

BUDGETWATCH

January 2020 Flash Report

Special 2019 Year-End Flash Report

Overall

The January Budgetwatch provides a high-level preliminary look at 2019 results compared with the November Forecast, which was approved by the Board last month. Overall, results are favorable compared with the November Forecast. Revenues were favorable by \$40.5 million, reflecting favorable variances of \$21.3 million in passenger revenue, \$17.4 million from real estate transaction tax receipts and \$4.4 million from State dedicated taxes and fees; these were partially offset by lower toll revenue of \$2.7 million. MTA total operating expenses were favorable by \$108.6 million, reflecting lower labor expenses and favorable timing in maintenance contracts at NYCT, lower labor expenses due to vacancies and associated fringe costs, and lower non-labor expenses at B&T. Overall overtime expenses were in line with the November Forecast.

Passenger and Toll Revenues

YTD December 2019 (\$ in millions)				
	Preliminary	November	Diff	% Diff
	Actual	Forecast		
NYCT:				
Subway	\$3,574.0	\$3,550.9	\$23.0	0.6%
Bus	937.5	929.0	8.5	0.9%
Other	<u>101.9</u>	<u>102.0</u>	<u>(0.0)</u>	<u>0.0%</u>
NYCT	\$4,613.4	\$4,581.9	\$31.5	0.7%
MTA Bus	221.8	221.8	(0.0)	0.0%
LIRR	768.6	771.1	(2.5)	-0.3%
MNR	<u>756.7</u>	<u>764.3</u>	<u>(7.6)</u>	<u>-1.0%</u>
Sub-total	\$6,360.5	\$6,339.2	\$21.3	0.3%
B&T	<u>2,075.4</u>	<u>2,078.1</u>	<u>(2.7)</u>	<u>-0.1%</u>
Total	\$8,435.9	\$8,417.3	\$18.7	0.2%

Preliminary 2019 **passenger revenues** were \$21.3 million, or 0.3% favorable. Both Subway and Bus revenue exceeded the forecast, largely reflecting favorable ridership trends in both modes of service. MTA Bus revenue was on target. At the LIRR, lower yield per passenger and lower non-commutation ridership resulted in unfavorable passenger revenue of \$2.5 million, while at MNR, slightly lower ridership on both the Harlem and New Haven lines resulted in a \$7.6 million shortfall in revenue. Preliminary **toll revenues** in 2019 were unfavorable by \$2.7 million, or 0.1%, primarily due to lower average toll yield compared to forecast.

Total Operating Expenses before Non-Cash Liability Adjustments

YTD December 2019 (\$ in millions)				
	Preliminary	November	Diff	% Diff
	Actual	Forecast		
NYCT	\$8,889.3	\$8,936.4	\$47.2	0.5%
MTA Bus	826.3	831.7	5.4	0.7%
LIRR	1,515.5	1,544.8	29.3	1.9%
MNR	1,340.3	1,341.9	1.5	0.1%
B&T	<u>502.2</u>	<u>527.3</u>	<u>25.2</u>	<u>4.8%</u>
Total	\$13,073.6	\$13,182.2	\$108.6	0.8%

Preliminary 2019 operating expenses were \$108.6 million, or 0.8%, favorable. At NYCT, favorable results were largely due to updated Worker's Compensation reserve requirements which are subject to annual actuarial revisions, greater than anticipated credits associated with health & welfare, and the timing of maintenance

expenses, partially offset by unfavorable reimbursable overhead credits resulting from lower than anticipated reimbursable work requirements. At the LIRR, favorable results were primarily due to vacancies and associated fringe costs, lower overtime (for maintenance and weather), higher reimbursable overhead credits, and lower electric power costs. At B&T, the primary drivers of the favorable results were lower maintenance expenses, security equipment, bond issuance costs, and overtime. For MTA Bus, favorable results were primarily due to the timing of shop programs, bus technology upgrades, facilities expenses, interagency billing, and new fare technology expenses, partially offset by higher than forecasted medical expenses and overtime costs. In the case of MNR, favorable results were largely due to lower non-labor costs.

Overtime

YTD December 2019 (\$ in millions)				
	Preliminary	November	Diff	% Diff
	Actual	Forecast		
NYCT	\$605.5	\$606.2	\$0.7	0.1%
MTA Bus	76.7	68.3	(8.5)	-12.4%
LIRR	145.4	153.4	8.0	5.2%
MNR	99.4	95.4	(4.0)	-4.2%
B&T	<u>23.8</u>	<u>27.3</u>	<u>3.6</u>	<u>13.1%</u>
Total	\$950.8	\$950.6	(\$0.2)	0.0%

Overall, preliminary 2019 overtime costs were just \$0.2 million over forecast. MTA Bus was unfavorable due to additional bus shopwork for fleet remaining in service beyond their useful life and support for new bus security and safety maintenance campaigns, while MNR was unfavorable due to higher Reliability Centered Maintenance and rolling stock running repair work. These were partially offset by lower programmatic maintenance requirements at the LIRR and fewer weather-related events at NYCT. Operating efficiencies produced favorable results at B&T. Programmatic information on overspending through December is provided in the Overtime Detail section which follows this Flash Report.

Debt Service

Debt Service expense for 2019 was \$2,630.2 million, favorable by \$33.9 million or 1.3% due to lower than budgeted debt service, lower than budgeted variable rates, and timing related to the realization of investment income.

State Dedicated Taxes and Fees

YTD December 2019 (\$ in millions)				
	November		Diff	% Diff
	Actual	Forecast		
MMTOA	\$1,823.7	\$1,823.7	(\$0.0)	0.0%
PBT	648.6	640.5	8.1	1.3%
PMT ¹	1,560.5	1,556.4	4.1	0.3%
MTA Aid ²	311.0	313.2	(2.2)	-0.7%
FHV ³	<u>336.4</u>	<u>342.0</u>	<u>(5.6)</u>	<u>-1.6%</u>
Total	\$4,680.2	\$4,675.8	\$4.4	0.1%

For 2019, MMTOA was on target with the forecast, and Petroleum Business Tax (PBT) receipts were \$8.1 million favorable. Payroll Mobility Tax (PMT) collections were \$4.1 million favorable, while MTA Aid receipts were \$2.2 million unfavorable and FHV surcharge was \$5.6 million unfavorable.

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.

Real Estate Transaction Taxes

YTD December 2019 (\$ in millions)				
	November			
	<u>Actual</u>	<u>Forecast</u>	<u>Diff</u>	<u>% Diff</u>
MRT	\$461.7	\$452.2	\$9.6	2.1%
NYC Urban	668.5	660.6	7.9	1.2%
Total	\$1,130.2	\$1,112.8	\$17.4	1.6%

For the year, real estate transaction taxes were \$17.4 million (1.6%) favorable.

Regional Mortgage Recording Tax⁴ receipts for 2019 were \$9.6 million (2.1%) favorable; MRT-1 was favorable by \$5.3 million (1.6%), and MRT-2 receipts were favorable by \$4.2 million (3.3%).

New York City Urban Tax⁵ receipts were \$7.9 million (1.2%) favorable. The Real Property Transfer Tax (RPTT) component was \$7.4 million (1.8%) favorable, while receipts from the Mortgage Recording Tax (MRT) component were \$0.5 million (0.2%) 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.

