

# BUDGETWATCH

## April 2012

### Monthly Flash Report

#### Summary of Previous Report (March Budgetwatch):

Prior-month results were favorable for both the month and YTD, with higher passenger/toll revenue and lower expenses being partially offset by lower subsidy receipts. Combined passenger and toll revenues in February were better-than-budget by \$10.5 million, or 2.2%, while operating expenses were better-than-budget by \$32.3 million, or 4.4%.

March YTD Payroll Mobility Tax (PMT) and Petroleum Business Tax (PBT) receipts were unfavorable by \$33.8 million, or 7.3%, and \$4.5 million, or 3.1%, respectively. The first quarterly payment of MTA Aid receipts in March was below Budget by \$12.4 million, but that was mostly timing-related. Combined real estate tax receipts for March YTD were lower-than-Budget by \$10.8 million, or 6.5%. On a positive subsidy note, the State made an unscheduled MMTOA March payment to the MTA in the amount of \$10.7 million, which was due to additional collections in the MMTOA account in SFY 2011-2012 not anticipated when the 2012 forecast was prepared.

#### Overall Latest Condition:

Preliminary results for the month were favorable to budget due to higher passenger revenue and lower expenses. Subsidy results were slightly favorable, with the exception of a \$50 million PMT-related timing delay that will be received next month. Excepting this timing variance, YTD results were also favorable; as favorable operating revenue and expense results were only partially offset by lower subsidy receipts.

Combined passenger and toll revenues were favorable on both a monthly and year-to-date basis (by \$3.2 million, or 0.6%, and \$17.1 million, or 1.1%, respectively). Operating expenses were also favorable to budget on a monthly and year-to-date basis by \$29.8 million, or 4.1%, and \$65.3 million, or 3.0%, respectively. It is important to recognize, however, that some of this favorable variance was timing-related.

Real Estate taxes were favorable for the month but still are trailing the YTD budget. YTD PBT and MTA Aid results were still slightly unfavorable due mostly to timing. Excluding the \$50 million timing variance, PMT receipts were favorable in April, which reduced the real YTD variance to \$13.1 million, or 2.2%. April results offset some poor early-month collections that resulted from lower bonuses in the financial services industry.

#### Passenger and Toll Revenues

	YTD March 2012 (\$ in millions)				Month of March 2012 (\$ in millions)				
	Prelim Actual	Adopted Budget	Diff	% Diff	Prelim Actual	Adopted Budget	Diff	% Diff	
NYCT:					NYCT:				
Subway	\$670.2	\$669.7	\$0.5	0.1%	Subway	\$237.0	\$235.9	\$1.1	0.5%
Bus	214.2	214.8	(0.6)	-0.3%	Bus	76.3	76.2	0.1	0.1%
Other	<u>17.8</u>	<u>18.0</u>	<u>(0.2)</u>	<u>-1.3%</u>	Other	<u>6.0</u>	<u>6.1</u>	<u>(0.1)</u>	<u>-2.2%</u>
NYCT	\$902.2	\$902.6	(\$0.4)	0.0%	NYCT	\$319.3	\$318.2	\$1.0	0.3%
LIRR	139.5	133.0	6.6	4.9%	LIRR	48.3	46.1	2.1	4.6%
MNR	<u>140.2</u>	<u>135.8</u>	<u>4.4</u>	<u>3.2%</u>	MNR	<u>48.3</u>	<u>47.5</u>	<u>0.8</u>	<u>1.7%</u>
<b>Sub-total</b>	<b>\$1,181.9</b>	<b>\$1,171.3</b>	<b>\$10.6</b>	<b>0.9%</b>	<b>Sub-total</b>	<b>\$415.9</b>	<b>\$411.9</b>	<b>\$4.0</b>	<b>1.0%</b>
B&T	<u>351.5</u>	<u>345.0</u>	<u>6.5</u>	<u>1.9%</u>	B&T	<u>125.9</u>	<u>126.7</u>	<u>(0.8)</u>	<u>-0.6%</u>
<b>Total</b>	<b>\$1,533.4</b>	<b>\$1,516.3</b>	<b>\$17.1</b>	<b>1.1%</b>	<b>Total</b>	<b>\$541.8</b>	<b>\$538.6</b>	<b>\$3.2</b>	<b>0.6%</b>

For the month, passenger revenues were better than Budget by \$4.0 million, or 1.0%, reflecting higher ridership attributed to favorable weather and higher NYC employment. Revenues were 4.6% higher at the LIRR, 1.7% higher at MNR, and 0.3% higher at NYCT. Toll revenues were slightly lower than budget by 0.6%, due to lower-than-forecasted traffic and average tolls. On a year-to-date basis, passenger and toll revenues were favorable-to-budget by \$10.6 million, or 0.9%,

and \$6.5 million, or 1.9%, respectively. Passenger revenues were significantly higher at the LIRR and MNR by 4.9% and 3.2%, respectively, and on budget at NYCT. Toll revenues were higher by 1.9%. The favorable YTD results continue to reflect the impact of mild winter weather and improving NYC employment.

