

BudgetWatch

February 2021 Flash Report

This BudgetWatch reflects preliminary operating results through January and subsidies received in February, with results measured against the Adopted Budget.

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

Preliminary results for the month of January were much better than forecast. Passenger and toll revenues were favorable by \$143 million (85%) for the month reflecting higher-than-budgeted ridership and traffic volume. Operating expenses were favorable by \$94 million (8%) for the month, mainly from health & welfare expenses and vacancy savings, lower overtime, procured services, materials and maintenance-related contracts, fuel and paratransit costs. Overtime spending for January was \$13 million (16%) lower than budget primarily from curtailed programmatic/routine maintenance work, tightened management controls, and fewer weather-related events. Debt service was favorable for the month and YTD due to lower than budgeted variable rates. Overall subsidy receipts through February were \$27 million favorable despite receipts for the Petroleum Business Tax and the For-Hire Vehicle still pending. Payroll Mobility Tax receipts were favorable by \$95 million year-to-date. February receipts of the Mansion Tax and NYS portion of the Internet Sales Tax, which fund the Capital Lockbox and are available through 2021 to assist in funding operations, are also pending.

Passenger and Toll Revenues

	Month of January 2021 (\$ in millions)			
	Actual	Adopted Budget	Diff	% Diff
NYCT:				
Subway	\$94.9	\$50.6	\$44.3	87.5%
Bus	38.5	13.2	25.3	190.9%
Other	<u>2.7</u>	<u>2.1</u>	<u>0.5</u>	<u>24.8%</u>
NYCT	\$136.0	\$66.0	\$70.1	106.2%
MTA Bus	8.4	3.3	5.1	155.7%
LIRR	14.7	10.5	4.2	39.7%
MNR	<u>11.0</u>	<u>10.2</u>	<u>0.7</u>	<u>7.3%</u>
Sub-total	\$170.1	\$90.0	\$80.1	89.0%
B&T	<u>141.2</u>	<u>78.1</u>	<u>63.2</u>	<u>80.9%</u>
Total	\$311.3	\$168.1	\$143.3	85.2%

Passenger and toll revenues for the month were better than budget primarily due to higher ridership on Subways, Buses and the Commuter Railroads, and higher traffic volume at B&T. Weather, which can adversely impact ridership and traffic volume during winter months, saw mild temperatures, while precipitation—and snowfall in particular—was below the normal level for the month.

Total Operating Expenses before Non-Cash Liability Adjustments

Month of January 2021 (\$ in millions)				
	Adopted			
	Actual	Budget	Diff	% Diff
NYCT	\$712.9	\$749.4	\$36.4	4.9%
MTA Bus	66.5	76.8	10.3	13.4%
LIRR	127.0	145.6	18.5	12.7%
MNR	100.7	113.6	12.9	11.3%
B&T	31.9	37.6	5.7	15.3%
MTA HQ	53.7	64.0	10.3	16.1%
Total	\$1,092.7	\$1,186.9	\$94.2	7.9%

Preliminary expenses for January were favorable by \$94.2 million, or 7.9%. The variance at NYCT primarily reflects the favorable timing for medical claims, fuel, and materials & supplies expenses, as well as vacancies and lower overtime and paratransit service contracts expenses, partially offset by higher reimbursable overhead and the unfavorable timing of maintenance costs. The LIRR variance reflects vacancies and lower overtime, the timing of fleet modifications and Reliability Centered Maintenance activity, and a higher credit in reimbursable overhead from the favorable timing of capital project activity. At MNR, the variance primarily reflects the favorable timing of payroll expenses, lower rolling stock maintenance work and related material usage based on the reduced service schedule, lower infrastructure repairs, and lower costs for procured services and overtime. The MTA Bus variance reflects the favorable timing of claims expenses, maintenance work and professional services, including interagency billing and the roll-out of bus technologies, as well as lower medical expenses and overtime. The MTA HQ variance largely reflects timing of expenses for various initiatives, including Enterprise Asset Management, IT projects such as cybersecurity, the COVID-19 hotline, lower overtime costs and vacancies. The B&T variance mainly reflects timing and lower spending for E-ZPass tags, engineering services, toll collection processing and bond issuance fees, overtime, and vacancies.

Overtime

Month of January 2021 (\$ in millions)				
	Adopted			
	Actual	Budget	Diff	% Diff
NYCT	\$41.6	\$46.9	\$5.4	11.5%
MTA Bus	6.3	8.7	2.3	26.8%
LIRR	8.4	10.8	2.4	22.2%
MNR	6.4	8.0	1.6	20.0%
B&T	1.1	1.7	0.7	37.9%
MTA HQ	1.9	2.6	0.6	25.1%
Total	\$65.7	\$78.7	\$13.0	16.5%

Overtime costs for the month of January were below budget across all MTA agencies. NYCT reflects lower COVID-related mitigation expenses, revised SAP requirements due to pandemic-related priorities, fewer-than-expected weather-related events, and tightened departmental controls. The LIRR was favorable primarily due to tightened management procedures, lower weather-related overtime and lower right of way maintenance. MTA Bus was favorable mainly due to lower maintenance requirements, reduced traffic congestion/lower unscheduled service and favorable weather. The MNR favorable variance reflects lower costs in Transportation due to operating on a reduced service schedule, fewer-than-expected weather-related events at MoW, and a budget allocation adjustment. The favorable variance at B&T reflects management efficiencies, improved scheduling and deployment practices, and deferred/rescheduled maintenance. At MTA HQ, lower costs are primarily due to revised deployment assumptions for the MTAPD.

Debt Service

Debt Service for the month of January was \$243.4 million, which was \$5.3 million or approximately 2.1% favorable due to lower than budgeted variable rates.

State Dedicated Taxes and Fees

	YTD February 2021 (\$ in millions)				Month of February 2021 (\$ in millions)			
	Adopted				Adopted			
	Actual	Budget	Diff	% Diff	Actual	Budget	Diff	% Diff
MMTOA	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0	0.0%
PBT	58.9	96.5	(37.6)	-39.0%	0.0	43.0	(43.0)	-100.0%
PMT ¹	238.8	143.9	94.9	65.9%	199.2	131.6	67.6	51.3%
MTA Aid ²	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
FHV ³	15.0	44.8	(29.8)	-66.5%	0.0	22.4	(22.4)	-100.0%
Total	\$312.7	\$285.2	\$27.5	9.6%	\$199.2	\$197.0	\$2.2	1.1%

The first MMTOA payment for the year is expected in March; MTA Aid receipts, which are transferred quarterly, are also scheduled for initial receipt in March. PBT and FHV receipts have not been received for February and will be reported with next month's Budget Watch. February Payroll Mobility Tax (PMT) receipts were \$67.6 million (51.3%) favorable, and year-to-date collections were favorable by \$94.9 million (65.9%).

Real Estate Transaction Taxes

	YTD February 2021 (\$ in millions)				Month of February 2021 (\$ in millions)			
	Adopted				Adopted			
	Actual	Budget	Diff	% Diff	Actual	Budget	Diff	% Diff
MRT	\$98.2	\$48.0	\$50.2	104.6%	\$47.2	\$24.0	\$23.2	96.5%
NYC Urban Tax	75.5	53.2	22.2	41.8%	39.3	26.6	12.7	47.7%
Total	\$173.7	\$101.3	\$72.4	71.5%	\$86.5	\$50.6	\$35.9	70.8%

Total real estate transaction taxes for February, which reflect transaction activity during the month of January, were \$35.9 million (70.8%) favorable to the Adopted Budget, with the YTD variance favorable by \$72.4 million (71.5%). When compared with last year through February, real estate taxes were \$80.3 million (31.6%) lower; the Urban Tax was off last year's level by \$87.1 million, or 53.6%, while MRT was favorable compared with last year by \$6.9 million, or 7.5%.

Regional Mortgage Recording Tax⁴ receipts for February were \$23.2 million, or 96.5%, favorable; MRT-1 was favorable by \$12.2 million, and MRT-2 receipts were favorable by \$10.7 million. YTD MRT receipts were favorable by \$50.2 million (104.6%), with MRT-1 receipts \$27.8 million favorable and MRT-2 receipts \$22.4 million favorable.

New York City Urban Tax⁵ receipts for February were \$12.7 million, or 47.7%, favorable, and YTD Urban Tax receipts were \$22.2 million (41.8%) favorable. For February, the Real Property Transfer Tax (RPTT) portion of the Urban Tax was favorable by \$11.9 million, or 72.3%, while the MRT portion of the Urban Tax was \$0.8 million or 7.7% favorable. YTD, RPTT receipts were \$18.2 million (55.1%) favorable, while the MRT portion of the Urban Tax was \$4.1 million (20.1%) favorable.