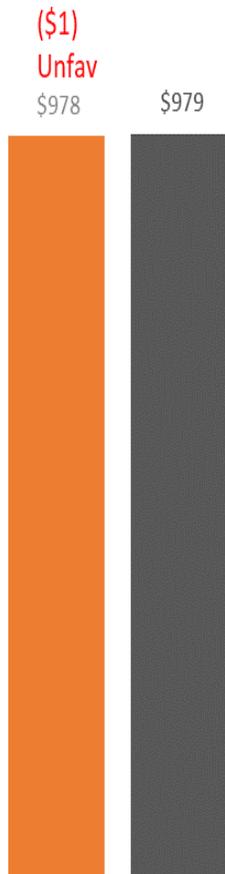
⁵ New York City Urban Taxes are imposed on commercial property and apartment building transactions within New York City. The MRT component is imposed on mortgages exceeding \$500,000, and the Real Property Transfer Tax component is imposed on transfers exceeding \$500,000.

BUDGETWATCH

Overtime Detail

December YTD 2019
 Non-Reimbursable
 Overtime
 (\$ in millions)

■ Final Estimate ■ ACTUALS



2019 YTD Overtime – Major Drivers through December

Non-Reimbursable (\$1 million)

MTA Bus (\$8 million)

- (\$6M) to prolong the life and maintain safe operation of buses until they are replaced in the next capital program;
- (\$2M) for higher running time due to traffic congestion and more scheduled service;
- (\$1M) for vacancy/absentee coverage; and
- \$1M for fewer weather events.

MNR (\$4 million)

- (\$3M) for higher Reliability Centered Maintenance (RCM) and rolling stock running repairs;
- (\$2M) catch-up for 2018 portion of Retroactive Wage Adjustment (RWA) accruals, timing of RWA payments and timing differences for payroll and calendar cutoff dates;
- (\$1M) for required vacancy coverage for must fill jobs; and
- \$2M in savings based upon improvements in employee availability in the Scheduled Service function.

MTAHQ (\$1 million)

- (\$1M) primarily for MTA Police fare evasion task force coverage and quality of life initiatives, e.g. homelessness;
- (\$0.2M) for MTA Police backfill coverage; and
- \$0.4M offset for lower administrative overtime.

LIRR \$8 million

- \$4M lower weather-related overtime; and
- \$4M lower maintenance.

B&T \$4 million

- Overall reflects management efficiencies across most decomposition categories.

NYCT \$1 million

- \$5M due to fair weather conditions in December compared to monthly forecast;
- \$2M for Other – mainly due at RTO unscheduled service support, an adjusted SMS plan, and program delays due to power issues at Coney Island at Subways \$3M; and additional bus shifting, bus operator availability shortfalls, and maintenance campaigns at Buses \$6M; underruns in other departments (\$7M); and
- (\$4M) for vacancy/absentee coverage mainly Subway and Bus service delivery.

BUDGETWATCH

Regional Economy Report

New York City Employment

Sectors with Year-over-Year Employment Gains

- Transportation, Utilities
- Information
- Education & Health Services
- Other Services
- Trade
- Professional & Business Services
- Leisure & Hospitality
- Government

Sectors with Year-over-Year Employment Losses

- Construction, Mining, Natural Resources
- Manufacturing
- Financial Activities

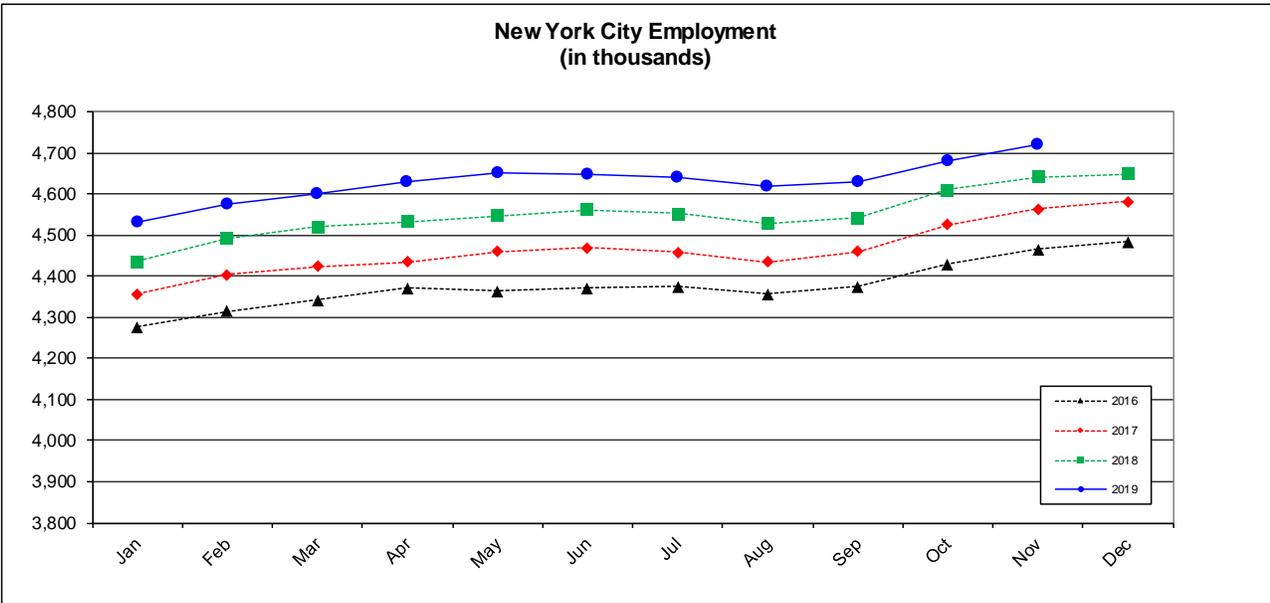
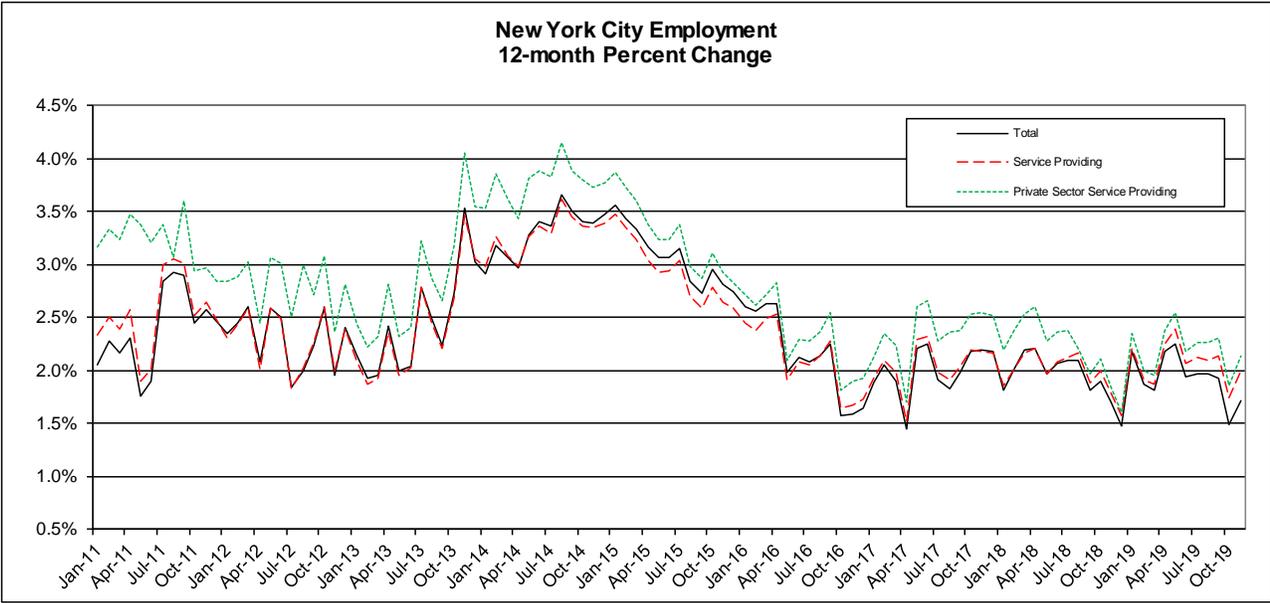
New York City Employment (in thousands)				Nov-19 versus			
	Prelim Nov-19	Revised Oct-19	Nov-18	Oct-19		Nov-18	
				Net	Pct	Net	Pct
Total Employment	4,720.9	4,679.9	4,641.3	41.0	0.9%	79.6	1.7%
Goods Producing	223.4	223.3	231.7	0.1	0.0%	(8.3)	-3.6%
Construction, Mining, Nat Res	155.0	155.5	161.9	(0.5)	-0.3%	(6.9)	-4.3%
Manufacturing	68.4	67.8	69.8	0.6	0.9%	(1.4)	-2.0%
Service Providing	4,497.5	4,456.6	4,409.6	40.9	0.9%	87.9	2.0%
Transportation, Utilities	147.7	145.7	146.2	2.0	1.4%	1.5	1.0%
Trade	509.1	497.6	503.7	11.5	2.3%	5.4	1.1%
Information	212.6	209.4	209.3	3.2	1.5%	3.3	1.6%
Financial Activities	472.2	469.5	475.9	2.7	0.6%	(3.7)	-0.8%
Professional & Business Svcs	794.3	793.8	776.2	0.5	0.1%	18.1	2.3%
Education & Health Svcs	1,091.3	1,075.6	1,041.7	15.7	1.5%	49.6	4.8%
Leisure & Hospitality	470.2	466.8	464.0	3.4	0.7%	6.2	1.3%
Other Services	196.2	197.1	195.3	(0.9)	-0.5%	0.9	0.5%
Government	603.9	601.1	597.3	2.8	0.5%	6.6	1.1%

