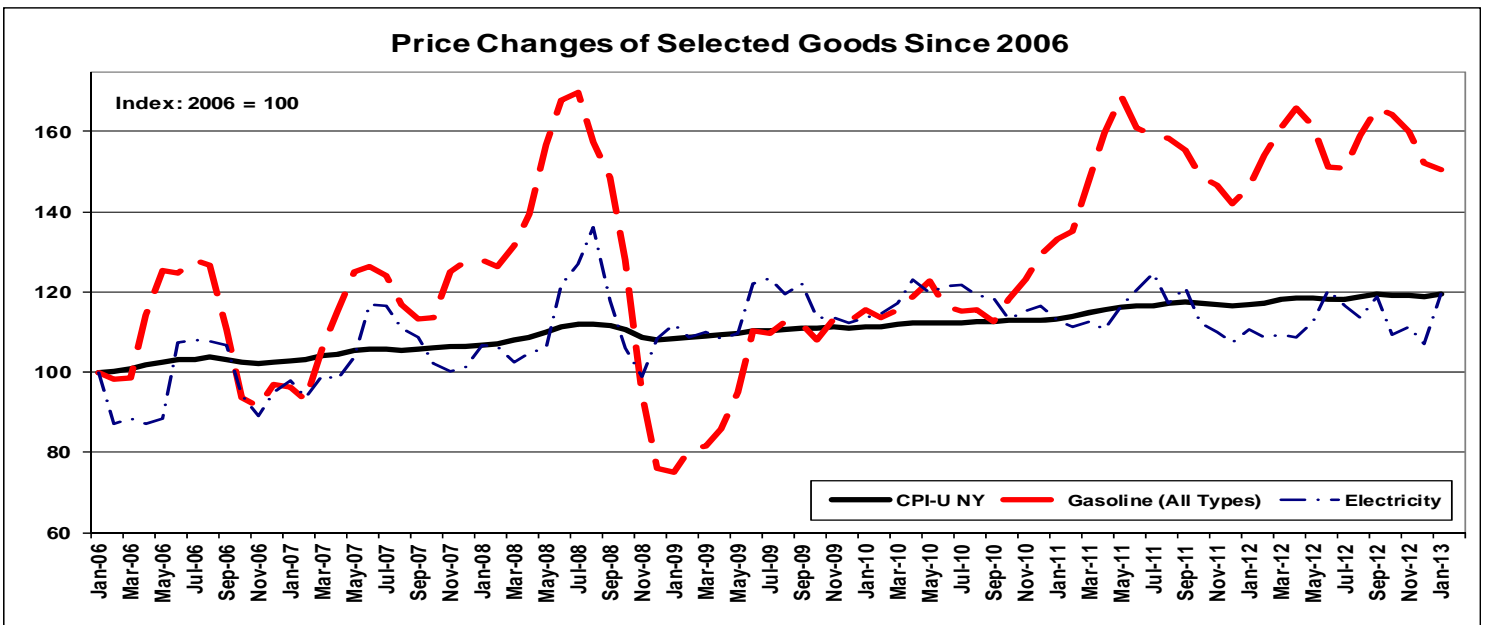


### Goods Reporting Price Declines in January 2013 Compared to December 2012

- Gasoline
- Transportation

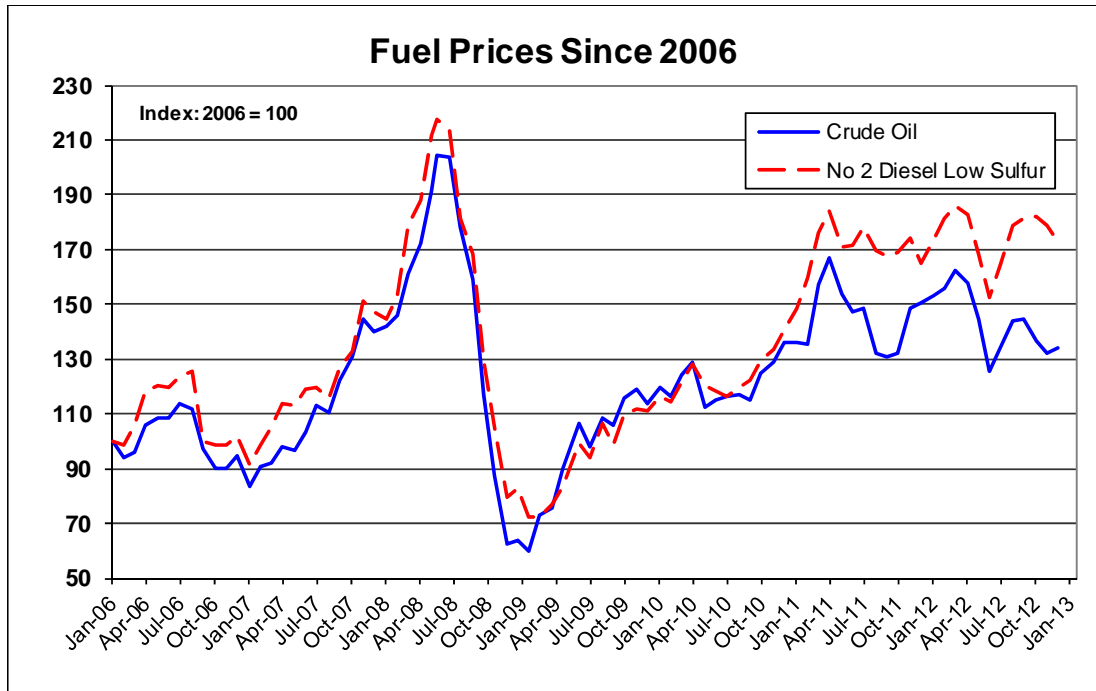


NY-NJ_CT Consumer Price Index All Urban Consumers (CPI-U)	Jan-13	Dec-12	Jan-12	Increase / (Decrease) Jan-13 vs			
				Dec-12		Jan-12	
				Net	Percent	Net	Percent
Regional CPI-U	250.8	249.5	245.5	1.3	0.5%	5.3	2.2%
Medical Care Component	415.2	412.8	405.3	2.4	0.6%	9.9	2.4%
Electricity Component	191.7	172.1	177.9	19.5	11.3%	13.8	7.8%
Gasoline (all grades) Component	281.7	284.7	273.5	-2.9	-1.0%	8.3	3.0%
National CPI-U	230.3	229.6	226.7	0.7	0.3%	3.6	1.6%