¹ PMT replacement funds, that are expected to total \$272.9 million in 2021, 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.

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.

Capital Lockbox Funding Sources

	YTD February 2021 (\$ in millions)				Month of February 2021 (\$ in millions)			
	Actual	Adopted Budget	Diff	% Diff	Actual	Adopted Budget	Diff	% Diff
Mansion Tax ⁶	\$18.6	\$31.0	(\$12.3)	-39.9%	\$0.0	\$15.5	(\$15.5)	-100.0%
Internet Sales Tax ⁷	38.3	56.5	(18.1)	-32.1%	14.2	28.2	(14.1)	-49.8%
Total	\$56.9	\$87.4	(\$30.5)	-34.9%	\$14.2	\$43.7	(\$29.5)	-67.6%

February receipts are incomplete, with the Mansion Tax and the NYS portion of the Internet Sales Tax pending. Receipts will be reported in next month's Budget Watch. The 2020-2021 New York State Enacted Budget amended Public Authorities Law 553-j, to allow the MTA to use monies in the Capital Lockbox funds in 2020 and 2021 to offset decreases in revenue or increases in operating costs due "in whole or in part" to the State emergency disaster caused by COVID-19. The law stipulates that if Capital Lockbox funds are used for operations, the MTA will need to repay to the lockbox any amount used for operating purposes if sufficient funds are received from the federal government or from insurance due to COVID-19, but only after first re-paying any COVID-19 related public or private borrowings, draws on lines of credit, issuances of revenue anticipation notes, internal loans or OPEB Trust.

⁶ The Real Property Transfer Tax Surcharge (the "Mansion Tax") is an increase in the transfer tax on the sale of residential properties valued at \$25 million or more in New York City.

⁷ Internet Marketplace Sales Tax receipts are captured through the elimination of the tax loophole that previously exempted third-party internet marketplace providers from collecting and remitting New York sales taxes on transactions conducted on their sites.

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New York City Employment

Sectors with Year-over-Year Employment Gains

- None

Sectors with Year-over-Year Employment Losses

- Construction, Mining, Natural Resources
- Financial Activities
- Information
- Manufacturing
- Professional & Business Service
- Transportation, Utilities
- Education & Health Services
- Government
- Leisure & Hospitality
- Other Service
- Trade

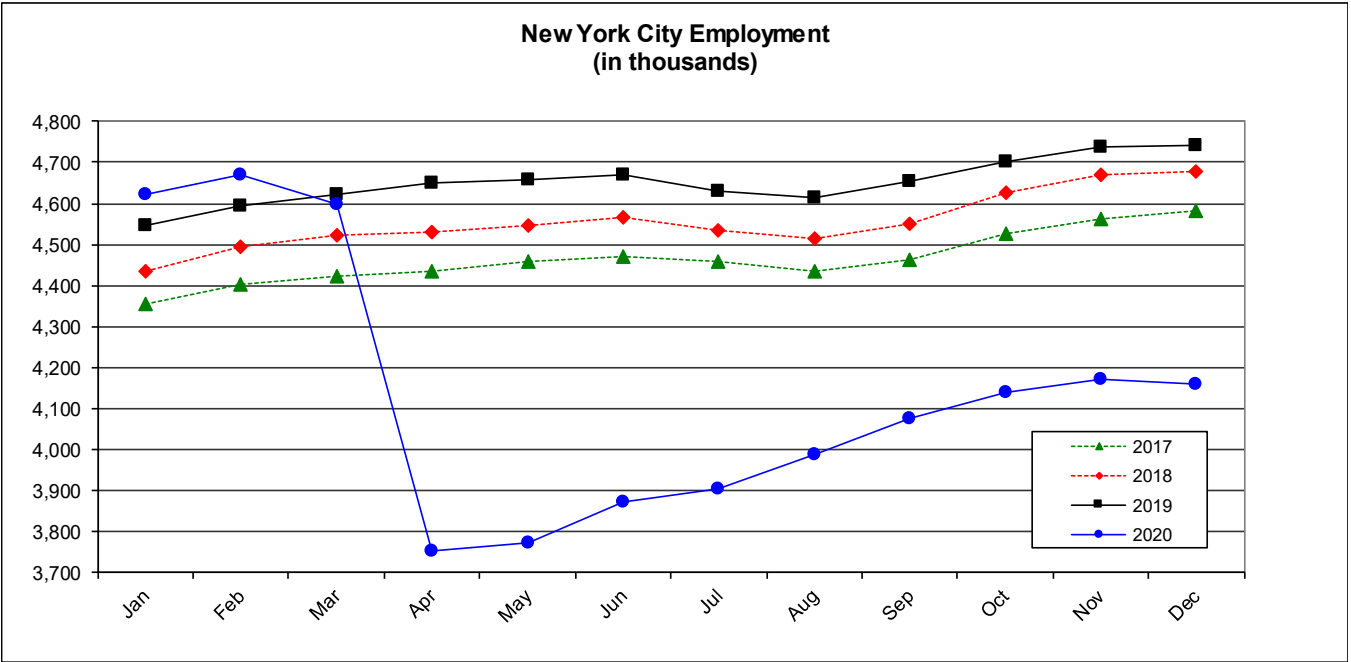
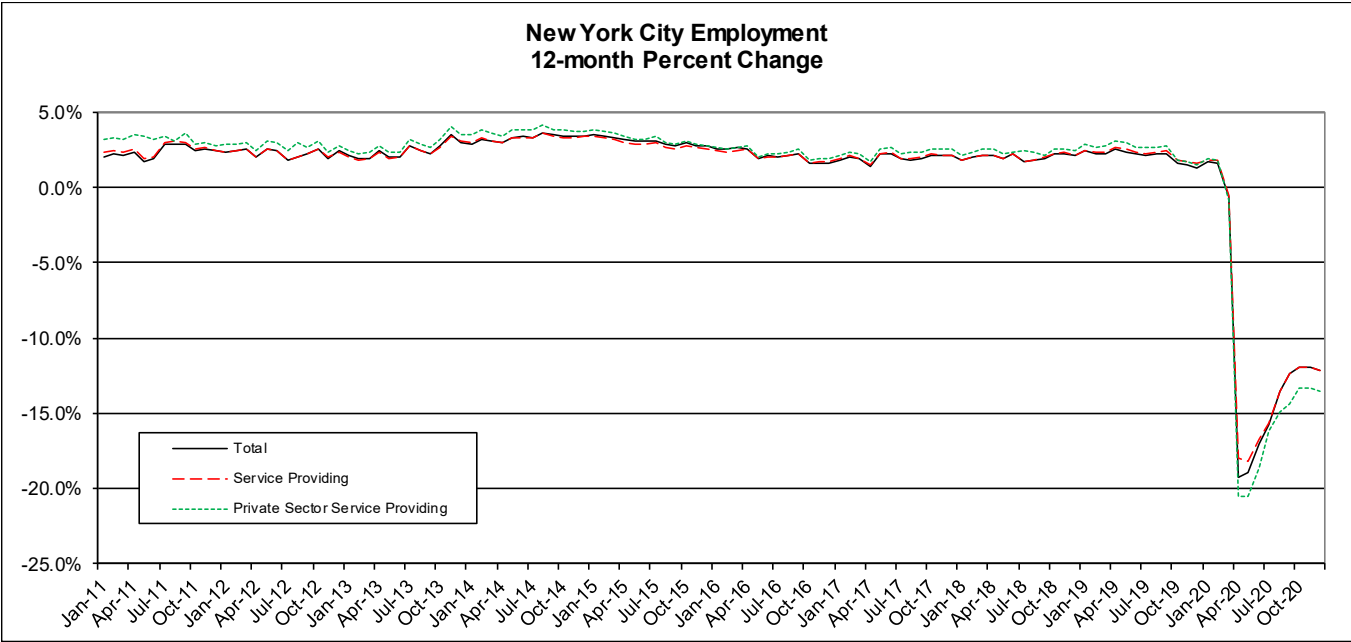
New York City Employment (in thousands)				Dec-20 versus			
	Prelim	Revised	Dec-19	Nov-20		Dec-19	
	Dec-20	Nov-20		Net	Pct	Net	Pct
Total Employment	4,161.8	4,171.5	4,739.8	(9.7)	-0.2%	(578.0)	-12.2%
Goods Producing	193.3	195.3	224.2	(2.0)	-1.0%	(30.9)	-13.8%
Construction, Mining, Nat Res	137.8	141.3	156.9	(3.5)	-2.5%	(19.1)	-12.2%
Manufacturing	55.5	54.0	67.3	1.5	2.8%	(11.8)	-17.5%
Service Providing	3,968.5	3,976.2	4,515.6	(7.7)	-0.2%	(547.1)	-12.1%
Transportation, Utilities	129.5	126.6	154.8	2.9	2.3%	(25.3)	-16.3%
Trade	437.6	434.4	497.1	3.2	0.7%	(59.5)	-12.0%
Information	210.9	209.6	212.6	1.3	0.6%	(1.7)	-0.8%
Financial Activities	456.6	453.9	483.7	2.7	0.6%	(27.1)	-5.6%
Professional & Business Svcs	719.4	716.6	807.4	2.8	0.4%	(88.0)	-10.9%
Education & Health Svcs	1,019.1	1,019.8	1,091.8	(0.7)	-0.1%	(72.7)	-6.7%
Leisure & Hospitality	246.1	261.9	469.3	(15.8)	-6.0%	(223.2)	-47.6%
Other Services	164.5	165.2	196.2	(0.7)	-0.4%	(31.7)	-16.2%
Government	584.8	588.2	602.7	(3.4)	-0.6%	(17.9)	-3.0%