## Total Operating Expenses before Non-Cash Liability Adjustments

	YTD March 2012 (\$ in millions)					Month of March 2012 (\$ in millions)			
	Prelim Actual	Adopted Budget	Diff	% Diff		Prelim Actual	Adopted Budget	Diff	% Diff
NYCT	\$1,466.1	\$1,478.2	\$12.1	0.8%	NYCT	\$476.7	\$489.9	\$13.2	2.7%
LIRR	303.3	323.7	20.4	6.3%	LIRR	98.7	105.3	6.6	6.2%
MNR	240.6	264.7	24.1	9.1%	MNR	78.8	88.3	9.6	10.8%
B&T	84.5	93.1	8.6	9.3%	B&T	33.6	34.0	0.4	1.3%
<b>Total</b>	<b>\$2,094.4</b>	<b>\$2,159.7</b>	<b>\$65.3</b>	<b>3.0%</b>	<b>Total</b>	<b>\$687.8</b>	<b>\$717.5</b>	<b>\$29.8</b>	<b>4.1%</b>

For the month of March, expenses were \$29.8 million, or 4.1%, favorable to budget. NYCT was favorable due to lower non-labor expenses (\$13.2 million – primarily paratransit service contracts, electric power, and other business expenses). The LIRR was favorable due to lower non-labor expenses (\$4.8 million - primarily electric power, maintenance and other operating contracts, and other business expenses) and lower labor expenses (\$1.7 million – mostly other fringe benefits, health and welfare, payroll and pensions). MNR was favorable due to lower labor expenses (\$5.5 million) and lower non-labor expenses (\$4.0 million) – primarily electric power, maintenance and other operating contracts and materials and supplies.

March YTD expenses were \$65.3 million, or 3.0%, favorable to budget primarily due to lower non-labor expenses. NYCT was favorable by \$12.1 million due to lower non-labor expenses (\$19.0 million – mostly maintenance and other operating contracts, paratransit service contracts, other business expenses, insurance, and materials & supplies) that were partially offset by higher labor expenses (\$6.8 million – mostly overtime and other fringe benefits). The LIRR was favorable by \$20.4 million due to lower non-labor expenses (\$13.4 million – primarily maintenance and other operating contracts, traction and propulsion power, professional service contracts and materials & supplies) and lower labor expenses (\$7.0 million – mostly health and welfare, other fringe benefits, payroll and pensions).

MNR was favorable by \$24.1 million mainly due to lower labor expenses (\$10.9 million) and lower non-labor expenses (\$13.2 million – primarily electric power, maintenance and other operating contracts, and materials and supplies). B&T was \$8.6 million favorable to budget primarily reflecting lower expenses in payroll, overtime, and in all non-labor categories, mostly due to timing.

## Overtime

	YTD March 2012 (\$ in millions)					Month of March 2012 (\$ in millions)			
	Prelim Actual	Adopted Budget	Diff	% Diff		Prelim Actual	Adopted Budget	Diff	% Diff
NYCT	\$76.5	\$65.6	(\$10.9)	-16.7%	NYCT	\$24.1	\$21.8	(\$2.2)	-10.3%
LIRR	18.8	17.4	(1.4)	-8.1%	LIRR	5.2	4.7	(0.5)	-11.5%
MNR	12.2	13.8	1.6	11.5%	MNR	3.7	4.3	0.7	15.4%
B&T	5.1	6.0	0.9	15.5%	B&T	1.8	1.9	0.1	3.2%
<b>Total</b>	<b>\$112.6</b>	<b>\$102.8</b>	<b>(\$9.8)</b>	<b>-9.6%</b>	<b>Total</b>	<b>\$34.8</b>	<b>\$32.7</b>	<b>(\$2.1)</b>	<b>-6.3%</b>

Overtime was unfavorable for the month by \$2.1 million, or 6.3%, increasing the unfavorable YTD variance to \$9.8 million, or 9.6%. On a year-to-date basis, NYCT was \$10.9 million unfavorable primarily due to the timing of “banked” overtime payments to represented employees, additional signal inspection and maintenance for signals and buses. The LIRR was \$1.4 million unfavorable, primarily due to vacancy coverage. These unfavorable results were partially offset by favorable variances of \$1.6 million at MNR and \$0.9 million at B&T attributable to the mild winter weather.

## Debt Service

March 2012 debt service of \$185.5 million was \$2.3 million, or 1.2%, unfavorable due to the partial refunding of outstanding Certificate of Participation bonds with Transportation Revenue bonds and the timing of debt service deposits.

YTD debt service of \$539.4 million was \$10.4 million, or 1.9%, favorable due to lower than budgeted variable interest rates and the timing of interest payments for the commercial paper program.

