Massachusetts Bay
Transportation Authority

FY21 and FY22 Budget Update

Fiscal and Management Control Board

November 23, 2020

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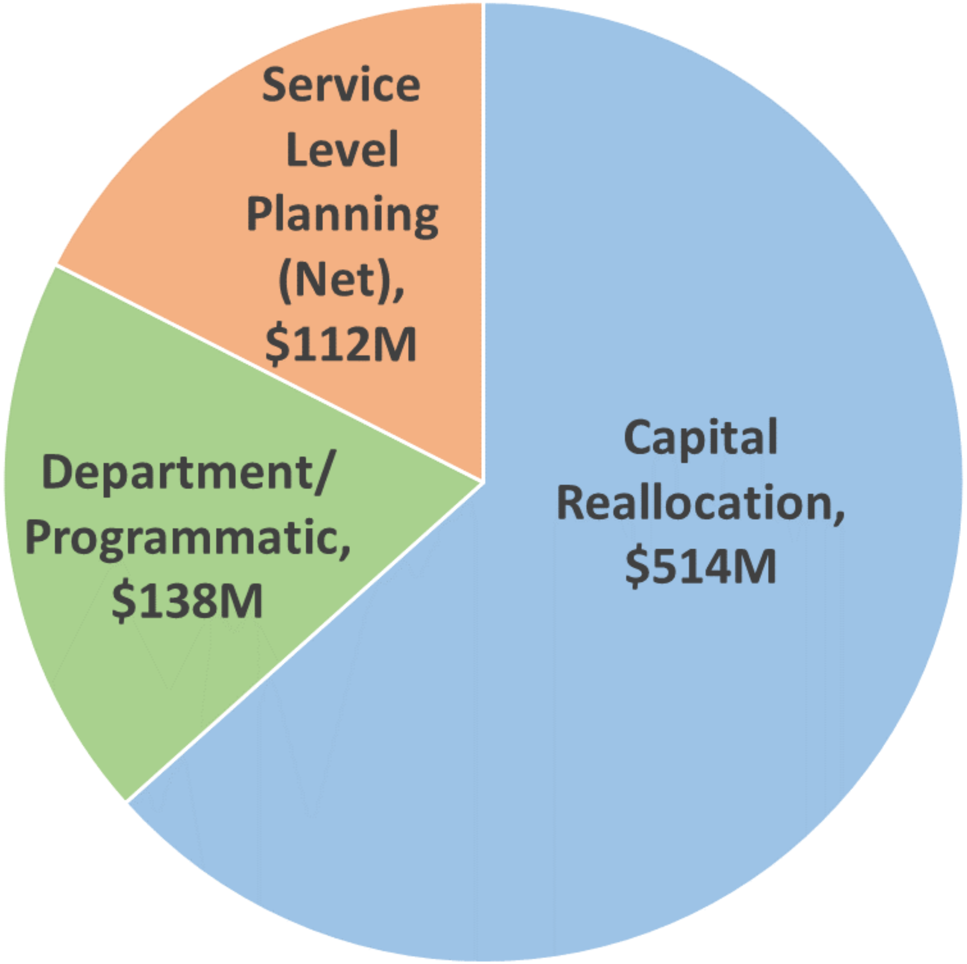
Budget Deck Overview

- **As presented on November 9, forging ahead recommendations fully offset the budget challenges in FY21 and FY22**
  - Lowering recommendations in any one of the approaches would mean raising recommendations among the other approaches in order to achieve budget balance
- **Revise the FY22 budget gap from August with information and updates as presented since the start of FY21**
  - Relying on the Scenario 3 fare revenue update from October and November (55% of baseline by June 2022), a $584M budget gap exists in FY22 after updating other revenue categories like own source revenue and FEMA reimbursement
  - If fare revenue trend stabilizes closer to Scenario 2 (68% of baseline by June 2022), an additional $101M in budget favorability or upside could be available to fund adding back service and other priorities
- **Identify known budget exposures and opportunities to estimate the budget challenge that requires management to resolve in FY21 and FY22**
  - Additional $25M in FY21 and $68M in FY22 above the budget gap to incorporate risks and exposures surrounding COVID-19 and overtime spending
- **This three-pronged approach strengthens our financial position going into FY22. Service adjustments still need to be made to address the budget challenges for FY21 and FY22, including the uncertainty surrounding future fare revenue estimates**
  - Preliminary October fare revenues indicate actual collections below budget by almost $2M (27% budgeted and 24% estimated), which will be presented in greater detail in the October budget update on December 7