Preliminary December 2020 employment in New York City reflects the impact of the COVID pandemic on employment levels, with a loss of 578,000 jobs (12.2%) when compared to last December's employment level. December marks the tenth consecutive month in which employment has declined over its level from one year earlier, after 119 consecutive months of increases ended with declines in March 2020. Decreases were significant across all sectors, but hardest hit were Leisure & Hospitality, down 223,200 jobs (46.6%), and Professional & Business Services, down 88,000 jobs (10.9%).

Employment in New York City's service-providing sectors decreased by 547,100 jobs (12.1%) over the December 2019 level; back in February before the impact of the pandemic began, year-over-year growth totaled 78,200 jobs (1.8%). Private-sector service-providing employment in New York City decreased by 529,200 jobs (13.5%), the tenth consecutive month of year-to-year decline after 120 consecutive months of increases ended in February.

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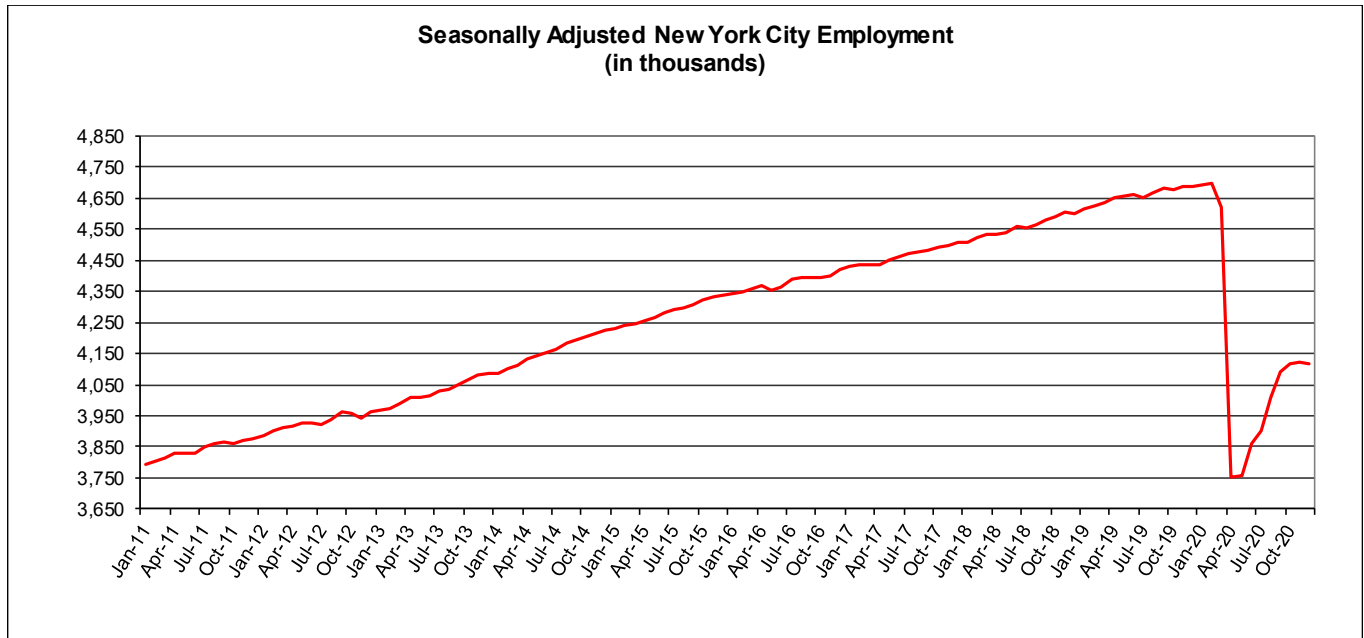
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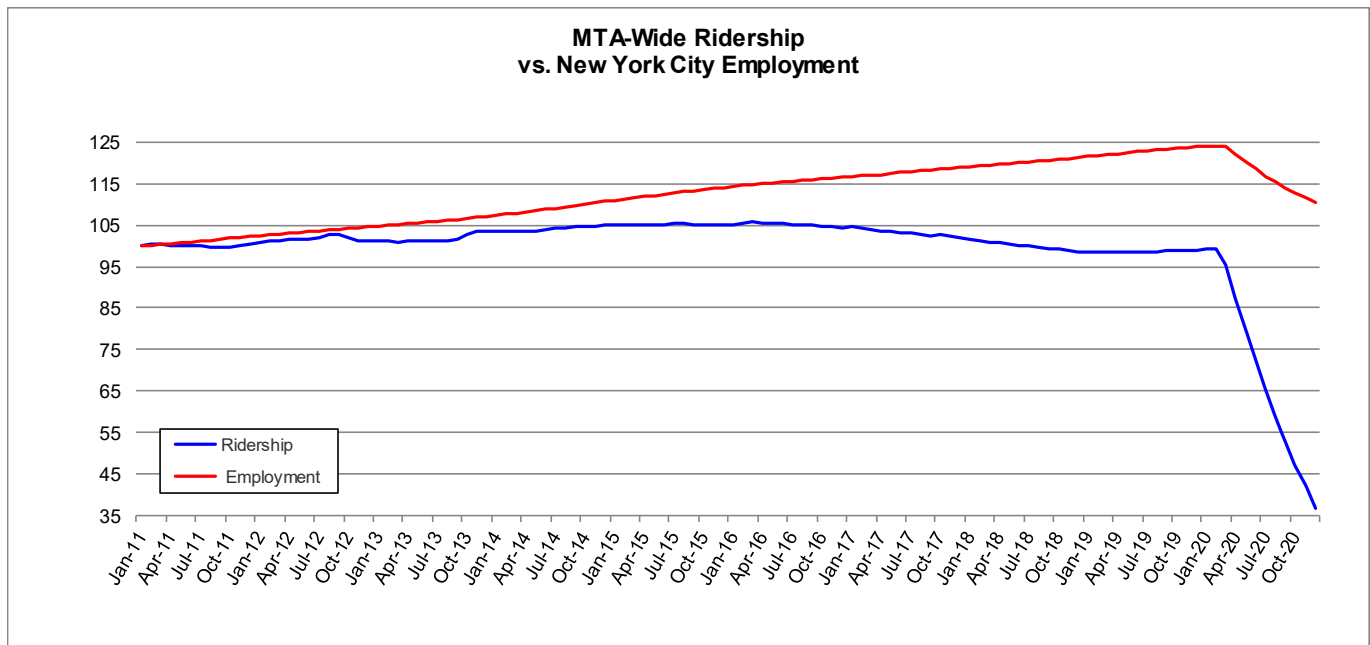
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In December 2020, seasonally adjusted New York City employment of 4.11 million was lower than in December 2019 by 570,100 jobs (12.2%); December seasonally adjusted employment was 7,500 jobs less than last month, a 0.18% decrease, the first monthly decline after seventh consecutive monthly increases since employment bottomed in April.