## New State Aid

	YTD April 2012 (\$ in millions)				Month of April 2012 (\$ in millions)				
	Adopted		Diff	% Diff	Adopted		Diff	% Diff	
	Actual	Budget			Actual	Budget			
PMT	\$531.2	\$594.2	(\$63.1)	-10.6%	PMT	\$98.5	\$127.7	(\$29.2)	-22.9%
MTA Aid*	<u>62.9</u>	<u>75.3</u>	<u>(\$12.4)</u>	-16.4%	MTA Aid*	<u>0.0</u>	<u>0.0</u>	<u>\$0.0</u>	0.0%
<b>Total</b>	\$594.1	\$669.5	(\$75.4)	-11.3%	<b>Total</b>	\$98.5	\$127.7	(\$29.2)	-22.9%

\* License Fee, Vehicle Registration Fee, Taxi Fee, Automobile Rental Fee

April Payroll Mobility Tax (PMT) receipts of \$98.5 million were \$29.2 million below Budget due to timing. Actual collections were \$20.8 million (26.8%) favorable; however, the April Budget anticipated the transfer of \$50 million from NYS in PMT replacement funds that were part of the recent legislative changes to the payroll mobility tax (eliminating the PMT for certain taxpayers). Those funds will be accrued at the end of April; but the cash will not be received until May. YTD receipts were lower than Budget by \$63.1 million. Of the unfavorable YTD variance, \$50 million was due to the above-mentioned timing variance. Favorable April results reduced the real unfavorable YTD variance to only \$13.1 million, or 2.2%, in spite of the previously reported lower annual bonuses in the financial services industry that impacted earlier month collections.

## State Dedicated Taxes

Petroleum Business Tax (PBT) receipts for April were \$9.6 million (17.3%) unfavorable, and year-to-date PBT receipts were also unfavorable by \$14.1 million (7.0%). Some of this unfavorable variance was due to timing since this tax reflects significant historical variability from month to month that is difficult to project – especially in the early months of the State fiscal year.

## Real Estate Transaction Taxes

	YTD April 2012 (\$ in millions)				Month of April 2012 (\$ in millions)				
	Adopted		Diff	% Diff	Adopted		Diff	% Diff	
	Actual	Budget			Actual	Budget			
MRT	\$83.3	\$91.1	(\$7.8)	-8.6%	MRT	\$22.6	\$22.8	(\$0.2)	-0.8%
NYC Urban	<u>129.2</u>	<u>131.1</u>	<u>(\$1.9)</u>	-1.4%	NYC Urban	<u>34.1</u>	<u>32.8</u>	<u>\$1.3</u>	<u>4.0%</u>
<b>Total</b>	\$212.5	\$222.2	(\$9.7)	-4.4%	<b>Total</b>	\$56.7	\$55.6	\$1.1	2.0%

Total real estate taxes for April of \$56.7 million were \$1.1 million (2.0%) above the Adopted Budget, which decreased the unfavorable YTD variance to \$9.7 million (4.4%).

**Regional Mortgage Recording Tax<sup>1</sup>** receipts for April were on target with the Adopted Budget Forecast, while YTD receipts were \$7.8 million, or 8.6%, unfavorable. The \$22.6 million in Regional Mortgage Recording Taxes received in April were the highest since August 2011, and were 11% higher than the average over the past twelve months, a period that has otherwise seen very little movement in receipts. In April, MRT-1 was favorable by 3.3%, and MRT-2 was 2.2% unfavorable.

**New York City Urban Tax<sup>2</sup>** receipts for April were \$1.3 million, or 4.0%, favorable. The MRT portion of the Urban Tax was \$0.7 million (7.5%) favorable, while the Real Property Transfer Tax portion of the Urban Tax was \$0.6 million (2.6%) favorable. YTD Urban Tax receipts through March were \$1.9 million (1.4%) unfavorable.

<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.