Preliminary November 2019 employment in New York City shows a gain of 79,600 jobs (1.7%) when compared to last November employment level. This marks the 116th 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 49,600 and 18,100 jobs, respectively, over the past twelve months.

Employment in New York City's service-providing sectors increased by 87,900 jobs (2.0%) over the November 2018 level. Private-sector service-providing employment in New York City increased by 81,300 jobs (2.1%), the 117th consecutive month of year-to-year improvement.

BUDGETWATCH

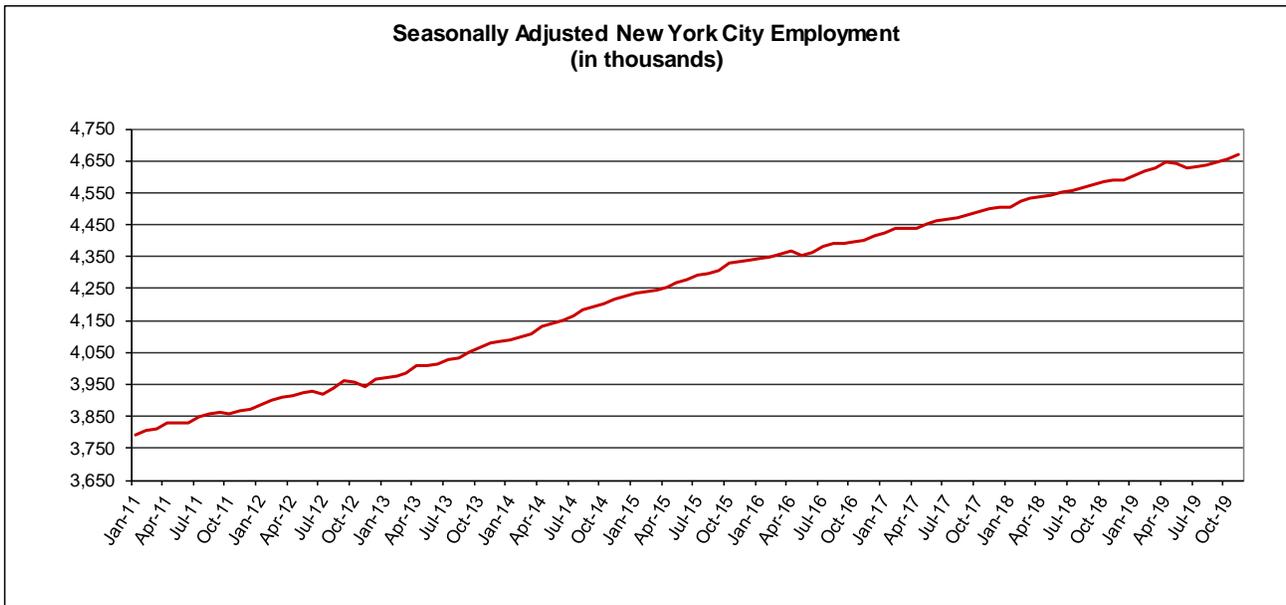
Regional Economy Report



BUDGETWATCH

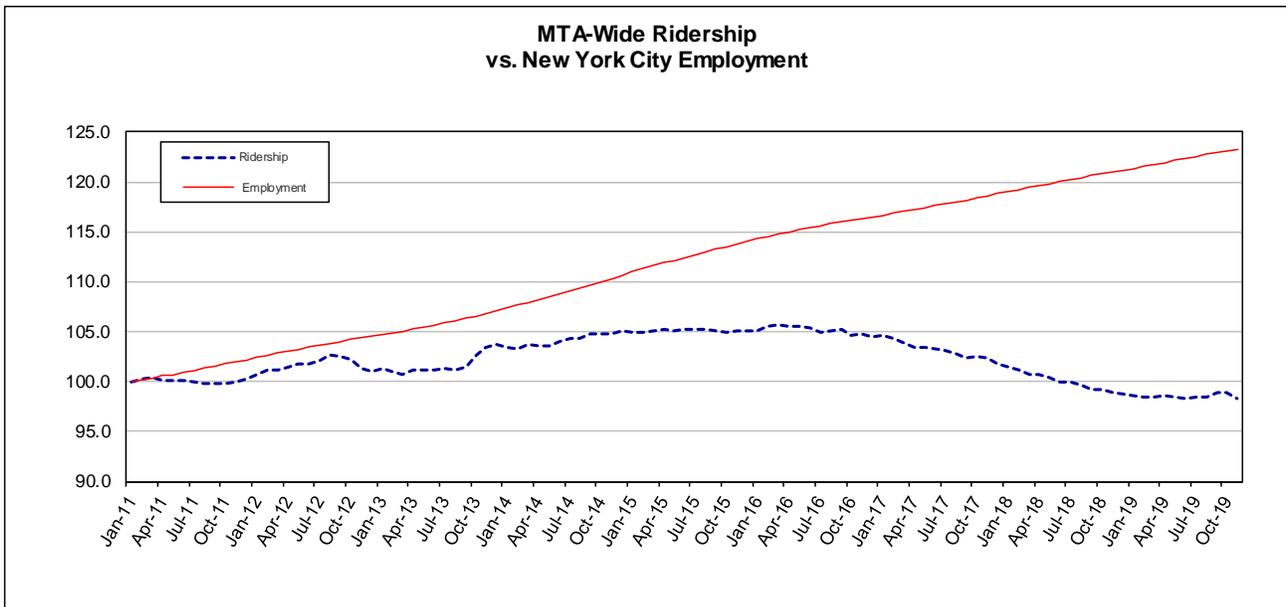
Regional Economy Report

In November 2019, seasonally adjusted New York City employment of 4.67 million was higher than in November 2018 by 78,300 jobs (1.71%), and was higher than the prior month by 14,800 jobs (0.32%).