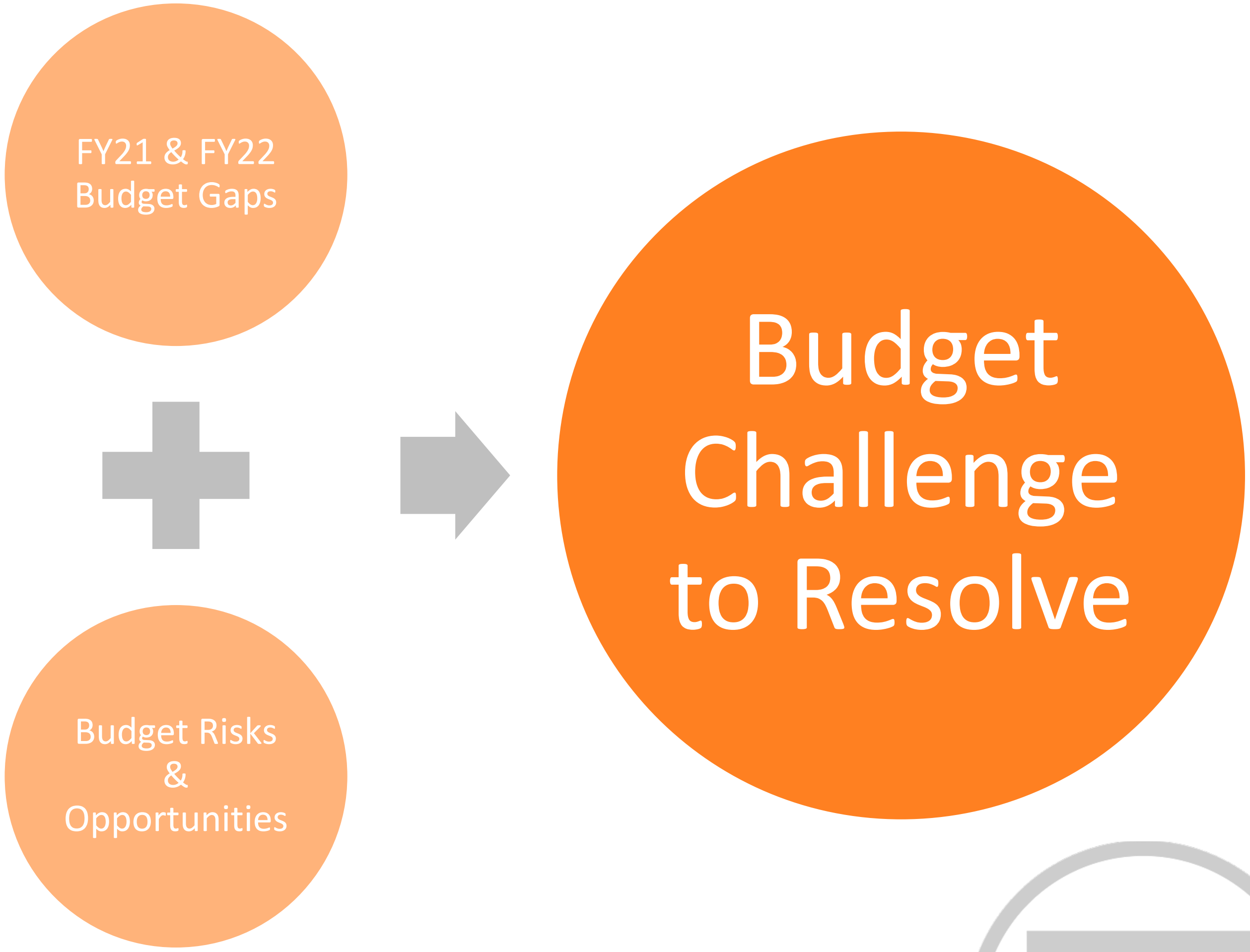
Budget Approach Summary

- Taking steps now in FY21 to build reserves and reduce the level of spending cuts next year
  - $49M balance in the Operating Budget Deficiency Fund as of September 2020
- With the FY22 budget gap estimate at the upper bound of the initially projected range, altering recommendations results in direct trade-offs among the approaches
- Lowering recommendations in any one of the approaches would mean raising recommendations among the other approaches in order to achieve budget balance
- Savings for each approach refined from a range to an estimate based on updates from November 9
- All cost saving actions are estimates and likely will not reach full amounts upon implementation



Identifying and Planning for the Budget Challenges in FY21 and FY22

- Update FY21 and FY22 budget outlook from August 2020 based on the latest spending and revenue data available
  - Incorporate forging ahead recommendations and budget estimates from November 9 presentations from budget, capital, and service level planning
  - Include any known budget risks and exposures
  - Identify potential revenue opportunities and favorability
- Take a fiscally responsible approach that manages for known risks and does not rely on prospective revenue opportunities
- COVID-19 impacts to revenue and spending add to the budget development challenge for next year over and above any pre-existing budget challenge



FY22 Own Source Revenue Update as of November

- **Revised fare revenue and ridership assumptions from August triggers a corresponding decrease in own source revenues**
- Own source revenue estimates such as parking, advertising, and real estate are, to different degrees, correlated to ridership and fare revenue
- August estimates for these own source categories ranged between 60%-89%, aligned with the 80% fare revenue assumption at that time
- **$29M net decrease in own source revenue estimates since August aligns with Scenario 3 fare revenue assumptions and actual revenues from July-September 2020**
  - Advertising: 39% of baseline
  - Parking: 31% of baseline
  - Real estate: 80% of baseline
  - Other: 69% of baseline
- Baseline revenue reflects FY20 budget amounts

Total FY22 Estimates and Changes Since August ($M)