# April 2012 BudgetWatch Regional Economy

## New York City Employment

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

- Manufacturing
- Construction, Mining, Natural Resource
- Government



- Transportation, Utilities

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

- Leisure and Hospitality
- Trade
- Professional and Business Services



- Financial Activities
- Information
- Other Services

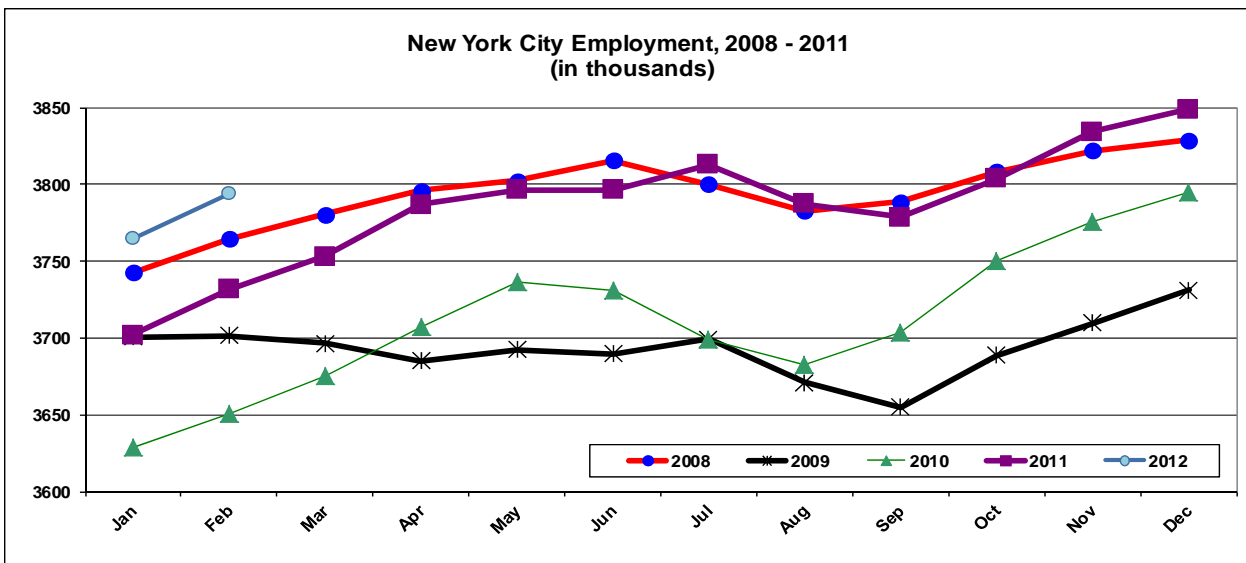
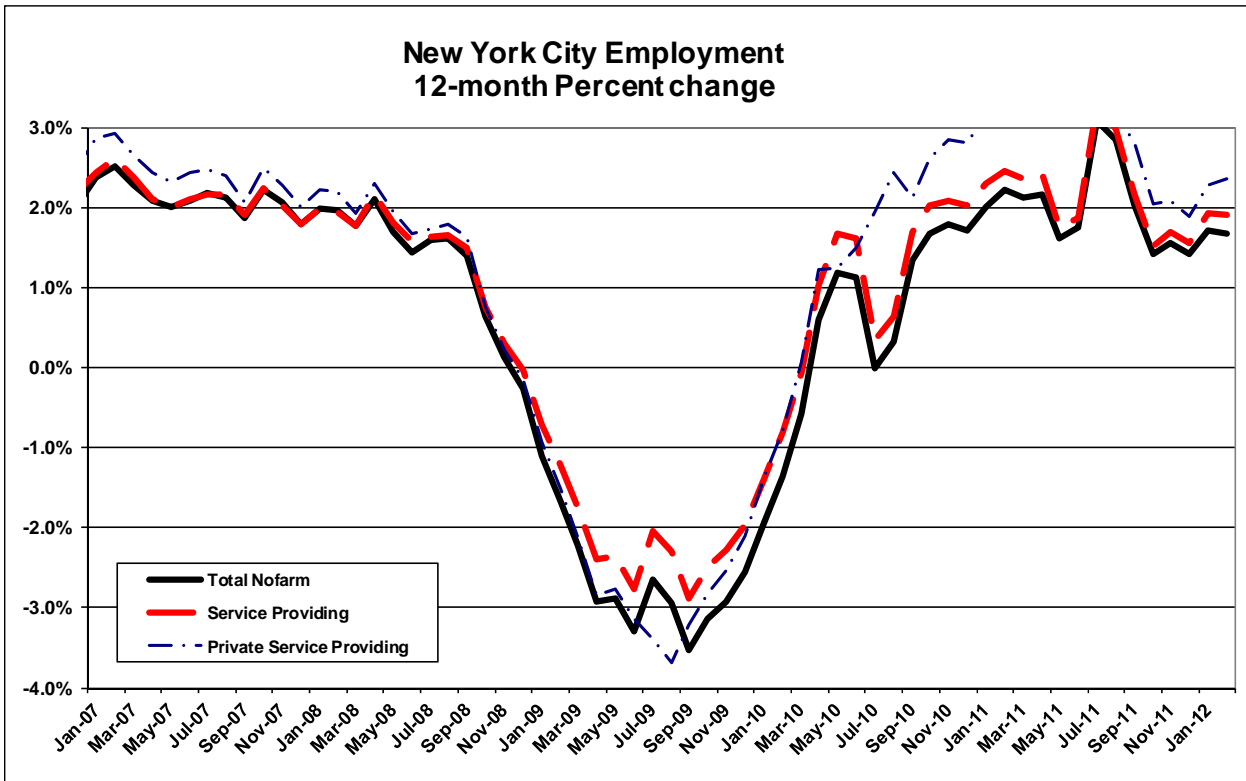
<i>New York City Employment (in thousands)</i>	Prelim Feb 2012	Revised Jan 2012	Feb 11	Gain / (Loss)			
				Feb 2012 versus:			
				Jan 2012		Feb 11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>3793.8</b>	<b>3764.9</b>	<b>3731.8</b>	<b>28.9</b>	<b>0.8%</b>	<b>62.0</b>	<b>1.7%</b>
<b>Goods Producing</b>	<b>173.8</b>	<b>174.3</b>	<b>179.4</b>	<b>(0.5)</b>	<b>-0.3%</b>	<b>(5.6)</b>	<b>-3.1%</b>
Construction, Mining, Nat Res	101.6	102.4	104.9	(0.8)	-0.8%	(3.3)	-3.1%
Manufacturing	72.2	71.9	74.5	0.3	0.4%	(2.3)	-3.1%
<b>Service Producing</b>	<b>3620.0</b>	<b>3590.6</b>	<b>3552.4</b>	<b>29.4</b>	<b>0.8%</b>	<b>67.6</b>	<b>1.9%</b>
Transportation, Utilities	117.1	117.6	119.6	(0.5)	-0.4%	(2.5)	-2.1%
Trade	456.8	458.9	442.4	(2.1)	-0.5%	14.4	3.3%
Information	169.8	166.1	167.5	3.7	2.2%	2.3	1.4%
Financial Activities	442.2	441.7	434.2	0.5	0.1%	8.0	1.8%
Education & Health Svcs	772.2	766.0	772.2	6.2	0.8%	0.0	0.0%
Professional & Business Svcs	614.1	604.6	583.8	9.5	1.6%	30.3	5.2%
Leisure & Hospitality	339.8	333.6	324.5	6.2	1.9%	15.3	4.7%
Other Services	165.4	163.1	162.4	2.3	1.4%	3.0	1.8%
Government	542.6	539.0	545.8	3.6	0.7%	(3.2)	-0.6%