Ridership and Employment

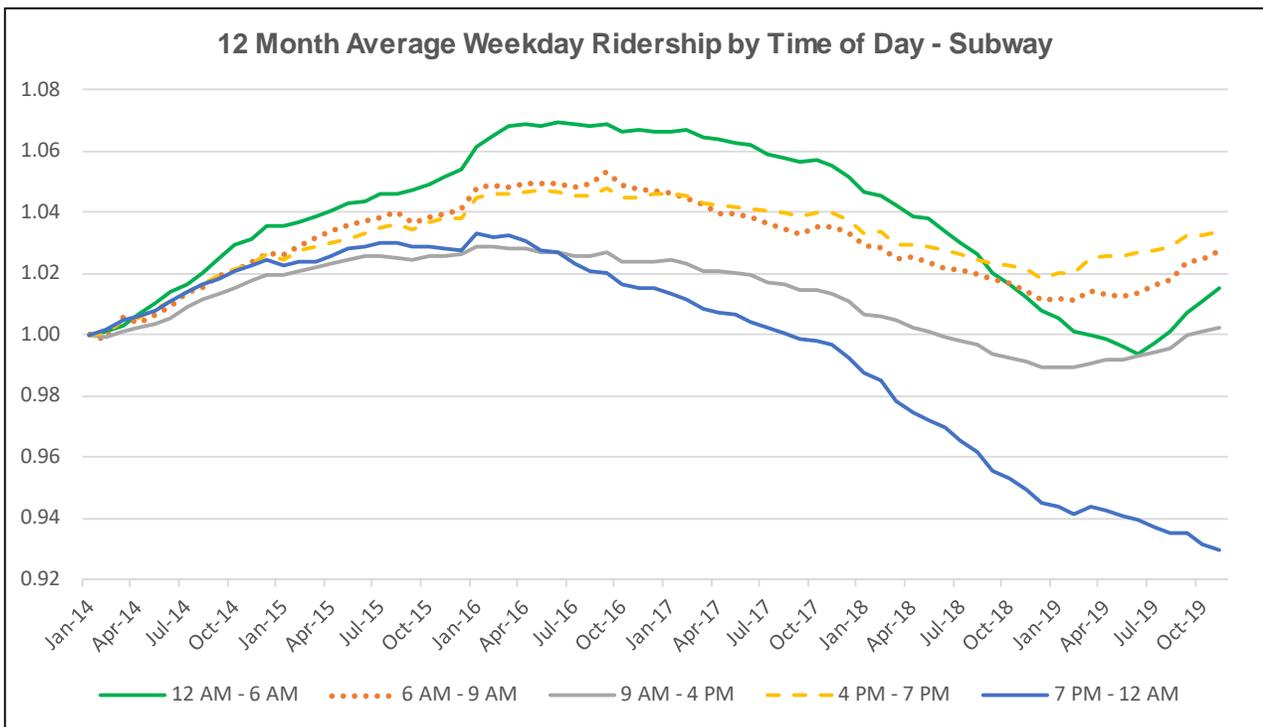
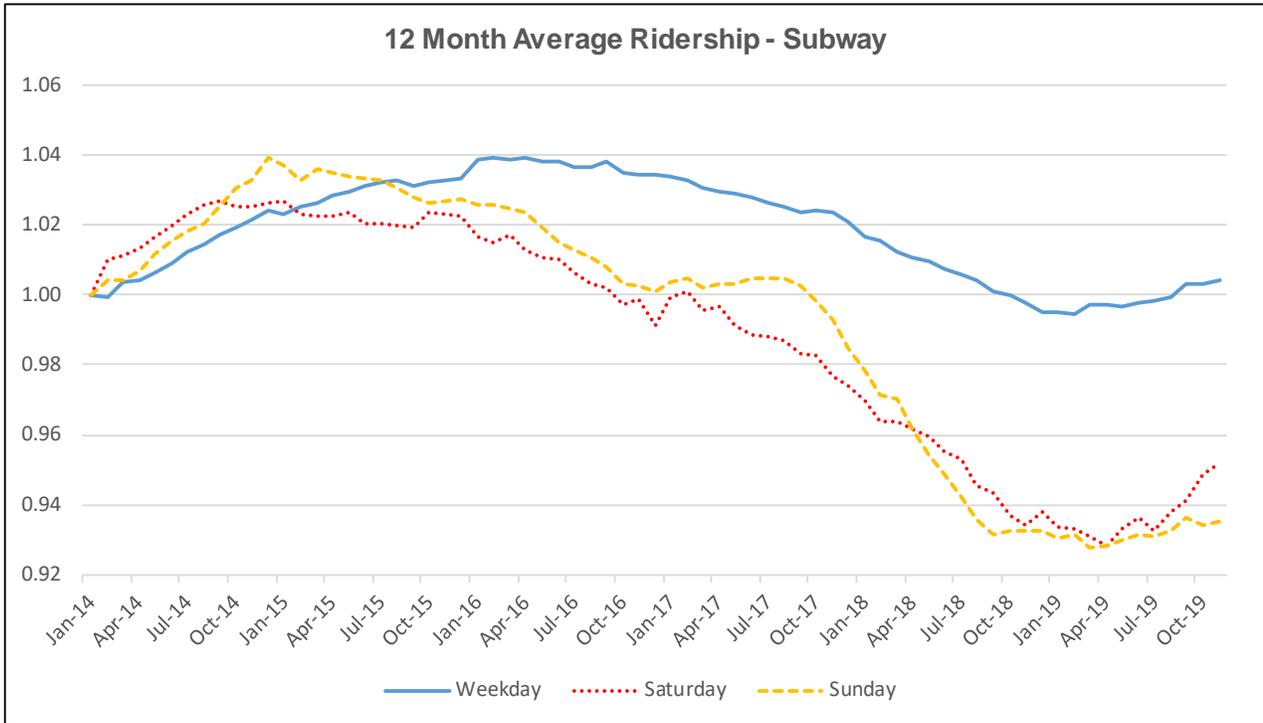
In December 2008, the twelve-month moving average for employment began to decline after increasing in 56 of the previous 59 months. For sixteen consecutive months – though March 2010 – the twelve-month moving average fell, and employment levels declined by 3%. Since then, the twelve-month employment average has increased with almost no interruption. Considering the more recent period since January 2011, the twelve-month average for employment has increased by 23.3% through November 2019, while the 12-month average MTA-wide ridership has fallen by 1.6%. The twelve-month average for ridership in November 2019 was 0.5% lower than one year earlier.