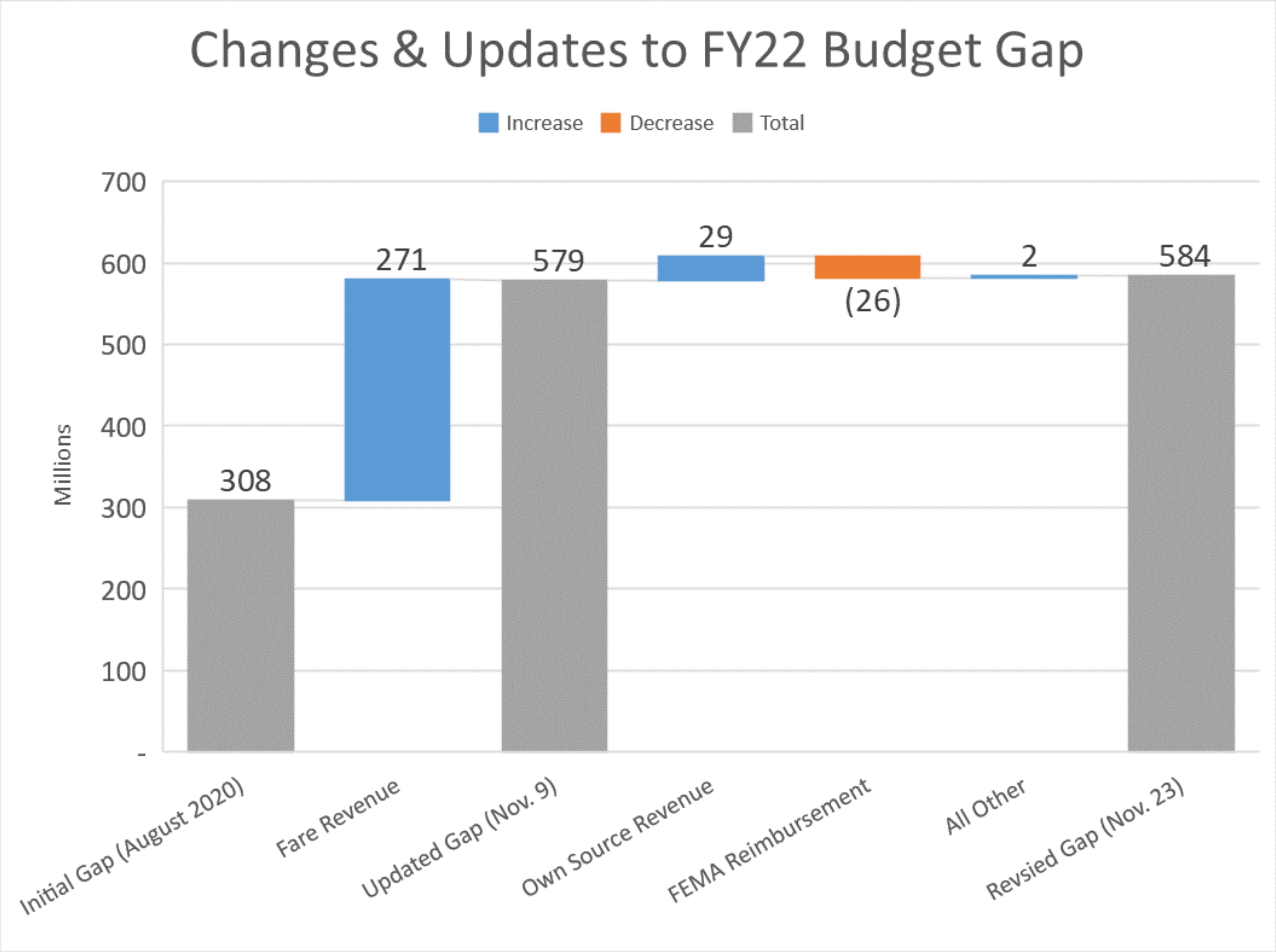
Type	November Update	August Estimate	Change
Advertising	14	28	(14)
Parking	14	32	(18)
Real Estate	17	13	4
Other	6	8	(2)
Total	**51**	**80**	**(29)**

FY22 Revenue Estimates as a Percentage of Baseline

Type	November Update	August Estimate	July 2020-September 2020 Actuals
Advertising	39%	77%	26%
Parking	31%	71%	4%
Real Estate	80%	60%	82%
Other	69%	89%	56%
Total	**46%**	**72%**	**27%**

FY22 Budget Gap Update

- **$579M budget gap figure increases less than 1% to $584M** after updating other revenue categories like own source revenue and FEMA reimbursement
  - **$308M budget gap increased to $579M** after incorporating Scenario 3 fare revenue assumptions from November 9 budget presentation
- **$29M own source revenue change** to also model Scenario 3 ridership and its impact to parking, advertising, and other related revenues
- **$26M change from shifting FEMA reimbursement revenue** for COVID-19 spending from FY21 to FY22
  - **Reimbursement revenue estimate is still not guaranteed** as submitted spending is subject to final FEMA approval and certain expenses could be deemed ineligible by FEMA