Preliminary February 2012 employment in New York City shows a gain of 62.0 thousand jobs (an increase of 1.7%) compared to last February's employment level. February marks the eighth month in a row and the twelfth time in the past thirteen months that year-over-year employment has risen. The Professional and Business Services and the Leisure and Hospitality sectors experienced the greatest gains among the major sectors, adding 30,300 and 15,300 jobs, respectively, over the past twelve months.

# April 2012 BudgetWatch

## Regional Economy

Employment in New York City's service-producing sectors increased by 67.6 thousand jobs - an increase of 1.9% over the February 2011 level. Private-sector service-providing employment in New York City increased by 70.8 thousand jobs, 2.4% higher than the level of one year ago, and February marks the twenty-third month in a row with an increase greater than 1%.



# April 2012 BudgetWatch

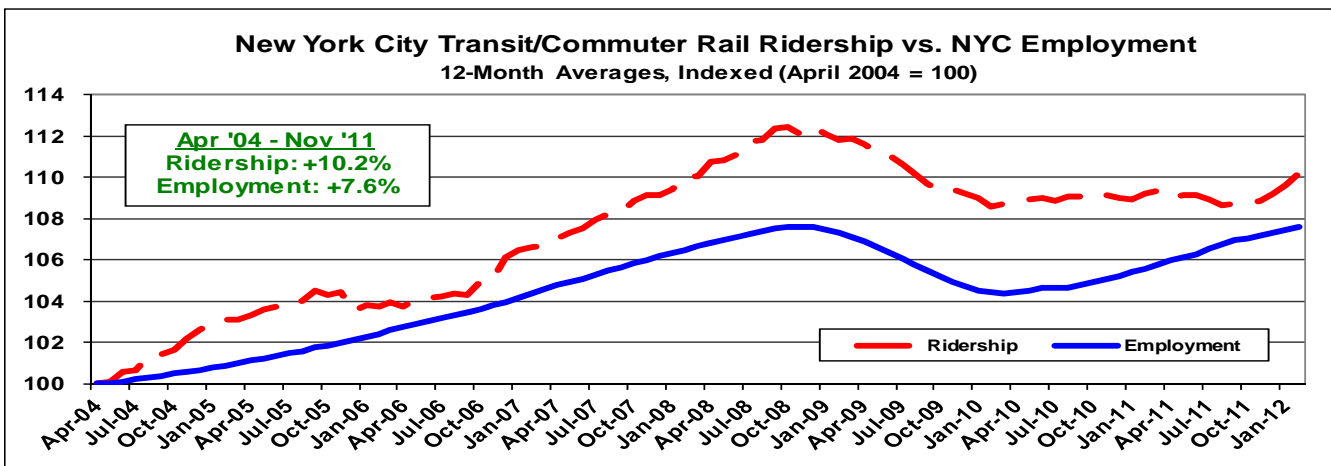
## Regional Economy

Seasonally adjusted New York City employment in February was higher than in February 2011 by 75.3 thousand jobs (up 2.0%), and higher than in January 2012 by 16.8 thousand jobs.