BUDGETWATCH

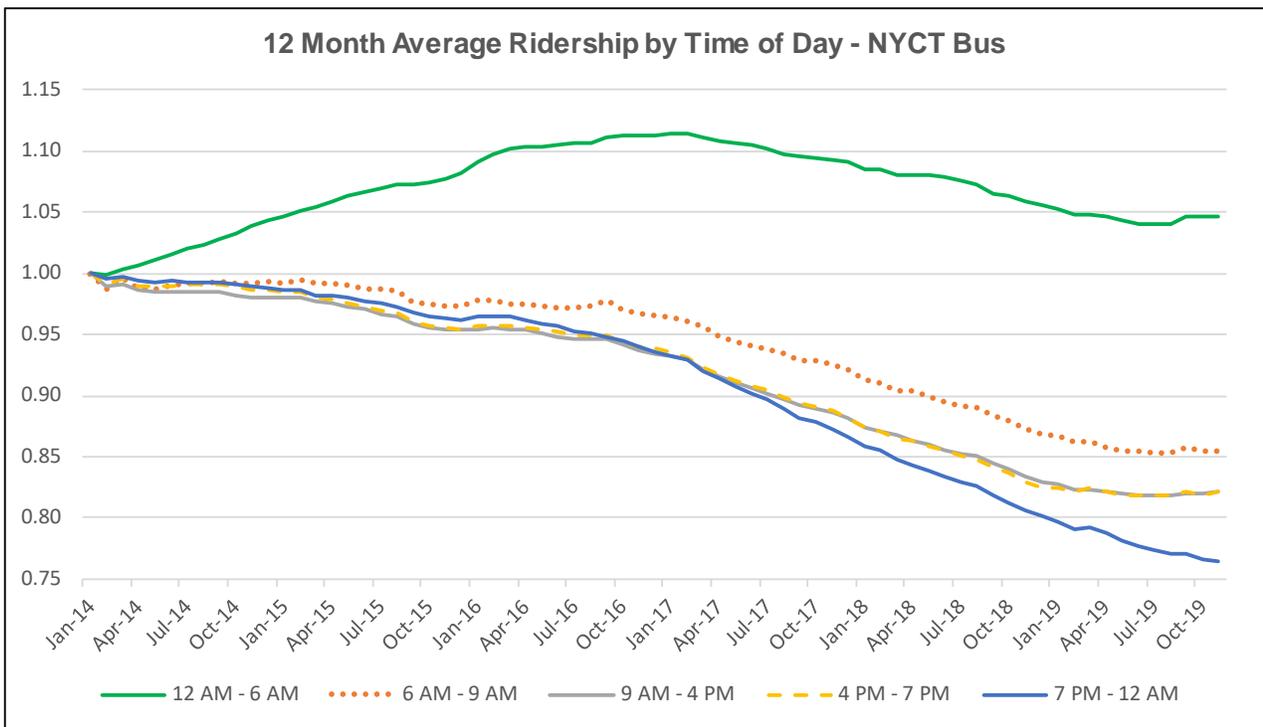
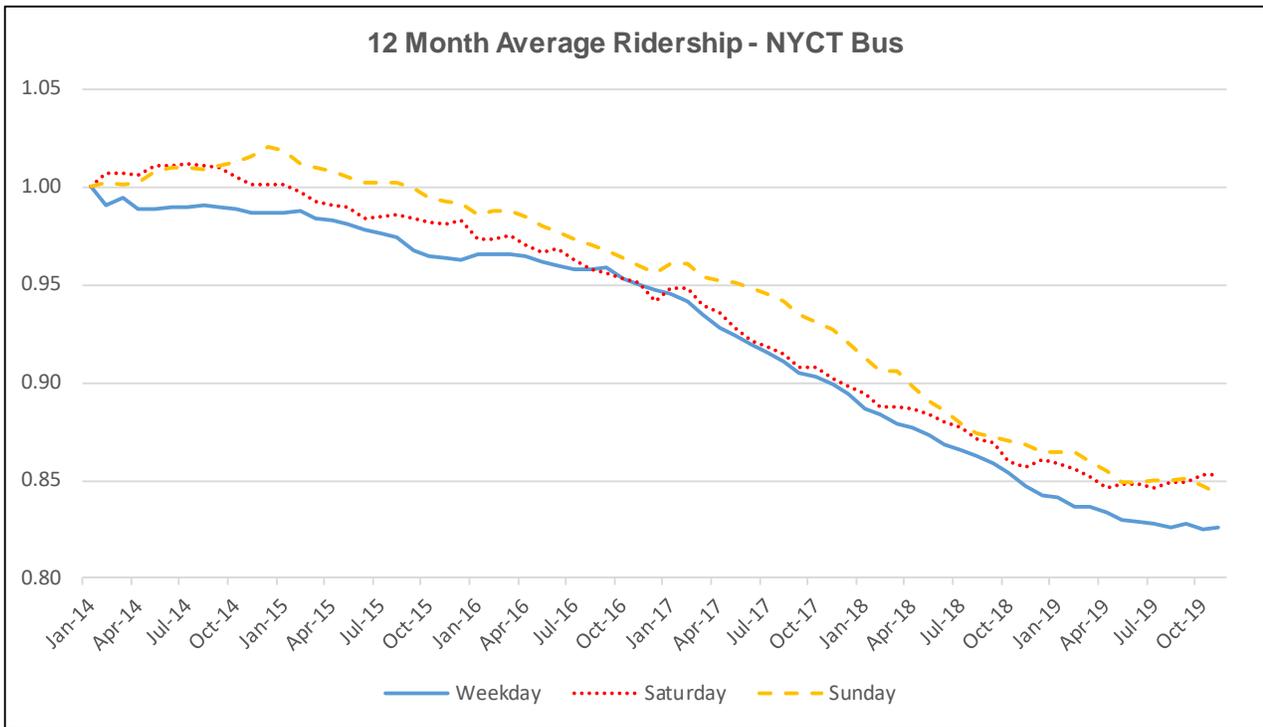
Regional Economy Report

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.



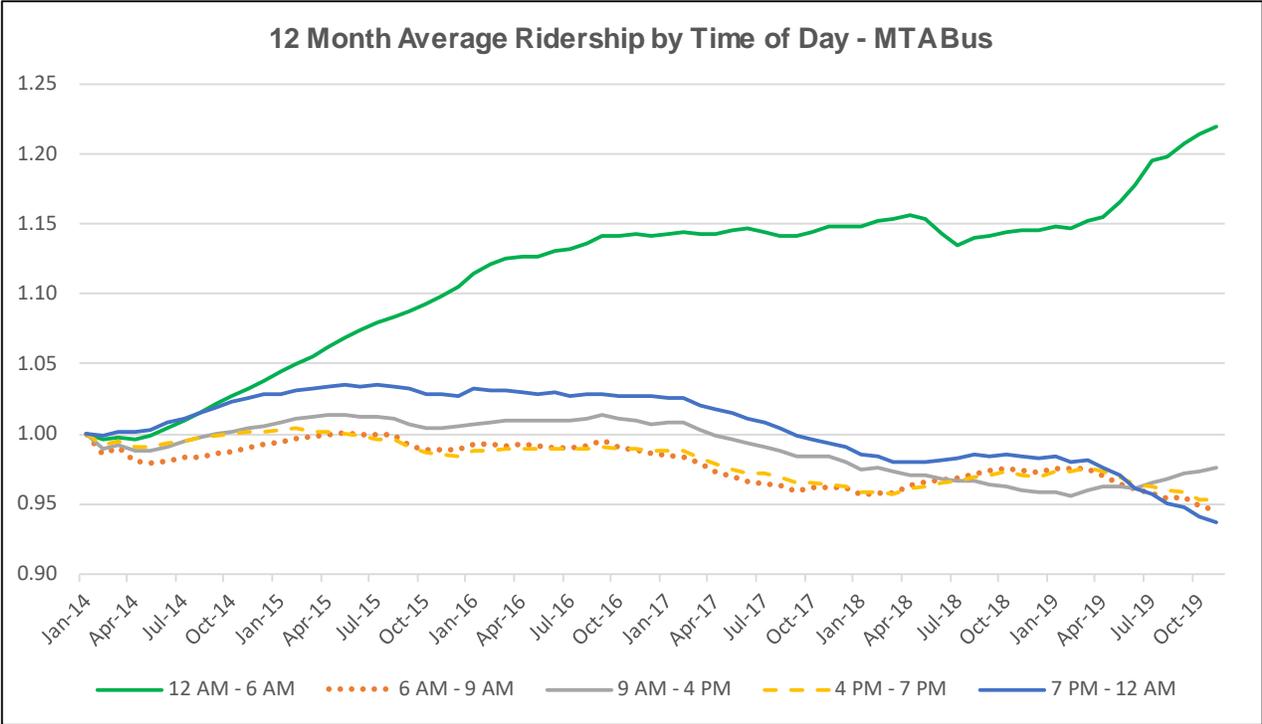
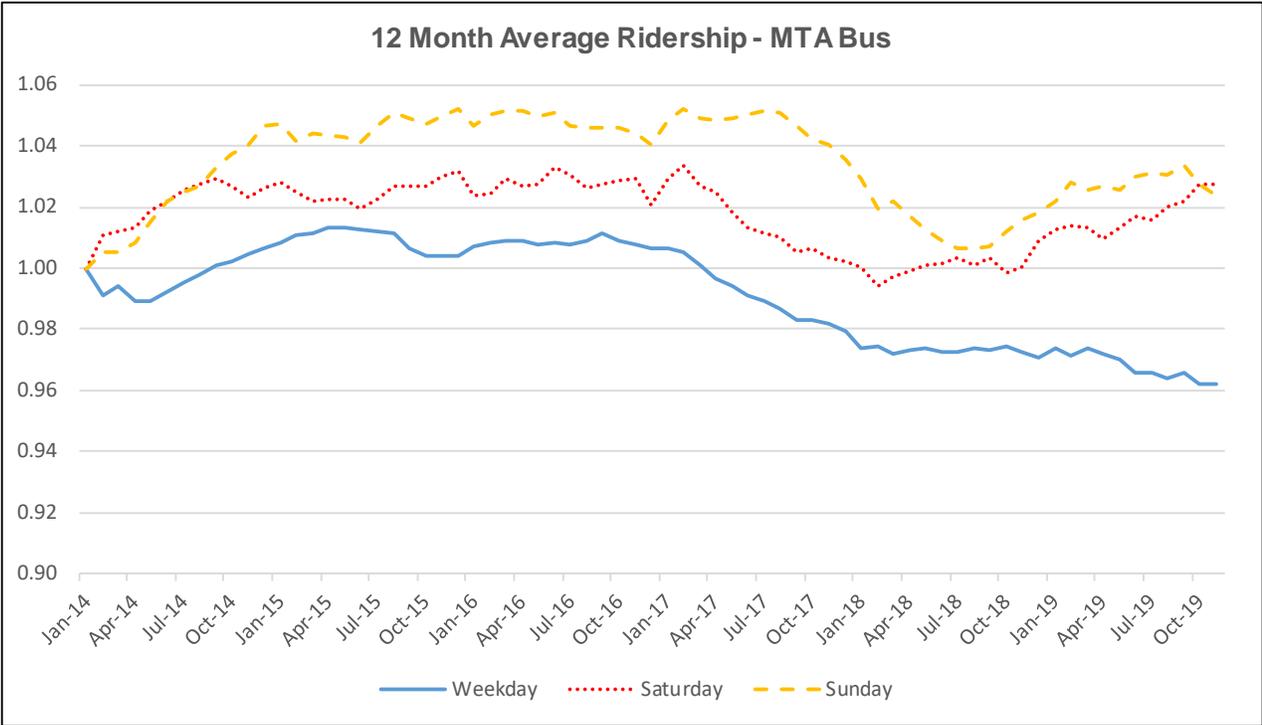
BUDGETWATCH