Budget Exposure: COVID-19 Spending

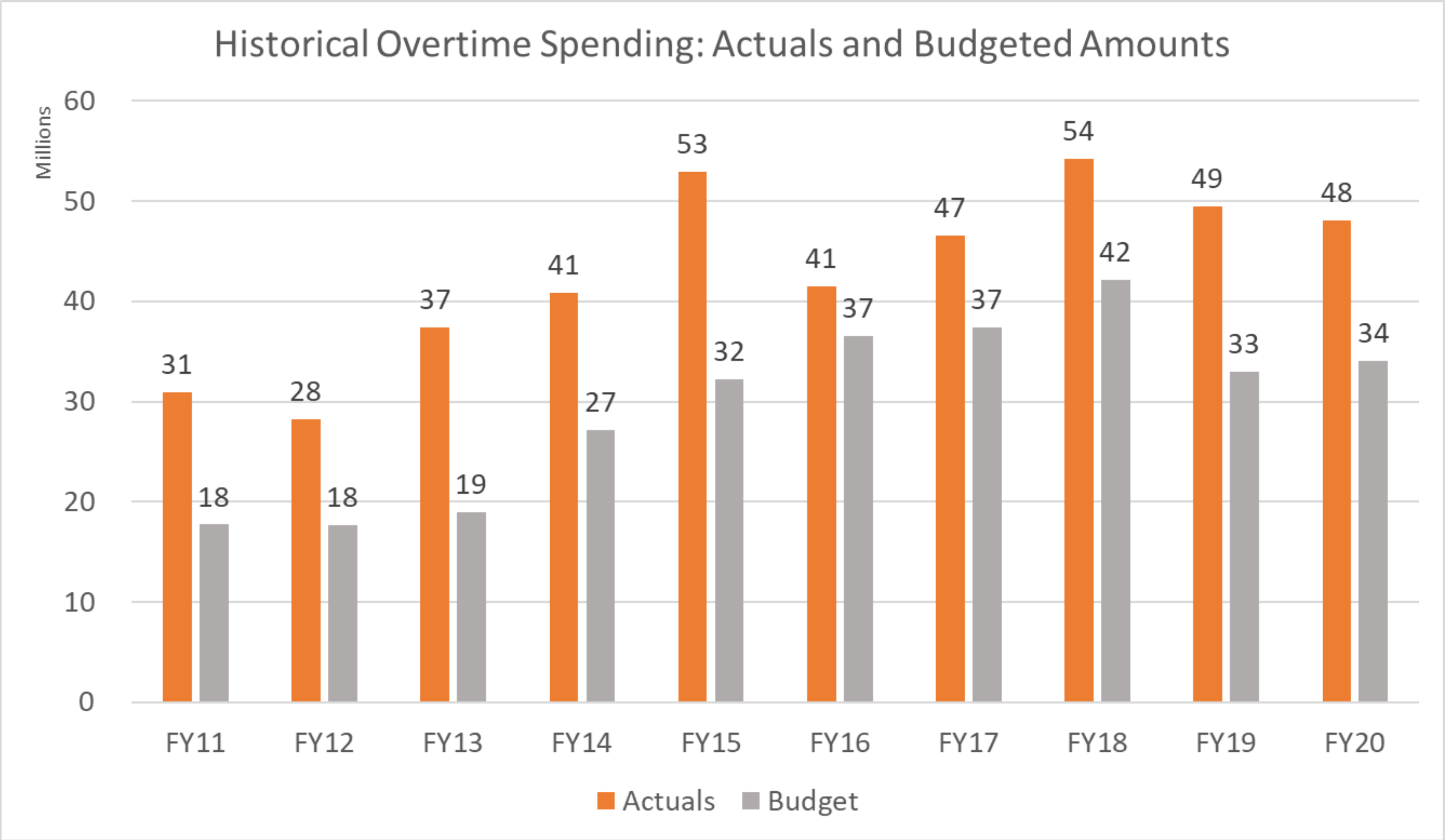
- **$13M budget exposure in FY21 due to COVID-19 spending trend as of October**
    - FY21 budget included $40M for COVID-19 spending
- **$58.5M budget exposure in FY22 due to COVID-19 spending trend as of October**
    - FY22 August budget estimates assumed COVID-19 spending would not continue through FY22
    - Current cleaning cost estimates assume contracts are extended at current rates; management reviewing
    - 75% of $48.5M in cleaning costs for bus, rail, and commuter rail with the remaining spending for facilities
    - PPE cost estimates regularly updated and increase from $4.5M to $10M in FY22 to account for drawdown of current inventory in FY21
    - Working towards the best possible rates that comply with MBTA cleaning protocols and the latest public health guidance to limit budget exposure
- Expeditious approval and reimbursement of FEMA revenue (75% rate of allowed costs) would alleviate this risk and uncertainty

COVID-19 Spending Forecasts

FY21: $53M Cleaning & PPE		FY22: $58.5M Cleaning & PPE	
$48.5M Cleaning	$4.5M PPE	$48.5M Cleaning	$10M PPE

Budget Exposure: Overtime

- **Over the past ten years overtime spending has exceeded budget amounts every year by an average of $13M**
- Since FY18, overtime spending has decreased each year but continues to be a budget exposure in FY21 and potentially FY22
    - Overtime spending in September 2020 was $3.1M, down 41% from September 2019
    - YTD FY21 overtime spending as of September was $11M, $3M above budget
- **Department/programmatic savings initiative specifically targets overtime spending to limit this budget exposure**