### 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 has now increased for nineteen consecutive months, and is now 7.6% higher than the April 2004 level. Annualized (12-month average) New York City Transit/Commuter Rail ridership has grown to 10.2% above the April 2004 level. The twelve-month average for ridership was 0.9% higher in February 2012 than one year ago.



# April 2012 BudgetWatch Regional Economy

## Consumer Price Index

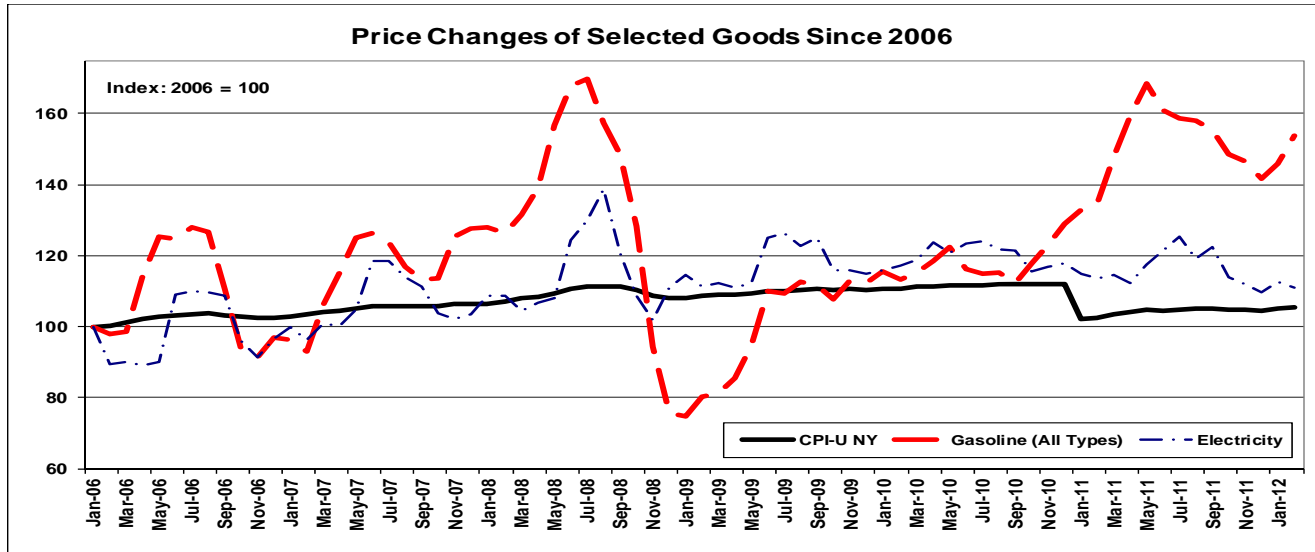
### Goods Reporting Price Increases in February 2012 Compared to January 2012