Regional Economy Report



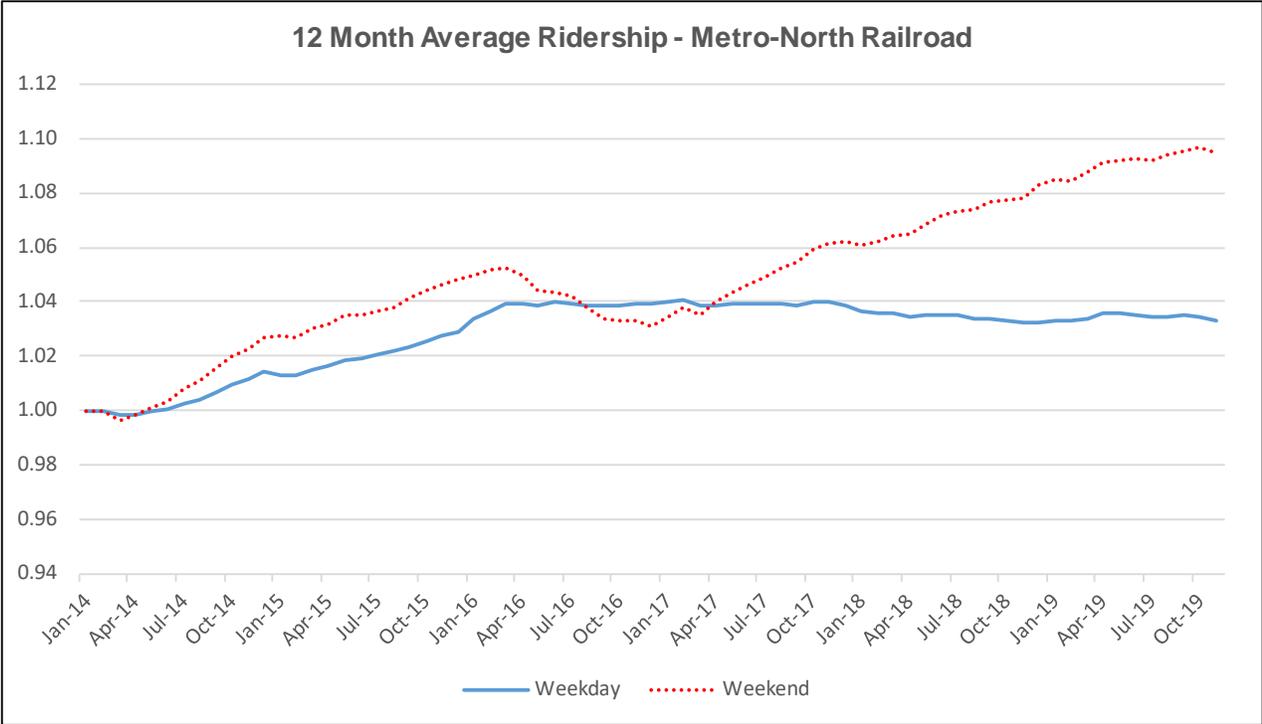
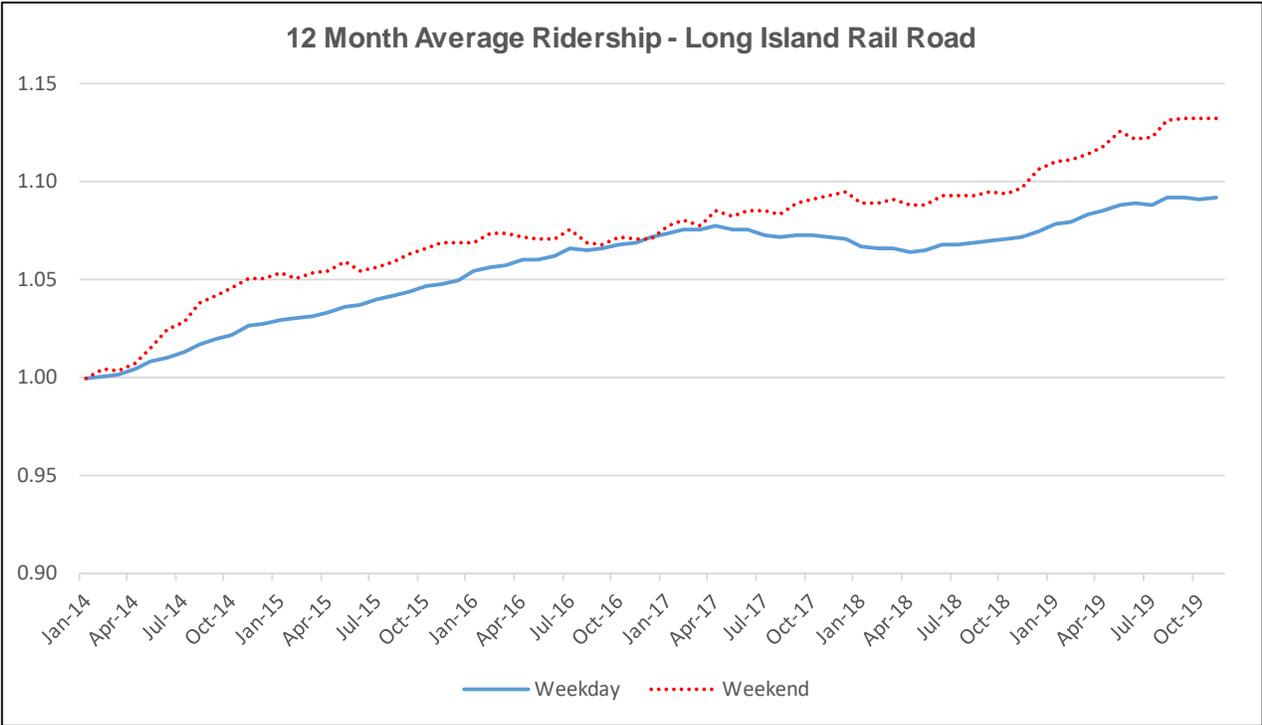
BUDGETWATCH