# March 2013 BudgetWatch Regional Economy

## Fuel Prices



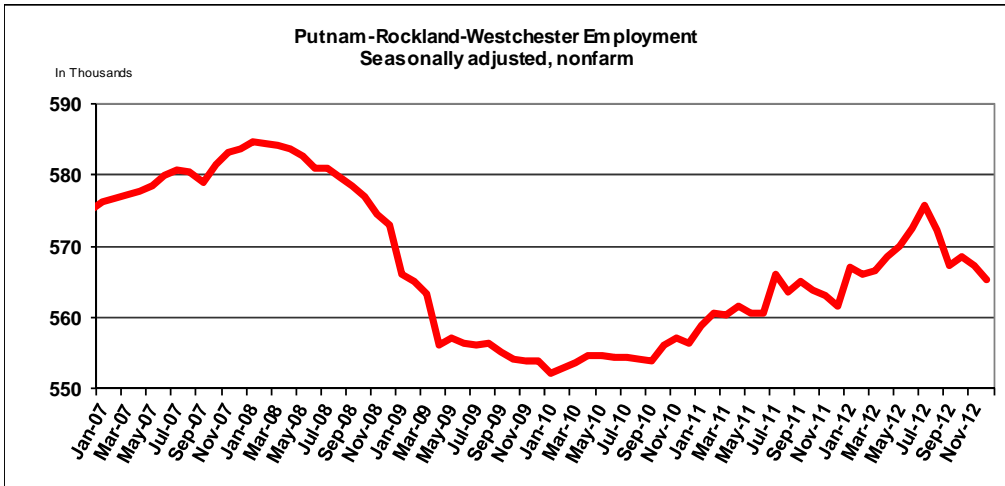
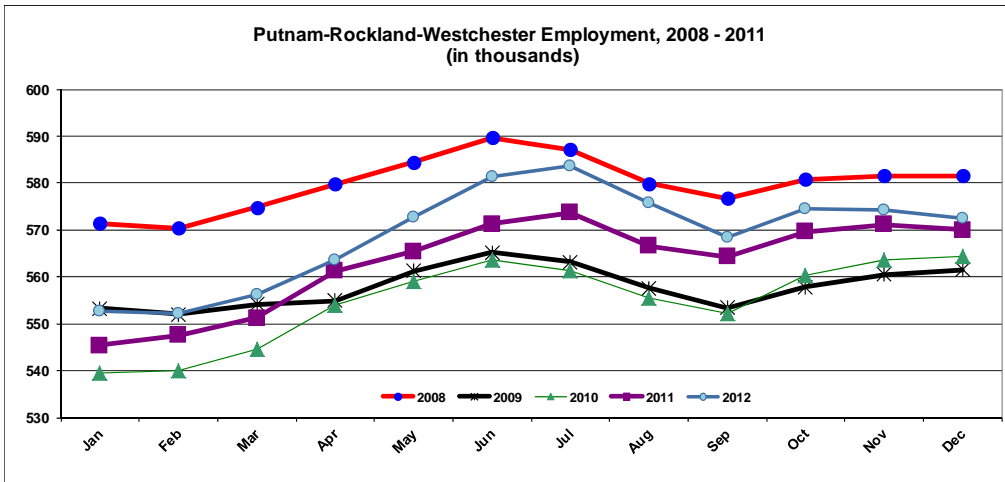
NOTE: Latest Crude Oil and No.2 Diesel Low Sulfur prices: January 15, 2013

Fuel Prices New York Spot Prices	Most Recent Quarter				% chg, Dec '12 vs.			
	Feb. 25, 2013	Jan-13	Dec-12	Nov-12	Jan-12	Dec-12	Nov-12	Jan-12
Crude Oil	92.74	94.76	87.86	86.53	100.27	7.9%	9.5%	-5.5%
Conventional Regular Gasoline *	3.04	2.85	2.73	2.82	2.82	4.6%	1.2%	1.1%
Low Sulfur No.2 Diesel Fuel *	3.31	3.10	3.07	3.18	3.08	1.1%	-2.4%	0.7%
No.2 Heating Oil *	3.10	3.07	3.00	3.01	3.05	2.4%	2.0%	0.5%