- Medical Care
- Food
- Gasoline
- Transportation
- Apparel



### Goods Reporting Price Declines in December 2011 Compared to November 2011

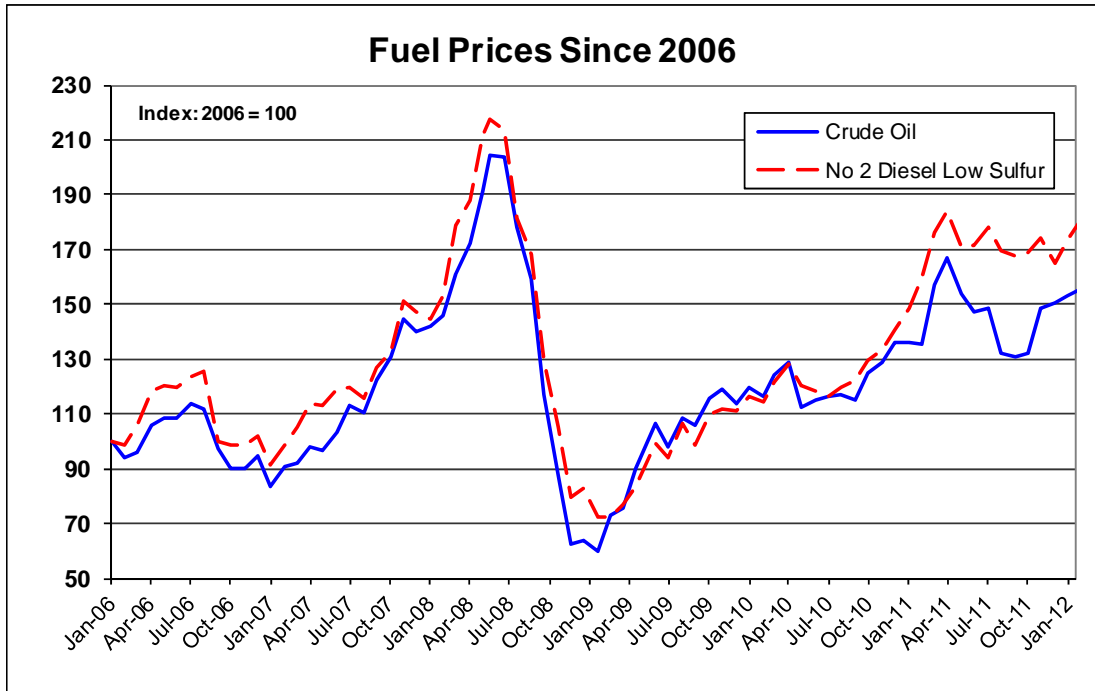
- Electricity



NY-NJ-CT Consumer Price Index All Urban Consumers (CPI-U)	Increase / (Decrease)						
	Feb 2012 versus:						
	Feb 2012	Jan 2012	Feb 2011	Jan 2012		Feb 2011	
Net				Percent	Net	Percent	
<b>Regional CPI-U</b>	<b>250.3</b>	249.3	243.8	1.0	0.4%	6.5	2.6%
Medical Care Component	408.3	407.8	388.2	0.5	0.1%	20.1	5.2%
Electricity Component	176.0	178.7	180.5	-2.7	-1.5%	(4.5)	-2.5%
Gasoline (all grades) Component	287.1	272.3	252.0	14.8	5.4%	35.1	13.9%
<b>National CPI-U</b>	<b>227.7</b>	226.7	221.3	1.0	0.4%	6.4	2.9%

# April 2012 BudgetWatch Regional Economy

## Fuel Prices



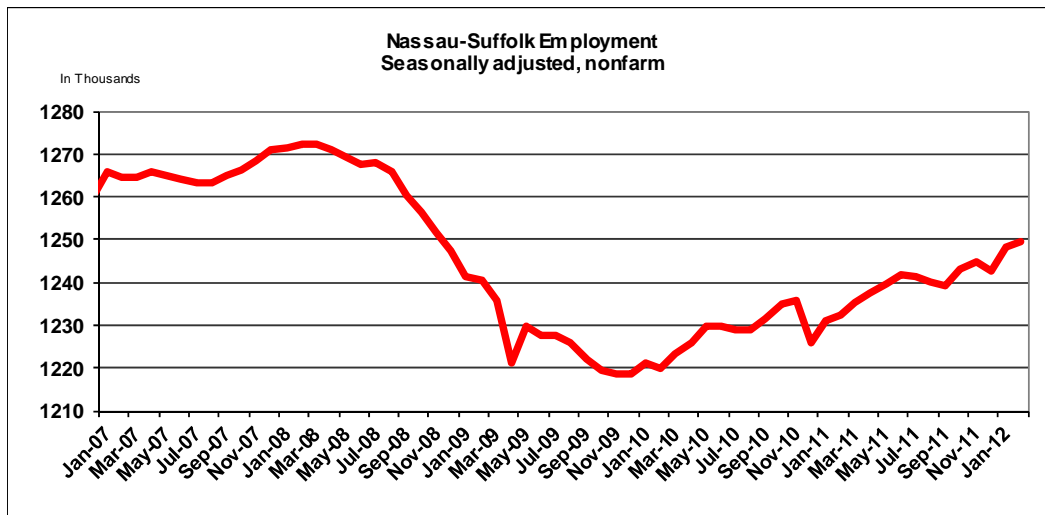
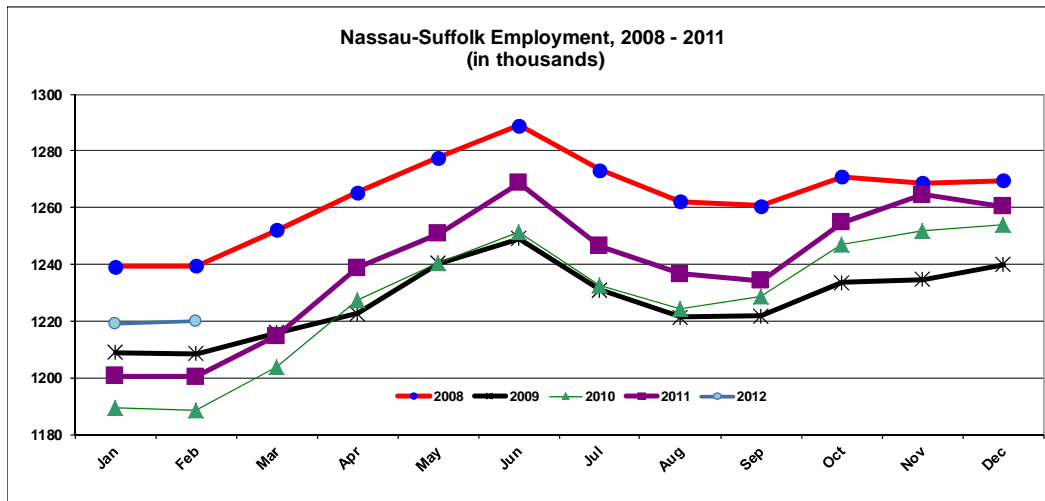
NOTE: Latest Crude Oil and No.2 Diesel Low Sulfur prices: April 10, 2012