Regional Economy Report



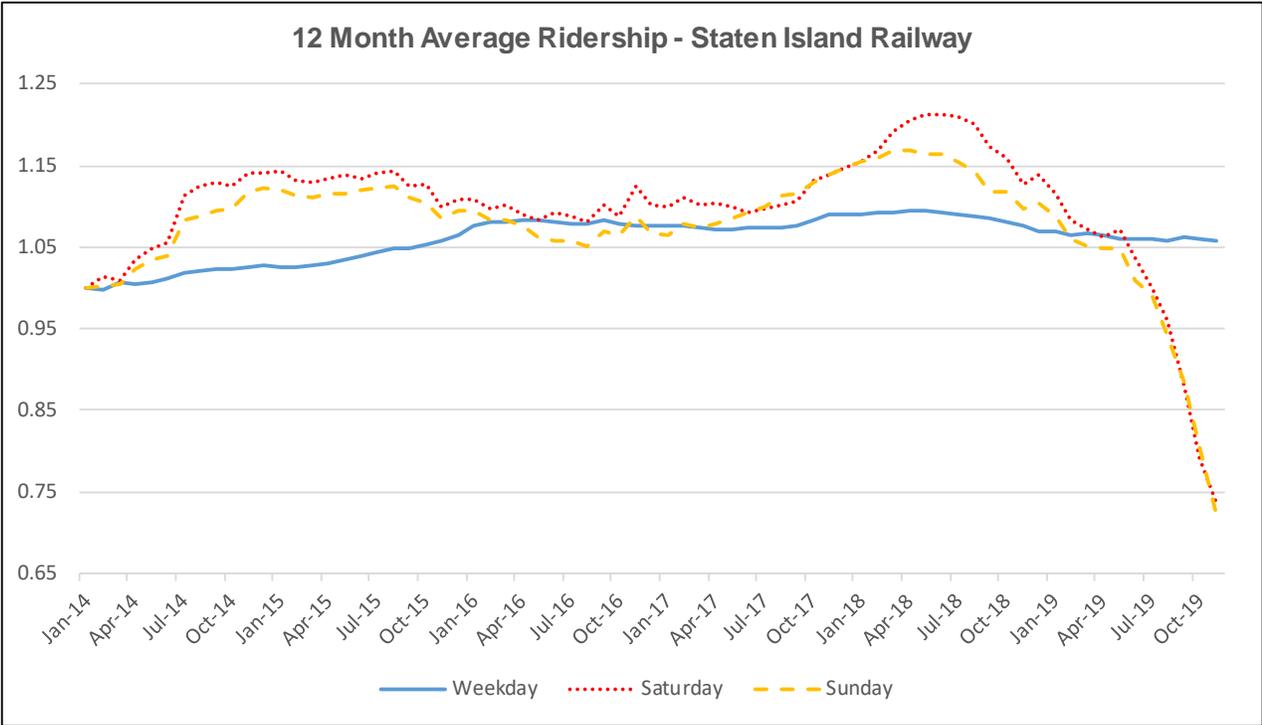
BUDGETWATCH

Regional Economy Report



BUDGETWATCH

Regional Economy Report



BUDGETWATCH

Regional Economy Report

Consumer Price Index

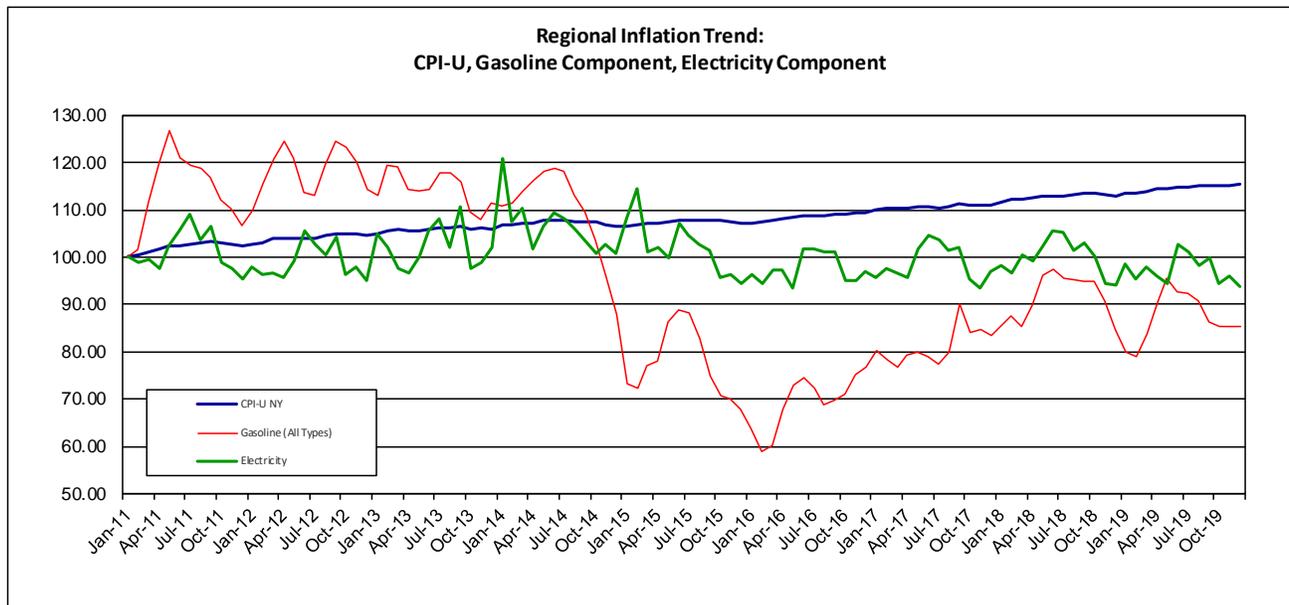
Goods Reporting Month-over-Month Price Increases

- Food
- Gasoline
- Medical Care

Goods Reporting Month-over-Month Price Declines

- Apparel
- Electricity
- Transportation

				Dec-19 versus			
				Nov-19		Dec-18	
	Dec-19	Nov-19	Dec-18	Net	Pct	Net	Pct
Regional CPI-U	279.82	279.47	273.84	0.35	0.1%	5.98	2.2%
Medical Care Component	519.53	518.44	497.06	1.09	0.2%	22.47	4.5%
Electricity Component	171.33	175.32	171.54	(4.00)	-2.3%	(0.21)	-0.1%
Gasoline (all grades) Component	211.71	211.71	209.86	0.00	0.0%	1.85	0.9%
National CPI-U	256.97	257.21	251.23	(0.23)	-0.1%	5.74	2.3%