Ridership and Employment

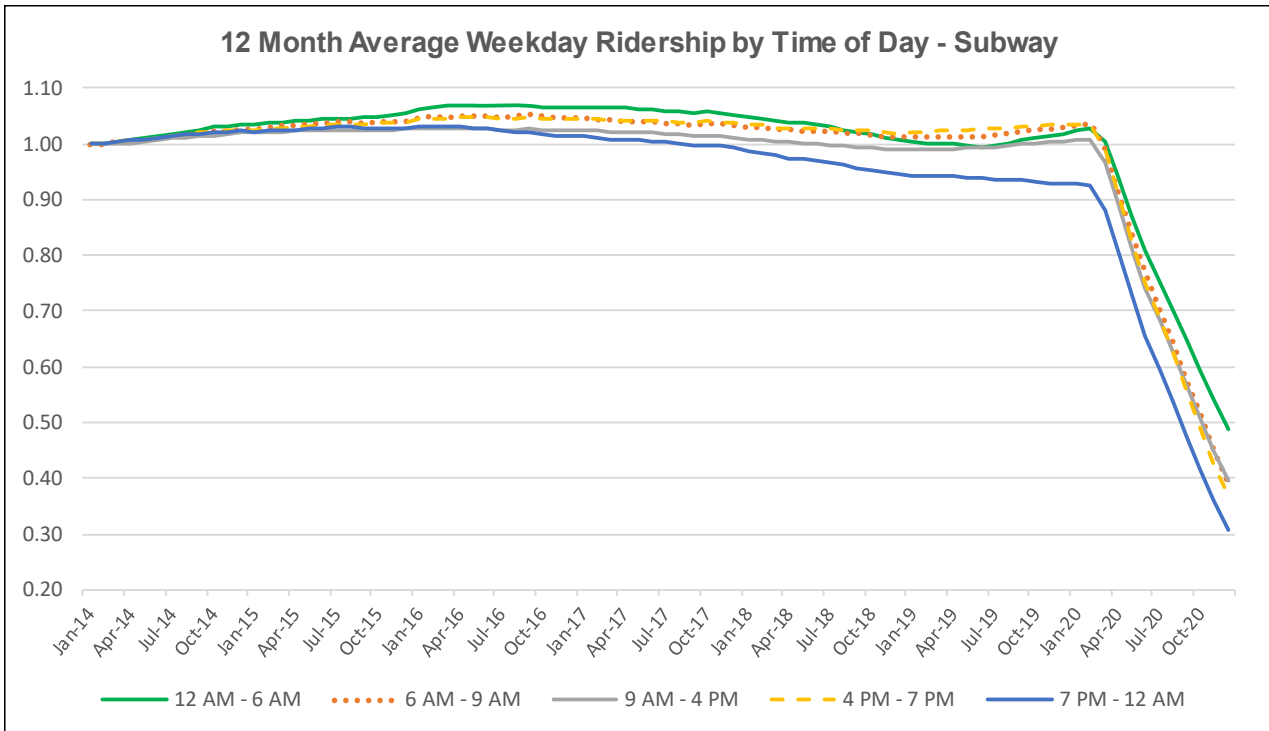
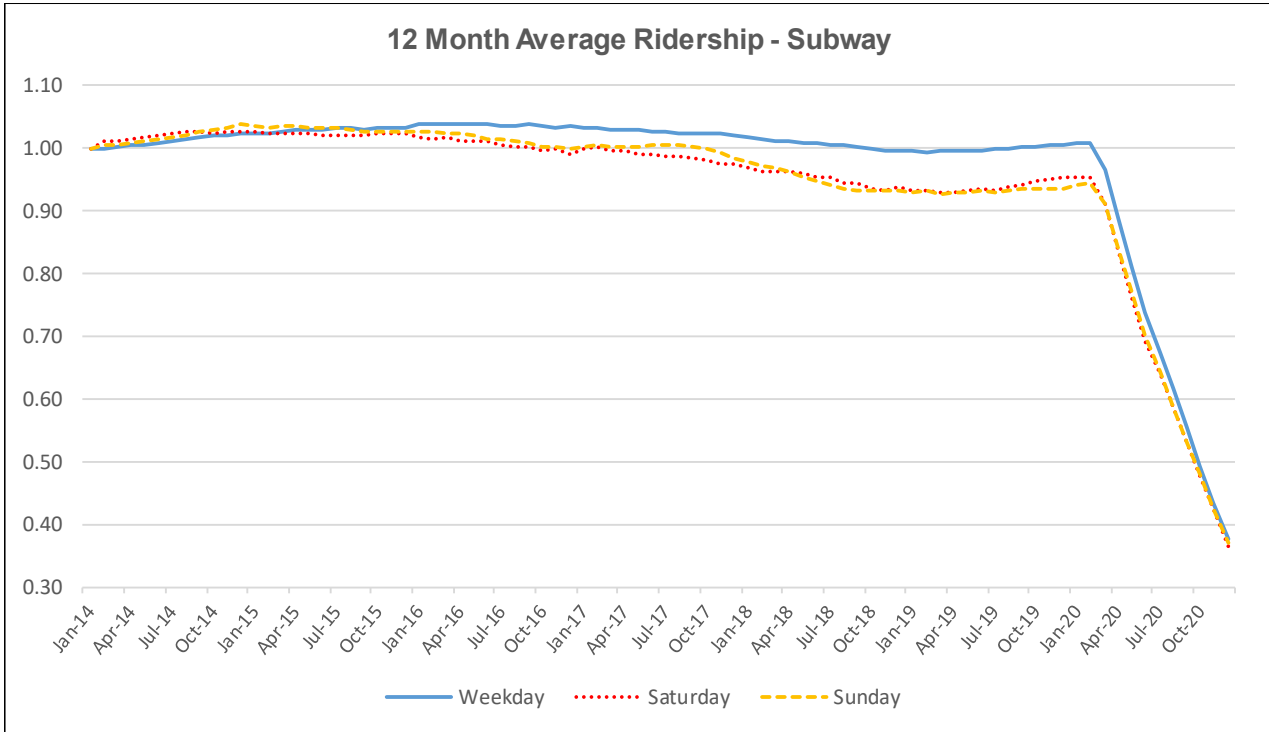
Since January 2011, the twelve-month average for employment increased by 24.1% through February 2020, while the 12-month average MTA-wide ridership fell by 0.7%. Over the past nine months, however, the impact of the COVID pandemic has altered the trajectories of both, with employment standing at just 10.3% above the January 2011 level, while MTA-wide ridership is 62.7% below its January 2011 level.