Fuel Prices New York Spot Prices	April 4, 2012	Most Recent Quarter			Mar-11	% chg, Mar 12 vs.		
		Mar-12	Feb-12	Jan-12		Feb-12	Jan-12	Mar-11
Crude Oil	101.53	106.16	102.20	100.27	102.86	3.9%	5.9%	3.2%
Conventional Regular Gasoline *	3.35	3.17	3.04	2.82	2.84	4.0%	12.2%	11.6%
Low Sulfur No.2 Diesel Fuel *	3.26	3.30	3.22	3.08	3.13	2.5%	7.2%	5.5%
No.2 Heating Oil *	3.16	3.22	3.20	3.05	3.03	0.7%	5.3%	6.0%

\* \$ per gallon

# April 2012 BudgetWatch Regional Economy

Nassau & Suffolk Employment (in thousands)	Gain / (Loss) Feb-12 versus:						
	Prelim Feb-12	Revised Jan-12	Feb-11	Jan-12		Feb-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>1220.0</b>	<b>1219.0</b>	<b>1200.3</b>	<b>1.0</b>	<b>0.1%</b>	<b>19.7</b>	<b>1.6%</b>
<b>Goods Producing</b>	<b>124.7</b>	<b>123.6</b>	<b>125.1</b>	<b>1.1</b>	<b>0.9%</b>	<b>(0.4)</b>	<b>-0.3%</b>
Construction, Mining, Nat Res	51.9	51.1	53.5	0.8	1.6%	(1.6)	-3.0%
Manufacturing	72.8	72.5	71.6	0.3	0.4%	1.2	1.7%
<b>Service Producing</b>	<b>1095.3</b>	<b>1095.4</b>	<b>1075.2</b>	<b>(0.1)</b>	<b>0.0%</b>	<b>20.1</b>	<b>1.9%</b>
Transportation, Utilities	36.8	37.2	36.4	(0.4)	-1.1%	0.4	1.1%
Trade	217.1	222.2	215.1	(5.1)	-2.3%	2.0	0.9%
Information	24.1	23.8	24.4	0.3	1.3%	(0.3)	-1.2%
Financial Activities	70.9	71.7	69.1	(0.8)	-1.1%	1.8	2.6%
Education & Health Svcs	158.6	157.2	148.8	1.4	0.9%	9.8	6.6%
Professional & Business Svcs	232.7	231.1	229.5	1.6	0.7%	3.2	1.4%
Leisure & Hospitality	94.4	95.0	90.6	(0.6)	-0.6%	3.8	4.2%
Other Services	53.1	53.4	52.6	(0.3)	-0.6%	0.5	1.0%
Government	207.6	203.8	208.7	3.8	1.9%	(1.1)	-0.5%



# April 2012 BudgetWatch Regional Economy

Putnam, Rockland & Westchester Employment (in thousands)	Gain / (Loss) Feb-12 versus:						
	Prelim Feb-12	Revised Jan-12	Feb-11	Jan-12		Feb-11	
				Net	Percent	Net	Percent
<b>Total Employment</b>	<b>552.0</b>	<b>552.8</b>	<b>547.6</b>	<b>(0.8)</b>	<b>-0.1%</b>	<b>4.4</b>	<b>0.8%</b>
<b>Goods Producing</b>	<b>50.5</b>	<b>51.6</b>	<b>51.6</b>	<b>(1.1)</b>	<b>-2.1%</b>	<b>(1.1)</b>	<b>-2.1%</b>
Construction, Mining, Nat Res	26.2	27.3	26.3	(1.1)	-4.0%	(0.1)	-0.4%
Manufacturing	24.3	24.3	25.3	0.0	0.0%	(1.0)	-4.0%
<b>Service Producing</b>	<b>501.5</b>	<b>501.2</b>	<b>496.0</b>	<b>0.3</b>	<b>0.1%</b>	<b>5.5</b>	<b>1.1%</b>
Transportation, Utilities	17.5	17.5	18.1	0.0	0.0%	(0.6)	-3.3%
Trade	86.8	88.5	85.4	(1.7)	-1.9%	1.4	1.6%
Information	13.2	13.2	13.7	0.0	0.0%	(0.5)	-3.6%
Financial Activities	34.1	34.2	32.8	(0.1)	-0.3%	1.3	4.0%
Education & Health Svcs	121.4	119.1	118.2	2.3	1.9%	3.2	2.7%
Professional & Business Svcs	71.8	71.6	67.5	0.2	0.3%	4.3	6.4%
Leisure & Hospitality	39.8	40.7	42.9	(0.9)	-2.2%	(3.1)	-7.2%
Other Services	24.6	24.6	24.7	0.0	0.0%	(0.1)	-0.4%
Government	92.3	91.8	92.7	0.5	0.5%	(0.4)	-0.4%