\* \$ per gallon

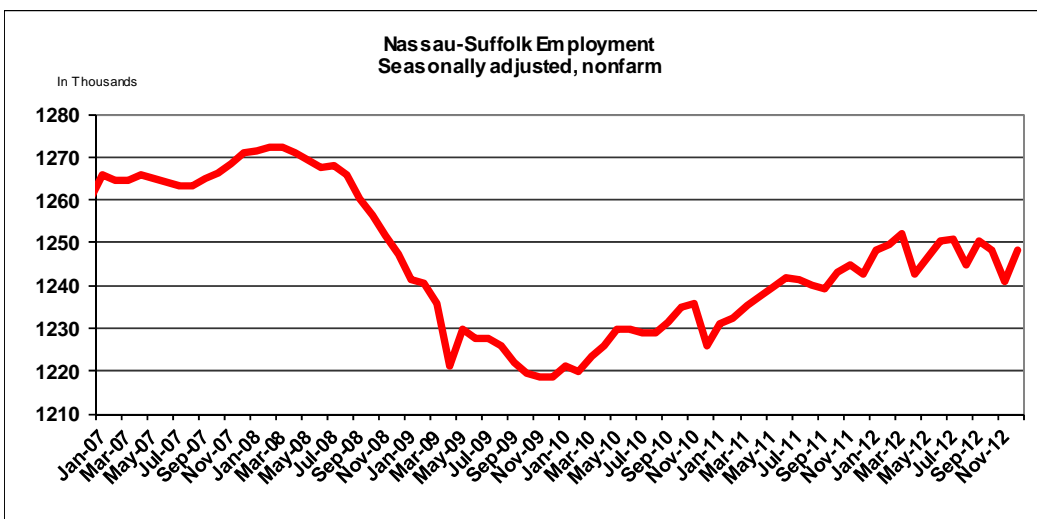
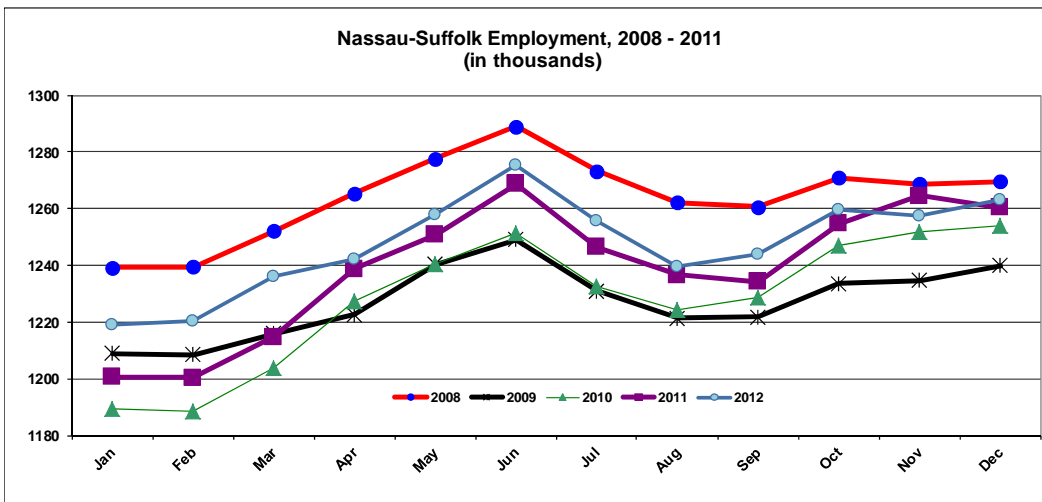
# March 2013 BudgetWatch Regional Economy

Putnam, Rockland & Westchester Employment (in thousands)	Gain / (Loss) Dec-12 versus						
	Prelim Dec-12	Revised Nov-12	Dec-11	Nov-12		Dec-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>572.6</b>	<b>574.3</b>	<b>570.0</b>	<b>(1.7)</b>	<b>-0.3%</b>	<b>2.6</b>	<b>0.5%</b>
<b>Goods Producing</b>	<b>52.4</b>	<b>53.5</b>	<b>55.8</b>	<b>(1.1)</b>	<b>-2.1%</b>	<b>(3.4)</b>	<b>-6.1%</b>
Construction, Mining, Nat Res	28.6	29.5	31.1	(0.9)	-3.1%	(2.5)	-8.0%
Manufacturing	23.8	24.0	24.7	(0.2)	-0.8%	(0.9)	-3.6%
<b>Service Producing</b>	<b>520.2</b>	<b>520.8</b>	<b>514.2</b>	<b>(0.6)</b>	<b>-0.1%</b>	<b>6.0</b>	<b>1.2%</b>
Transportation, Utilities	18.5	18.5	18.0	0.0	0.0%	0.5	2.8%
Trade	93.2	91.7	91.9	1.5	1.6%	1.3	1.4%
Information	13.1	13.1	13.6	0.0	0.0%	(0.5)	-3.7%
Financial Activities	34.6	34.6	34.1	0.0	0.0%	0.5	1.5%
Education & Health Svcs	74.3	75.9	72.1	(1.6)	-2.1%	2.2	3.1%
Professional & Business Svcs	124.3	123.4	121.5	0.9	0.7%	2.8	2.3%
Leisure & Hospitality	44.5	45.9	44.1	(1.4)	-3.1%	0.4	0.9%
Other Services	25.6	25.5	25.2	0.1	0.4%	0.4	1.6%
Government	92.1	92.2	93.7	(0.1)	-0.1%	(1.6)	-1.7%