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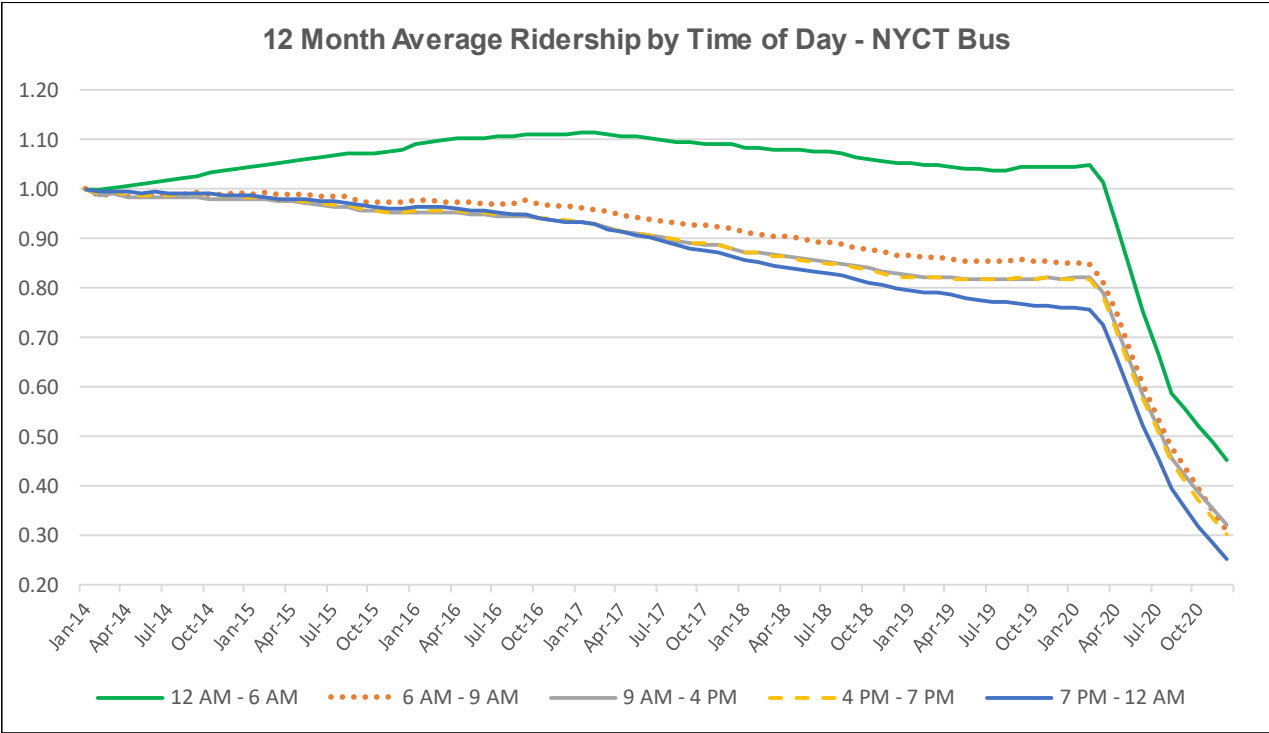
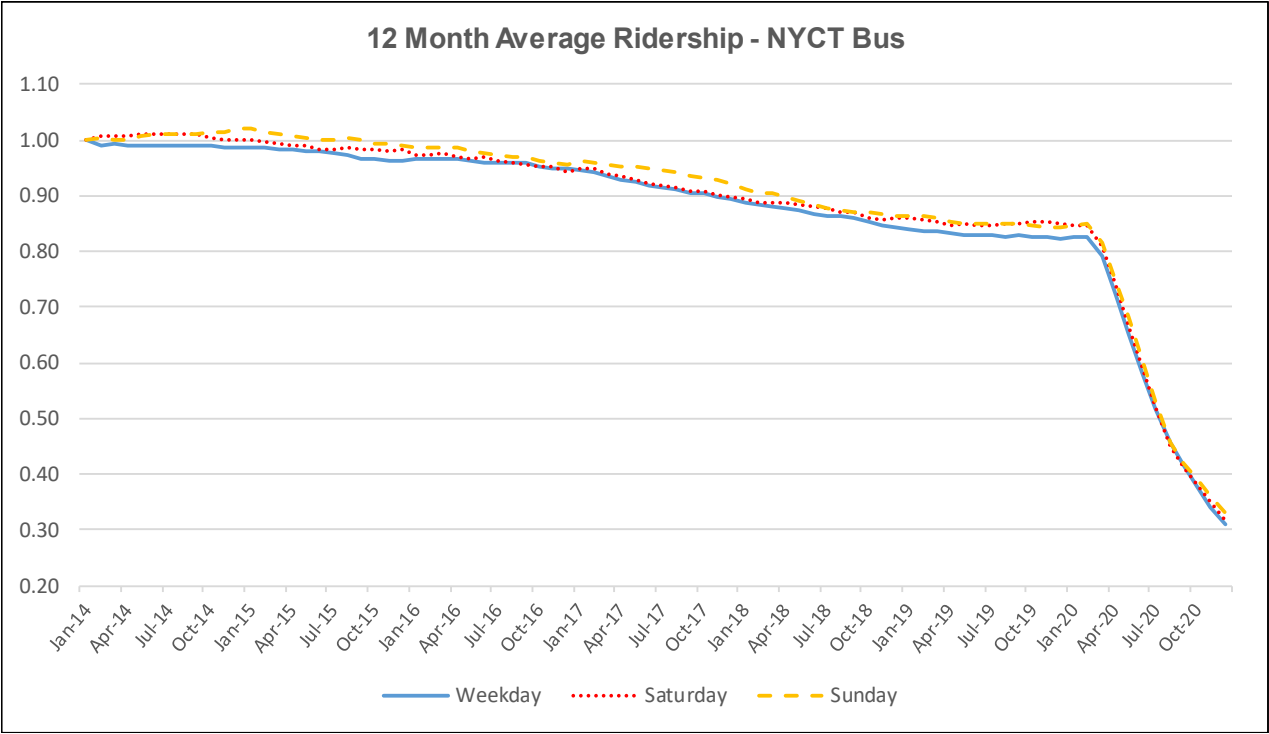
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The following ridership and vehicular traffic trend graphs depict 12-month averages; for example, the January 2014 data point is the average of February 2013 to January 2014, and the February 2014 data point is the average of March 2013 to February 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.