Approach to FY21 and FY22 Budget Balance

- **Forging ahead recommendations as presented on November 9 fully offset the budget challenges in FY21 and FY22, including all proposed service level changes**
  - Service level planning savings reflects the net budget impact after accounting for an estimated fare revenue reduction of $30M in FY22
- **$236M - $276M estimated ending balance in FY21 reserved for FY22 creates a path to budget balance**
  - $79M budget challenge in FY21 offset by $315M in solves or savings from the forging ahead options plus the possibility of additional one-time sales tax revenue
  - Estimated balance could increase to $276M after $40M sales tax acceleration proposal currently before the Legislature or even higher if strong collections from Q1 of FY21 continue (potential $19M upside in FY21)
- **1%-3% margin of error with a $33M-$73M balance at the end of FY22 after incorporating all recommendations from November 9 and opportunities**
  - **Table reflects only known or identified risks and opportunities**, and these categories will be revised and updated continuously
- Capital salaries authorization, previously dependent on legislative approval, has now been authorized and implementation is underway

Description	FY21	FY22	FY21 and FY22
Budget Gap	**-54**	**-584**	**-638**
COVID-19 Spending	*-13*	*-58*	*-71*
Overtime	*-12*	*-10*	*-22*
Subtotal of Identified Risks	-25	-68	-93
Gap + Risks	**-79**	**-652**	**-731**
Federal Formula Funds	*171*	*209*	*380*
Capital Salaries	*66*	*68*	*134*
Department/Programmatic	*64*	*74*	*138*
Service Level Planning (Net)	*14*	*98*	*112*
Subtotal of Identified Solves	315	449	764
Estimated Balance	**236**	**-203**	**33**
Sales Tax Acceleration Proposal	*40*	-	*40*
Subtotal of Identified Opportunities	*40*	-	*40*
Balance + Opportunities	**276**	**-203**	**73**

Fare Revenue Return Analysis

- If future fare revenues stabilize closer towards Scenario 2 (+101M above Scenario 3) or even Scenario 1 (+157M above Scenario 3) assumptions, resources would be dedicated to adding back service and other priorities
  - Presently, relying on Scenario 3 fare revenue assumptions for FY22 budget development is a fiscally responsible approach for planning purposes
- Fare revenue and budget impacts will continue to be tracked and reported monthly with periodic revisions, as was done on October 19, updating assumptions with the most current available data for FY21 budget management and FY22 budget development
  - Fare revenue estimates continue to be highly variable given the unprecedented revenue impact of COVID-19 on public transit
  - Preliminary October fare revenue estimates indicate 24% collections, below the 27% budgeted
- Similar to the FMCB approved action in FY21, reserving any portion of future budget surplus or favorability from fare revenue collections for FY23 would mitigate the expected losses of one-time and temporary savings used to balance FY22 and create a sustainable foundation for recovery

Scenario 2 Fare Revenue Upside

$101M in FY22

- **Add back service** level packages (Up to $128M gross in FY22)
- **Maintain realized savings** to offset one-time budget solves (Up to $276M in FY22)
- **Restore capital funding** for long-term investments (Up to $209M in FY22)
- **Amend the headcount freeze** and prioritize hires (Up to $19M in FY22)

Operating Budget Deficiency Fund and Progress Towards Budget Balance

- Targeted ending balance range increased to $236M-$276M, demonstrated through the Operating Budget Deficiency Fund balance
- Operating Budget Deficiency Fund balance is a function of savings efforts and shows progress to date towards realizing the estimated annual savings or solves
- Reduced spending helps budget balance and increases net revenue
- Increased revenue improves balance and increases net revenue
- $49M balance in the Operating Budget Deficiency Fund as of September 2020

Operating Budget Deficiency Fund	
Description	**Amount ($M)**
Pre-existing Balance	**19.5**
July 2020 Net Revenue	*(1.1)*
August 2020 Net Revenue	*14.5*
September 2020 Net Revenue	*16.1*
FY21 Net Transfers to Date	**29.5**
FY21 Balance Amount to Date	**49.0**
Targeted Ending Balance Range	***236.0-276.0***

Given the scale of the estimates and the dynamic nature of the budget, the actual ending balance will likely vary from the targeted ending balance

Timeline for Service, Budget, and Capital Decisions

November 23
- **Budget:** FY22 update based on service planning packages and capital planning recommendations
- **Capital Planning:** Joint MassDOT Board vote on transfer of $140M in bond cap

December 7
- **Budget:** Return to the board to detail October results
- **Service Planning:** Contingent Board decision on service level packages

January 11, 2021
- **Budget:** Return to the board to detail November results and budget challenge update
- **Service Planning:** Partial implementation of Commuter Rail changes

February 8, 2021
- **Budget:** Return to the board to detail December results and budget challenge update

March 2021
- **Budget:** Preliminary preview of FY22 budget
- **Service Planning:** Implementation Rapid Transit changes and Ferry suspension

April 2021
- **Budget:** FY22 budget materials submitted to Advisory Board

May 15, 2021
- **Budget:** Statutory deadline for preliminary itemized FY22 budget
- **Capital planning:** FMCB and Joint Board review draft of FY22-FY26 CIP and release for public comment
- **Service Planning:** Implementation of rest of Commuter Rail changes