# March 2013 BudgetWatch Regional Economy

Nassau & Suffolk Employment (in thousands)	Gain / (Loss) Dec-12 versus						
	Prelim Dec-12	Revised Nov-12	Dec-11	Nov-12		Dec-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>1263.0</b>	<b>1257.4</b>	<b>1260.3</b>	<b>5.6</b>	<b>0.4%</b>	<b>2.7</b>	<b>0.2%</b>
<b>Goods Producing</b>	<b>126.9</b>	<b>127.8</b>	<b>130.8</b>	<b>(0.9)</b>	<b>-0.7%</b>	<b>(3.9)</b>	<b>-3.0%</b>
Construction, Mining, Nat Res	55.6	56.3	58.0	(0.7)	-1.2%	(2.4)	-4.1%
Manufacturing	71.3	71.5	72.8	(0.2)	-0.3%	(1.5)	-2.1%
<b>Service Producing</b>	<b>1136.1</b>	<b>1129.6</b>	<b>1129.5</b>	<b>6.5</b>	<b>0.6%</b>	<b>6.6</b>	<b>0.6%</b>
Transportation, Utilities	38.6	37.5	38.5	1.1	2.9%	0.1	0.3%
Trade	232.7	229.3	231.3	3.4	1.5%	1.4	0.6%
Information	23.9	24.0	24.4	(0.1)	-0.4%	(0.5)	-2.0%
Financial Activities	75.7	75.9	71.9	(0.2)	-0.3%	3.8	5.3%
Education & Health Svcs	164.8	165.8	161.8	(1.0)	-0.6%	3.0	1.9%
Professional & Business Svcs	242.6	239.7	237.1	2.9	1.2%	5.5	2.3%
Leisure & Hospitality	97.5	99.4	99.5	(1.9)	-1.9%	(2.0)	-2.0%
Other Services	55.4	54.2	54.0	1.2	2.2%	1.4	2.6%
Government	204.9	203.8	211.0	1.1	0.5%	(6.1)	-2.9%



# March 2013 BudgetWatch Regional Economy

Poughkeepsie-Newburgh-Middletown Employment (in thousands)	Gain / (Loss) Dec-12 versus						
	Prelim Dec-12	Revised Nov-12	Dec-11	Nov-12		Dec-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>256.5</b>	<b>257.7</b>	<b>255.6</b>	<b>(1.2)</b>	<b>-0.5%</b>	<b>0.9</b>	<b>0.4%</b>
<b>Goods Producing</b>	<b>25.8</b>	<b>26.4</b>	<b>26.1</b>	<b>(0.6)</b>	<b>-2.3%</b>	<b>(0.3)</b>	<b>-1.1%</b>
Construction, Mining, Nat Res	8.1	8.5	8.4	(0.4)	-4.7%	(0.3)	-3.6%
Manufacturing	17.7	17.9	17.7	(0.2)	-1.1%	0.0	0.0%
<b>Service Producing</b>	<b>230.7</b>	<b>231.3</b>	<b>229.5</b>	<b>(0.6)</b>	<b>-0.3%</b>	<b>1.2</b>	<b>0.5%</b>
Transportation, Utilities	8.4	8.4	8.5	0.0	0.0%	(0.1)	-1.2%
Trade	49.2	48.8	49.4	0.4	0.8%	(0.2)	-0.4%
Information	3.7	3.8	3.8	(0.1)	-2.6%	(0.1)	-2.6%
Financial Activities	9.0	9.0	8.9	0.0	0.0%	0.1	1.1%
Education & Health Svcs	23.1	23.2	22.5	(0.1)	-0.4%	0.6	2.7%
Professional & Business Svcs	54.8	55.6	54.0	(0.8)	-1.4%	0.8	1.5%
Leisure & Hospitality	20.6	20.4	20.1	0.2	1.0%	0.5	2.5%
Other Services	9.8	9.7	9.6	0.1	1.0%	0.2	2.1%
Government	52.1	52.4	52.7	(0.3)	-0.6%	(0.6)	-1.1%