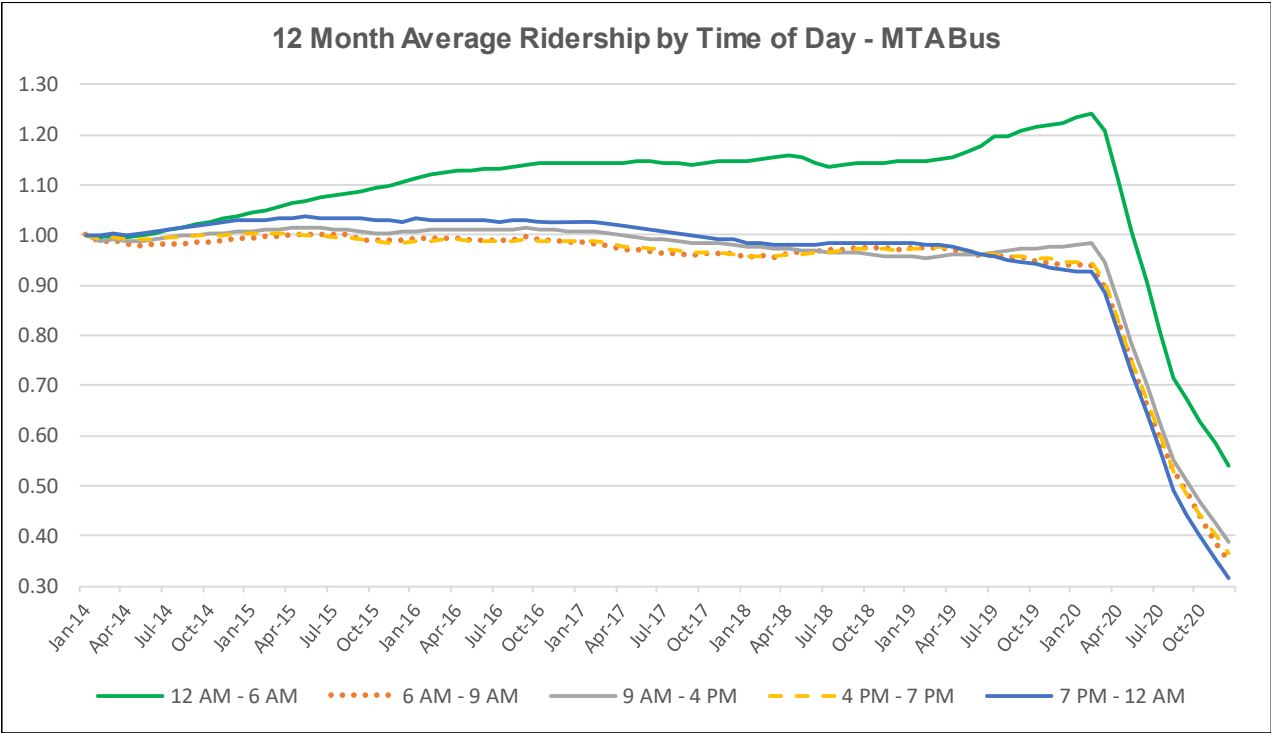
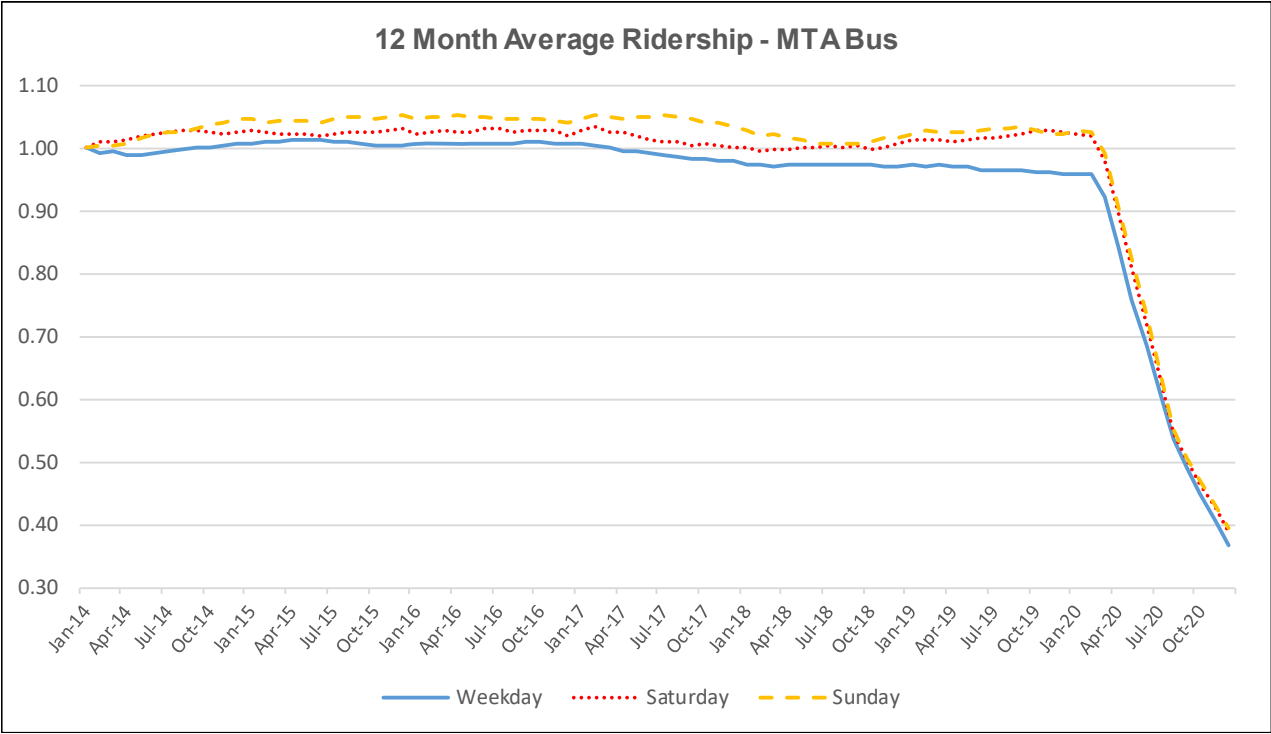
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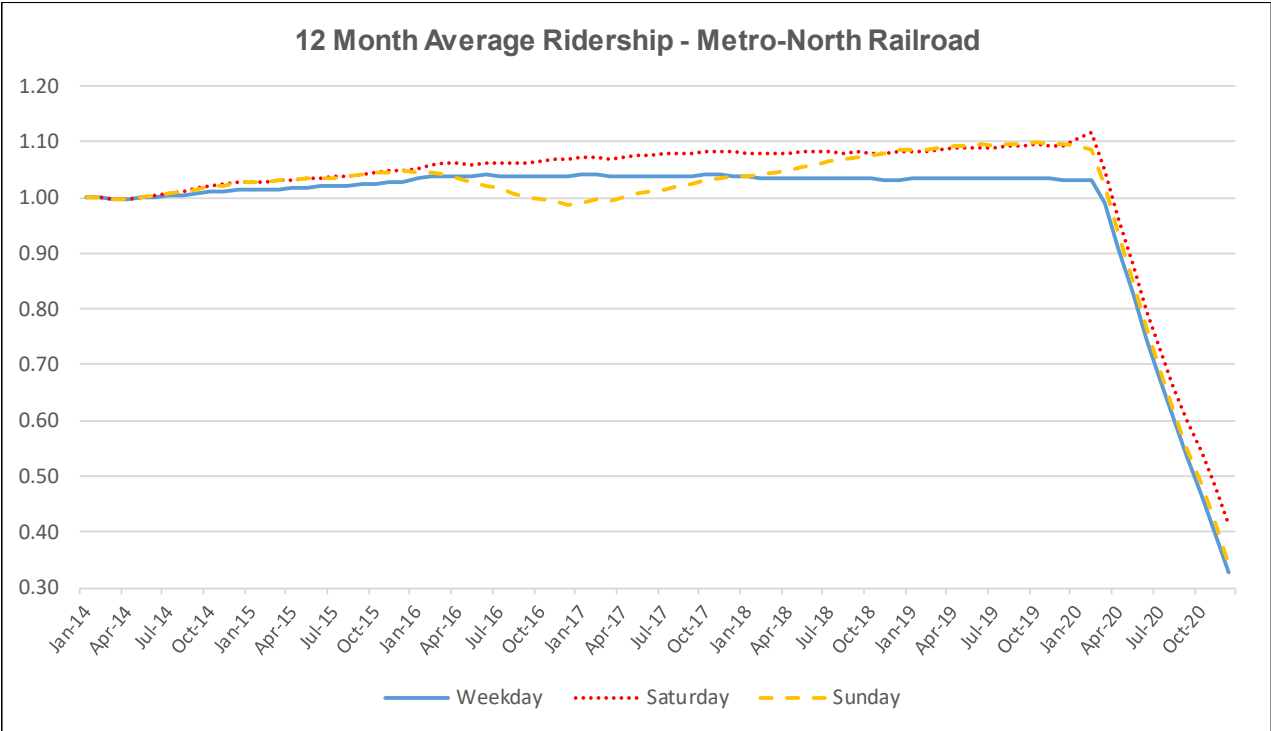
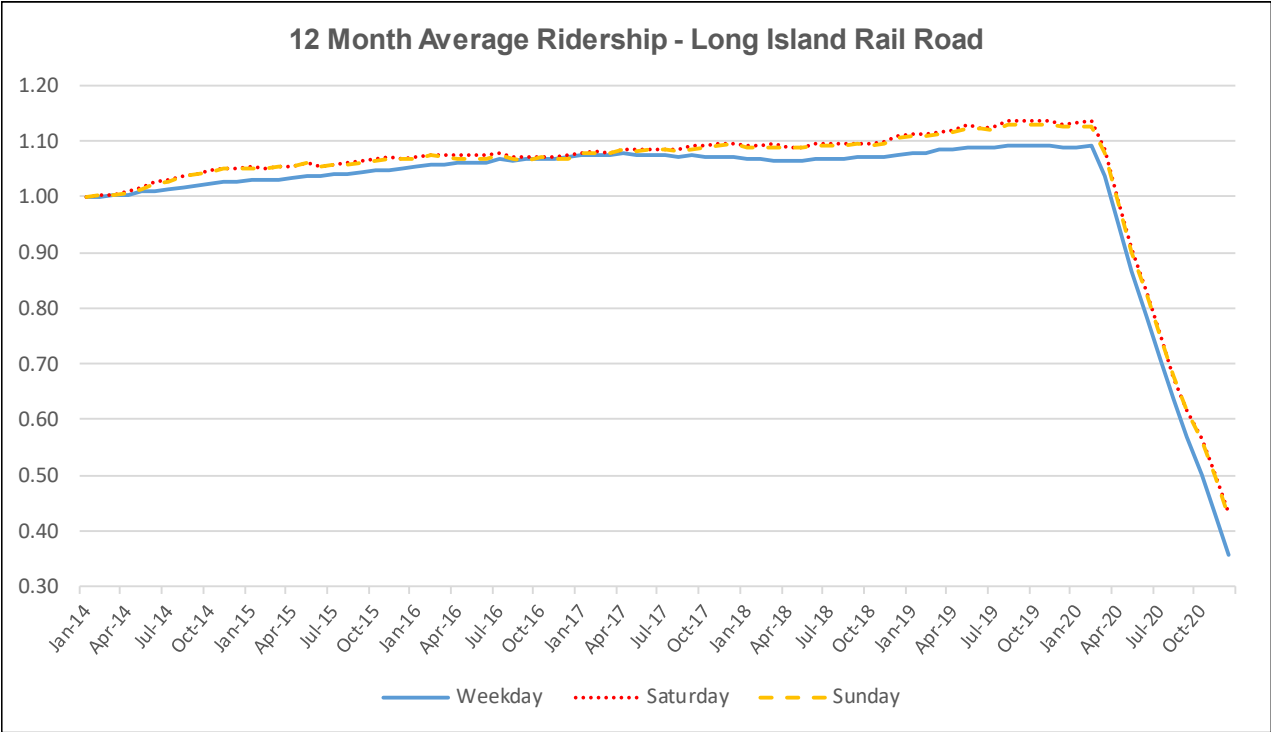
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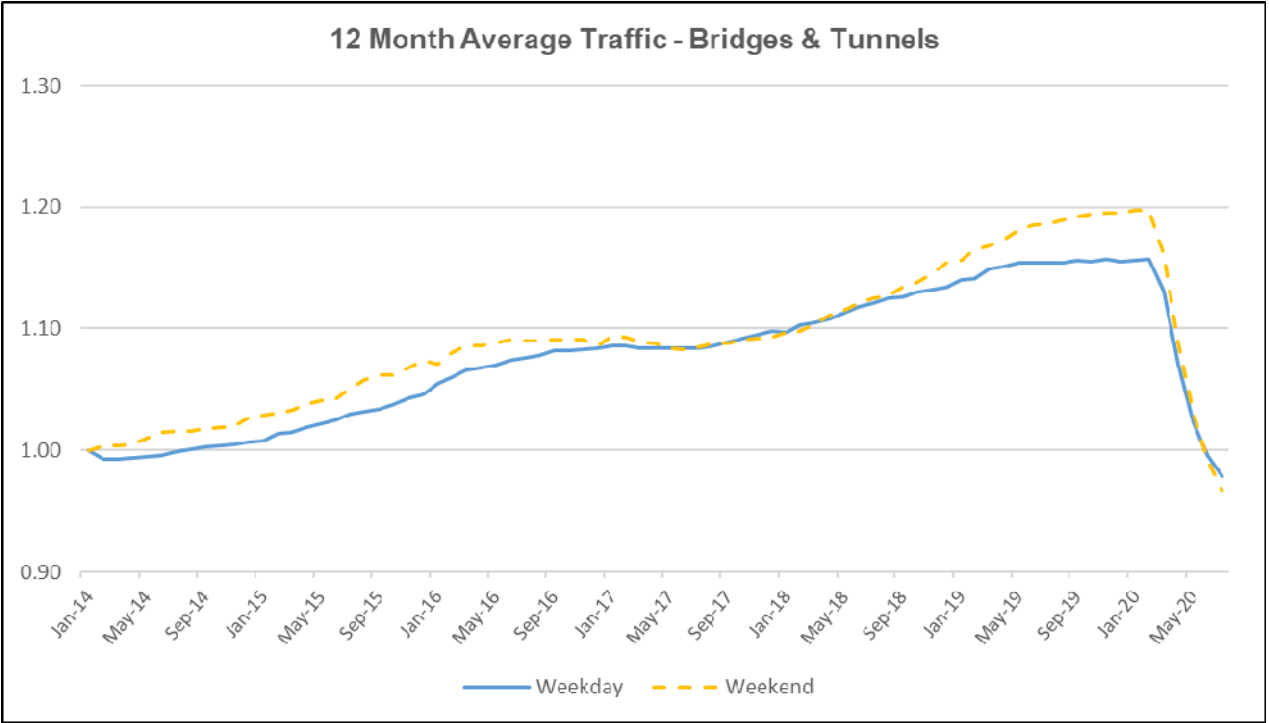
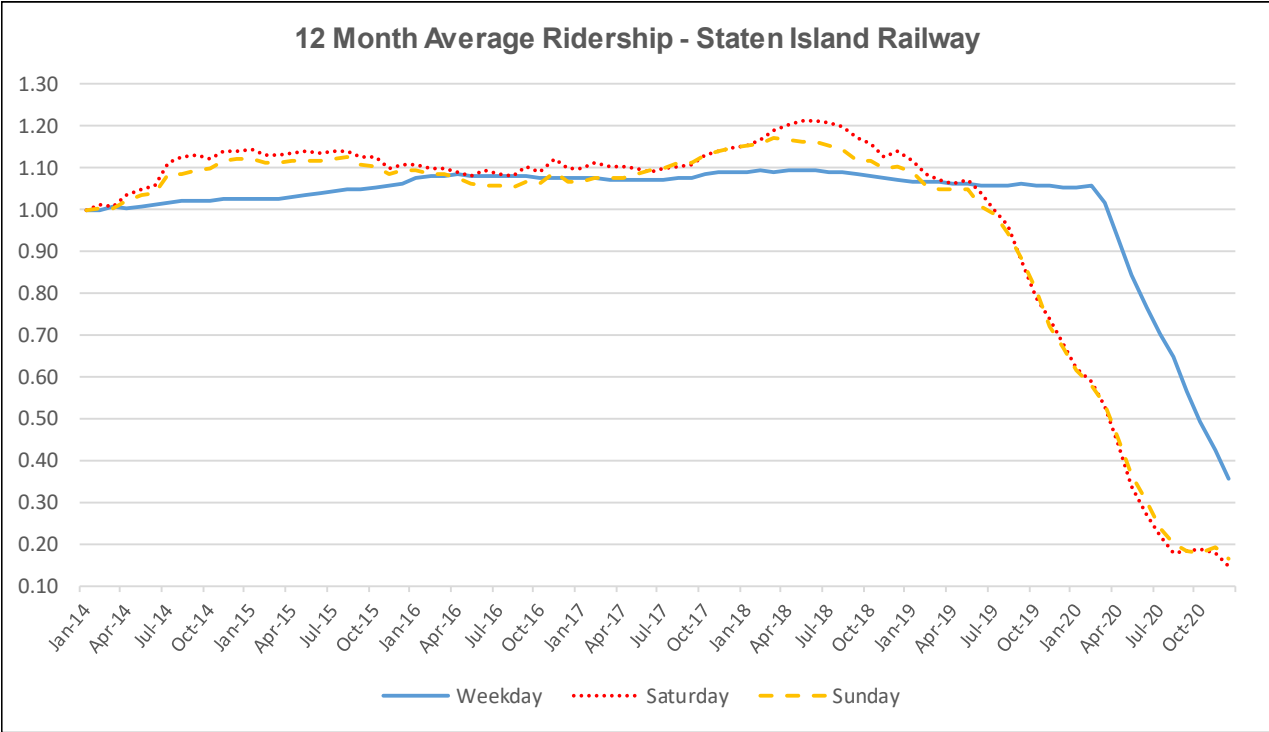
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Consumer Price Index