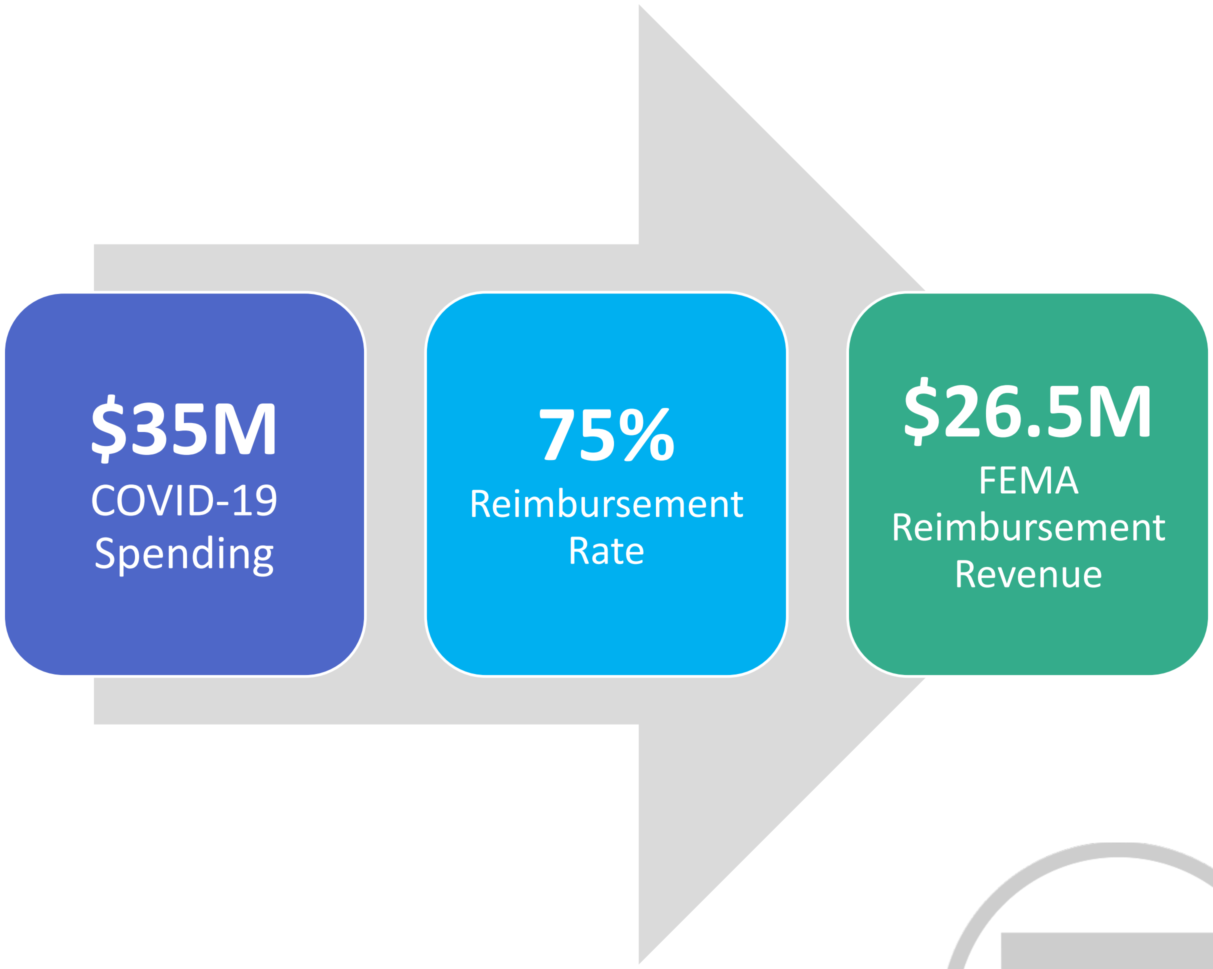
June 15, 2021
- **Budget:** Statutory deadline for final itemized FY22 budget
- **Capital planning:** FMCB and Joint Board review and approve final FY22-FY26 CIP

July 1, 2021
- **Budget:** FY22 begins and three-pronged approach implemented
- **Service Planning:** Implementation of Bus changes

Appendix

FY22 FEMA Reimbursement Update as of November

- **Delaying $26.5M FEMA reimbursement expectation from FY21 into FY22** to account for uncertainty regarding the timing and availability of these funds
  - Improves balance position and reduces the budget gap as assumptions prior to the October 19 FY21 budget update expected reimbursement revenue to occur in FY21
- **Expected reimbursement decreased from $28.2M (presented on October 19) to $26.5M** to reflect $35M in submitted spending from March 2020 through September 15, 2020
  - New FEMA guidance redefined eligibility criteria after September 14, 2020 that narrows eligible spending criteria causing the overall eligible spending estimate to be reduced resulting in less reimbursement revenue
- **Reimbursement revenue estimate is still not guaranteed** as submitted spending is subject to final FEMA approval and certain expenses could be deemed ineligible
  - $13M in COVID-19 induced recurring cleaning expenses may be considered ineligible by FEMA, possibly reducing reimbursement revenue by $10M