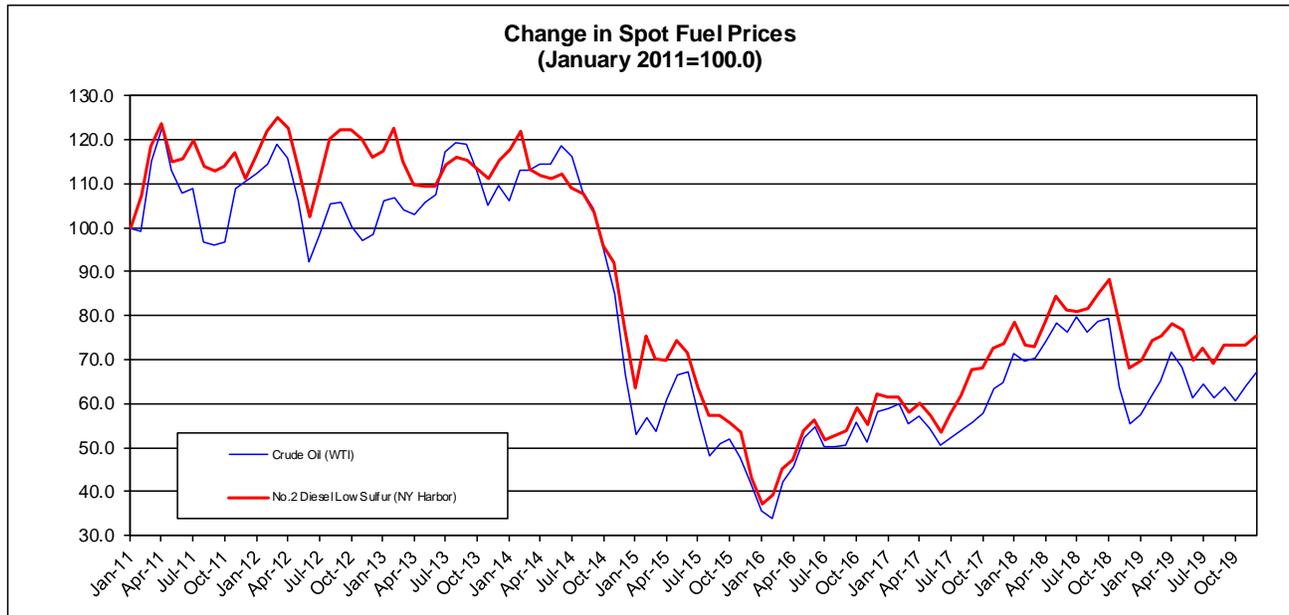


BUDGETWATCH

Regional Economy Report

Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Dec-19 versus		
	1/13/20	Dec-19	Nov-19	Dec-18	Nov-19	Dec-18
Crude Oil (\$/bbl)	58.17	59.88	57.03	49.52	5.0%	20.9%
Conventional Regular Gasoline (\$/gal)	1.70	1.71	1.72	1.45	-0.6%	18.2%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.89	1.99	1.93	1.80	2.8%	10.4%
No.2 Heating Oil (\$/gal)	1.88	1.97	1.92	1.78	2.7%	10.2%



BUDGETWATCH

Regional Economy Report

Nassau, Suffolk Employment (in thousands)				Nov-19 versus			
	Prelim Nov-19	Revised Oct-19	Nov-18	Oct-19		Nov-18	
				Net	Percent	Net	Percent
Total Employment	1,367.6	1,366.2	1,356.3	1.4	0.1%	11.3	0.8%
Goods Producing	162.1	162.0	155.2	0.1	0.1%	6.9	4.4%
Construction, Mining, Nat Res	89.9	89.6	83.5	0.3	0.3%	6.4	7.7%
Manufacturing	72.2	72.4	71.7	-0.2	-0.3%	0.5	0.7%
Service Providing	1,205.5	1,204.2	1,201.1	1.3	0.1%	4.4	0.4%
Transportation, Utilities	44.2	43.6	44.4	0.6	1.4%	-0.2	-0.5%
Trade	232.5	228.1	233.9	4.4	1.9%	-1.4	-0.6%
Information	16.6	16.5	17.1	0.1	0.6%	-0.5	-2.9%
Financial Activities	68.3	68.3	69.1	0.0	0.0%	-0.8	-1.2%
Professional & Business Svcs	169.1	170.5	172.0	-1.4	-0.8%	-2.9	-1.7%
Education & Health Svcs	287.2	287.3	279.2	-0.1	0.0%	8.0	2.9%
Leisure & Hospitality	126.6	129.8	122.7	-3.2	-2.5%	3.9	3.2%
Other Services	60.2	60.4	62.1	-0.2	-0.3%	-1.9	-3.1%
Government	200.8	199.7	200.6	1.1	0.6%	0.2	0.1%

Orange, Rockland, Westchester Employment (in thousands)				Nov-19 versus			
	Prelim Nov-19	Revised Oct-19	Nov-18	Oct-19		Nov-18	
				Net	Percent	Net	Percent
Total Employment	734.1	730.6	729.7	3.5	0.5%	4.4	0.6%
Goods Producing	76.0	76.7	73.9	-0.7	-0.9%	2.1	2.8%
Construction, Mining, Nat Res	46.8	47.5	44.5	-0.7	-1.5%	2.3	5.2%
Manufacturing	29.2	29.2	29.4	0.0	0.0%	-0.2	-0.7%
Service Providing	658.1	653.9	655.8	4.2	0.6%	2.3	0.4%
Transportation, Utilities	26.5	26.0	26.4	0.5	1.9%	0.1	0.4%
Trade	116.0	113.3	119.3	2.7	2.4%	-3.3	-2.8%
Information	11.5	11.4	11.7	0.1	0.9%	-0.2	-1.7%
Financial Activities	39.0	39.3	37.4	-0.3	-0.8%	1.6	4.3%
Professional & Business Svcs	94.3	93.9	95.9	0.4	0.4%	-1.6	-1.7%
Education & Health Svcs	163.8	162.1	159.3	1.7	1.0%	4.5	2.8%
Leisure & Hospitality	65.4	67.1	63.3	-1.7	-2.5%	2.1	3.3%
Other Services	30.4	31.0	31.9	-0.6	-1.9%	-1.5	-4.7%
Government	111.2	109.8	110.6	1.4	1.3%	0.6	0.5%

Dutchess, Putnam Employment (in thousands)				Nov-19 versus			
	Prelim Nov-19	Revised Oct-19	Nov-18	Oct-19		Nov-18	
				Net	Percent	Net	Percent
Total Employment	152.9	152.0	151.2	0.9	0.6%	1.7	1.1%
Goods Producing	17.6	17.8	17.5	-0.2	-1.1%	0.1	0.6%
Construction, Mining, Nat Res	8.7	8.9	8.5	-0.2	-2.2%	0.2	2.4%
Manufacturing	8.9	8.9	9.0	0.0	0.0%	-0.1	-1.1%
Service Providing	135.3	134.2	133.7	1.1	0.8%	1.6	1.2%
Transportation, Utilities	4.9	4.9	4.9	0.0	0.0%	0.0	0.0%
Trade	19.7	19.3	19.9	0.4	2.1%	-0.2	-1.0%
Information	1.9	1.9	1.8	0.0	0.0%	0.1	5.6%
Financial Activities	4.9	4.9	4.9	0.0	0.0%	0.0	0.0%
Professional & Business Svcs	14.4	14.4	13.4	0.0	0.0%	1.0	7.5%
Education & Health Svcs	41.2	40.3	40.7	0.9	2.2%	0.5	1.2%
Leisure & Hospitality	14.9	15.2	14.7	-0.3	-2.0%	0.2	1.4%
Other Services	7.2	7.2	7.1	0.0	0.0%	0.1	1.4%
Government	26.2	26.1	26.3	0.1	0.4%	-0.1	-0.4%

BUDGETWATCH

Regional Economy Report