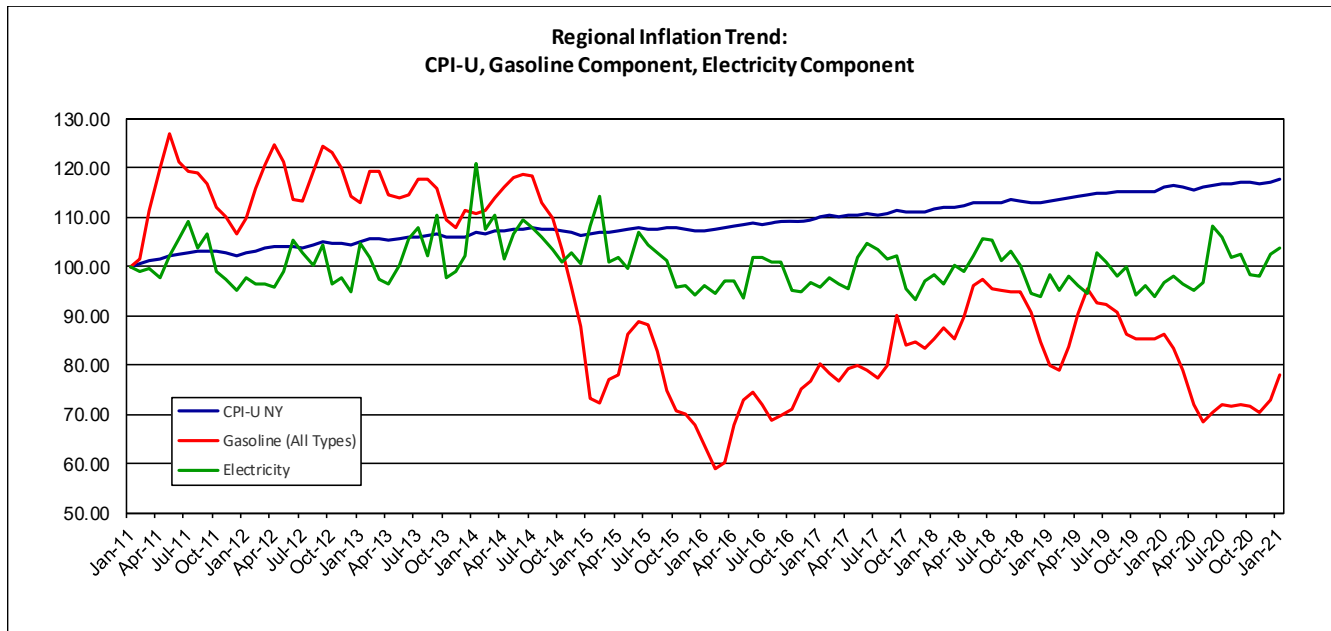
Goods Reporting Month-over-Month Price Increases

- Apparel
- Gasoline
- Electric
- Transportation

Goods Reporting Month-over-Month Price Declines

- Food
- Medical Care

				Jan-21 versus			
				Dec-20		Jan-20	
	Jan-21	Dec-20	Jan-20	Net	Pct	Net	Pct
Regional CPI-U	285.53	284.35	282.02	1.17	0.4%	3.51	1.2%
Medical Care Component	534.63	536.25	523.63	(1.61)	-0.3%	11.00	2.1%
Electricity Component	189.18	187.35	176.82	1.84	1.0%	12.36	7.0%
Gasoline (all grades) Component	193.36	180.86	214.24	12.50	6.9%	(20.88)	-9.7%
National CPI-U	261.58	260.47	257.97	1.11	0.4%	3.61	1.4%