Updated Non-Service Departmental/Programmatic Savings Maximized and Meets Target

- **$138M in total departmental/programmatic opportunities between FY21 and FY22 meets the targeted range to resolve the budget gap**
  - FMCB challenged staff to identify and maximize potential non-service cost saving initiatives
  - **Through a collaborative working group process, staff has identified savings at the maximum end of the $90M-$140M** range presented during the November 9 meeting
  - Realizing these savings avoided further reductions to the capital plan or doubling the level of service cuts in order to balance the budget
- Identified savings minimizes impact to employees and department operations
  - **Maintaining safety as a priority:** headcount freeze executed in collaboration with operations and still allows all backfills
  - **Reviewing all spending:** refinance parking bonds in April 2021 reduces interest payments on debt service (23% of operating budget expenses) without any impact to department operations
  - **Reforecasting estimates based on reduced ridership and demand:** RIDE projections, credit card transactions, and CharlieCard orders

Category ($M)	FY21	FY22	Total
Headcount freeze	19	19	38
Refinance parking bonds	-	37	37
RIDE projections	15	8	23
Fuel savings	17	-	17
Parking operations overhead	4	5	9
Electricity contract	2	3	6
Credit card transaction fees	4	1	5
CharlieCard orders	1	-	1
Unaffiliated staff merit pay	1	-	1
All other	1	1	2
Total	**64**	**74**	**138**

Savings figures are estimates and may not be realized at the levels targeted as they continue to be refined throughout the FY22 budget development process

Incorporating Forging Ahead Service Level Planning

- **$142M in service level spending reductions (gross) in FY21 and FY22** from the base service level package presented on November 9
- **$30M estimated fare revenue (range of $20M-$40M) decrease** assuming a base service level spending package for all of FY22 relying on Scenario 3 fare revenue assumptions and potential diverted trips to other modes or times and lost ridership for each proposed change
  - 20%-26% impact to commuter rail revenue
  - 26%-71% impact to ferry revenue
  - 4%-9% impact for rail revenue
  - 4%-7% impact to bus revenue
- **$112M in net service level planning savings after incorporating fare revenue impacts and net savings would decrease** if implementation is delayed or service is added back to the base package
- **If fare revenue trends to Scenarios 1 or 2**, budget balance improves but lost fare revenue increases as the percentage impacts presented above remain the same but the expected revenue increases

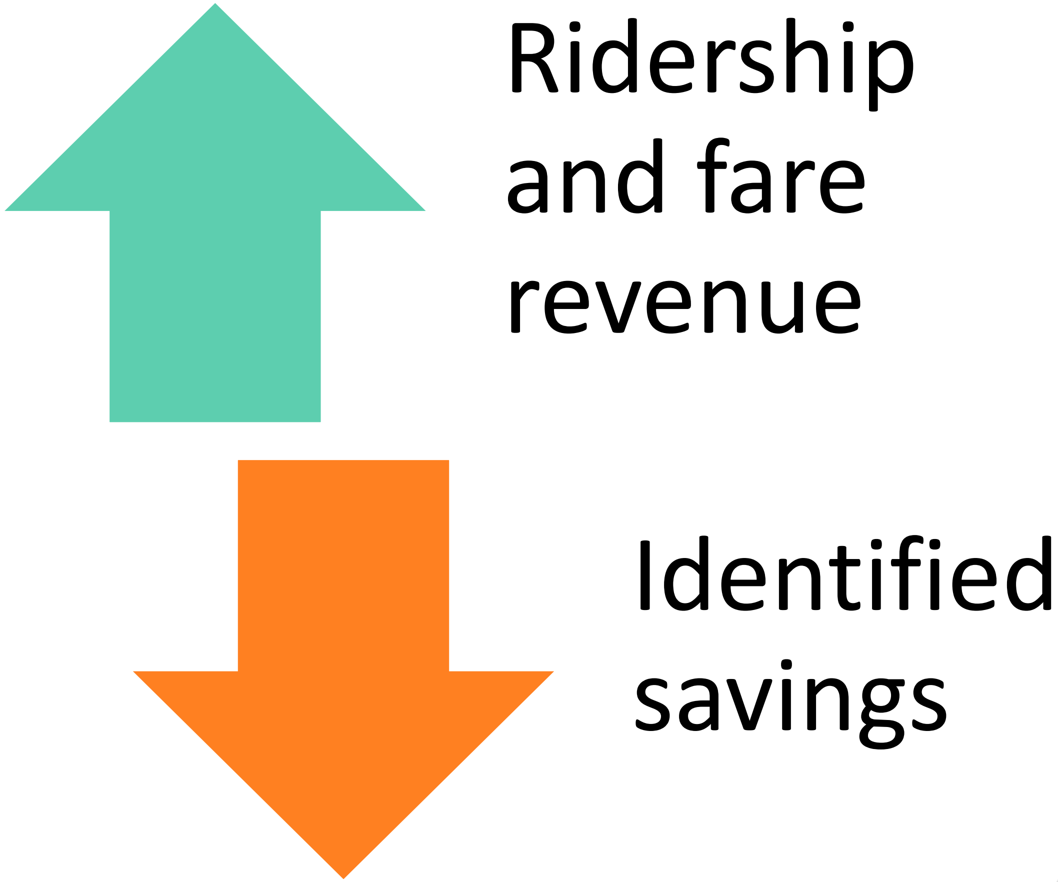
$142M in forging ahead service level planning spending reductions (gross)