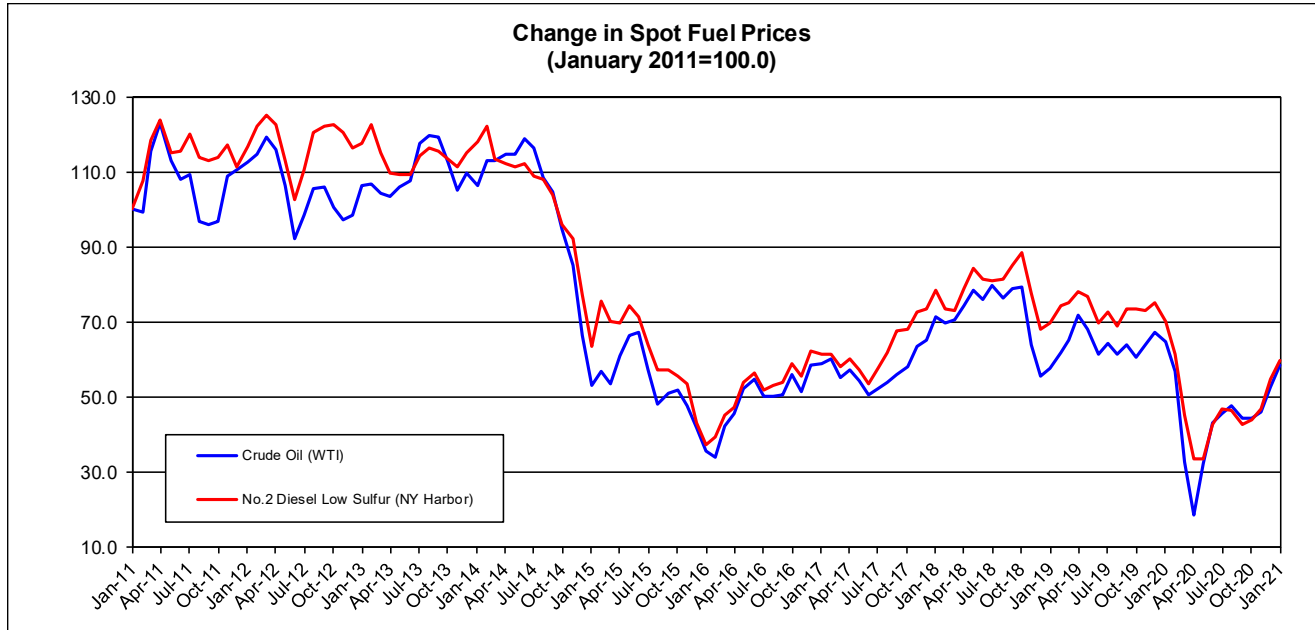


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Fuel Prices

Fuel - Spot Prices <i>NY Harbor, except Crude Oil (WTI)</i>	Latest Price:			Jan-21 versus		
	2/1/21	Jan-21	Dec-20	Jan-20	Dec-20	Jan-20
Crude Oil (\$/bbl)	53.55	52.00	47.02	57.52	10.6%	-9.6%
Conventional Regular Gasoline (\$/gal)	1.63	1.56	1.36	1.66	15.0%	-6.0%
Low Sulfur No.2 Diesel Fuel (\$/gal)	1.65	1.58	1.44	1.86	9.1%	-15.1%
No.2 Heating Oil (\$/gal)	1.54	1.48	1.37	1.84	8.1%	-19.6%



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Nassau, Suffolk Employment (in thousands)				Dec-20 versus			
	Prelim	Revised	Dec-19	Nov-20		Dec-19	
	Dec-20	Nov-20		Net	Percent	Net	Percent
Total Employment	1,257.8	1,256.2	1,362.5	1.6	0.1%	-104.7	-7.7%
Goods Producing	143.7	143.5	150.5	0.2	0.1%	-6.8	-4.5%
Construction, Mining, Nat Res	80.0	80.2	79.7	-0.2	-0.2%	0.3	0.4%
Manufacturing	63.7	63.3	70.8	0.4	0.6%	-7.1	-10.0%
Service Providing	1,114.1	1,112.7	1,212.0	1.4	0.1%	-97.9	-8.1%
Transportation, Utilities	44.9	41.8	46.4	3.1	7.4%	-1.5	-3.2%
Trade	222.4	218.5	232.3	3.9	1.8%	-9.9	-4.3%
Information	14.9	14.9	15.5	0.0	0.0%	-0.6	-3.9%
Financial Activities	68.3	68.4	69.6	-0.1	-0.1%	-1.3	-1.9%
Professional & Business Svcs	162.0	163.2	175.3	-1.2	-0.7%	-13.3	-7.6%
Education & Health Svcs	264.3	265.2	287.1	-0.9	-0.3%	-22.8	-7.9%
Leisure & Hospitality	86.3	89.9	124.5	-3.6	-4.0%	-38.2	-30.7%
Other Services	56.6	56.5	60.7	0.1	0.2%	-4.1	-6.8%
Government	194.4	194.3	200.6	0.1	0.1%	-6.2	-3.1%

Orange, Rockland, Westchester Employment (in thousands)				Dec-20 versus			
	Prelim	Revised	Dec-19	Nov-20		Dec-19	
	Dec-20	Nov-20		Net	Percent	Net	Percent
Total Employment	667.4	673.4	729.3	-6.0	-0.9%	-61.9	-8.5%
Goods Producing	67.3	67.9	71.0	-0.6	-0.9%	-3.7	-5.2%
Construction, Mining, Nat Res	40.7	41.6	41.7	-0.9	-2.2%	-1.0	-2.4%
Manufacturing	26.6	26.3	29.3	0.3	1.1%	-2.7	-9.2%
Service Providing	600.1	605.5	658.3	-5.4	-0.9%	-58.2	-8.8%
Transportation, Utilities	25.7	25.3	28.4	0.4	1.6%	-2.7	-9.5%
Trade	112.0	109.0	114.9	3.0	2.8%	-2.9	-2.5%
Information	11.7	11.7	11.9	0.0	0.0%	-0.2	-1.7%
Financial Activities	35.0	35.4	38.0	-0.4	-1.1%	-3.0	-7.9%
Professional & Business Svcs	88.8	90.0	95.8	-1.2	-1.3%	-7.0	-7.3%
Education & Health Svcs	159.8	162.7	165.0	-2.9	-1.8%	-5.2	-3.2%
Leisure & Hospitality	36.7	38.8	63.9	-2.1	-5.4%	-27.2	-42.6%
Other Services	25.3	25.5	31.4	-0.2	-0.8%	-6.1	-19.4%
Government	105.1	107.1	109.0	-2.0	-1.9%	-3.9	-3.6%

Dutchess, Putnam Employment (in thousands)				Dec-20 versus			
	Prelim	Revised	Dec-19	Nov-20		Dec-19	
	Dec-20	Nov-20		Net	Percent	Net	Percent
Total Employment	136.6	137.9	151.1	-1.3	-0.9%	-14.5	-9.6%
Goods Producing	18.3	18.3	17.7	0.0	0.0%	0.6	3.4%
Construction, Mining, Nat Res	10.0	10.1	8.7	-0.1	-1.0%	1.3	14.9%
Manufacturing	8.3	8.2	9.0	0.1	1.2%	-0.7	-7.8%
Service Providing	118.3	119.6	133.4	-1.3	-1.1%	-15.1	-11.3%
Transportation, Utilities	4.2	4.0	4.7	0.2	5.0%	-0.5	-10.6%
Trade	19.8	19.5	20.8	0.3	1.5%	-1.0	-4.8%
Information	1.9	1.9	1.9	0.0	0.0%	0.0	0.0%
Financial Activities	4.9	4.9	5.1	0.0	0.0%	-0.2	-3.9%
Professional & Business Svcs	11.8	11.7	13.2	0.1	0.9%	-1.4	-10.6%
Education & Health Svcs	35.5	36.2	39.9	-0.7	-1.9%	-4.4	-11.0%
Leisure & Hospitality	9.8	10.6	14.5	-0.8	-7.5%	-4.7	-32.4%
Other Services	6.0	6.0	6.8	0.0	0.0%	-0.8	-11.8%
Government	24.4	24.8	26.5	-0.4	-1.6%	-2.1	-7.9%

BUDGETWATCH

Regional Economy Report