$30M in fare revenue impacts with a range of $20M-40M

$112M in service level planning savings (net) with a range of $102M-$122M

Relationship Between Ridership and Spending

- If ridership returns above projected Scenario 3 levels, fare revenue increases and identified or recommended savings decrease
- Certain department/programmatic savings initiatives are reforecasted spending estimates based on lower ridership that would be reduced or eliminated if ridership improved above Scenario 3 fare revenue assumptions
  - $23M in savings from the RIDE projections
  - $5M in savings from credit card transaction volume at the commuter rail
  - $1M in savings from CharlieCard orders



Enhancing FY21 and FY22 Fare Revenue Scenario Planning

- Since August, we have more data and enhanced our analysis to develop three new fare revenue scenarios
  - **Three additional months of data** on ridership and fare revenue
  - **Collaboration with MassDOT Planning** on longer term outlook contemplating ridership growth, the current public health pandemic, and employer operations
  - **Improved fare revenue modeling** of ridership by mode
- **Relying on Scenario 3 assumptions** increases current revenue estimates in the short-term and reduces them in the longer term based on observed recovery and depressed travel continuing for the foreseeable future

Scenario 1

Economic, demographic, and mobility patterns gradually return to mostly pre-COVID-19 conditions with slight increases in the number of teleworkers

Scenario 2

Travel patterns diverge from economic recovery as consumers and employees adopt to a new normal, especially in light of new and emerging remote meeting and e-commerce technologies

Scenario 3

The economic impacts of COVID-19 have depressed travel and mobility, especially on the MBTA, and telecommuting is standard practice for the foreseeable future

Updated FY22 Fare Revenue Range and Assumption

- **$579M FY22 budget gap (November 9 presentation) relying on Scenario 3 fare revenue estimate of $279M**
  - Holding all other August Pro Forma estimates constant or unchanged
- **As part of upcoming FY22 budget adoption process and throughout FY22, estimates will continue to be updated**
  - If realized fare revenues trend closer to Scenario 2 in a stable and sustainable manner, FY22 budget assumptions can be updated accordingly
- **Since November 9, updated own source revenue estimates** from August to generate an updated, complete FY22 budget gap figure for FY22 budget development

Scenario 3: $579M Gap

- Fare Revenue: $279M
- July 2021: 26% of FY20 budget
- June 2022: 55% of FY20 budget

Scenario 2: $478M Gap

- Fare Revenue: $380M
- July 2021: 40% of FY20 budget
- June 2022: 68% of FY20 budget

Scenario 1: $422M Gap

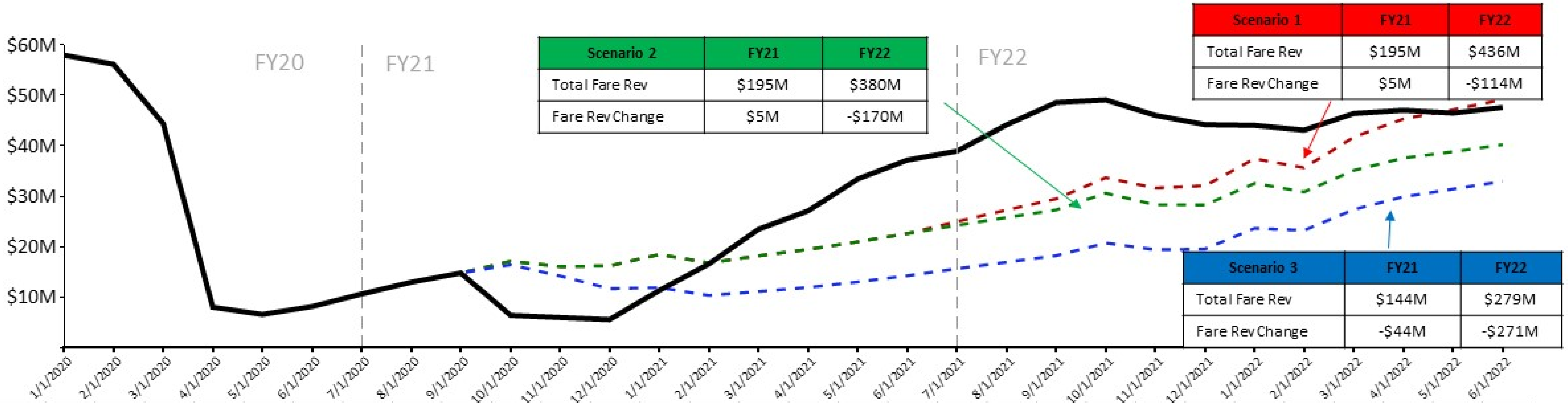
- Fare Revenue: $436M
- July 2021: 42% of FY20 budget
- June 2022: 83% of FY20 budget

August Estimate: $308M Gap

- Fare Revenue: $550M
- July 2021: 65% of FY20 budget
- June 2022: 80% of FY20 budget

Revised Fare Revenue Scenarios for FY22 Planning

- The $271M fare revenue change in FY22 is the difference between the Scenario 3 assumptions and the August estimates for FY22, which have been added to the graphic below
- **Preliminary October fare revenue estimates indicate actual collections below budget (27% budgeted and 24% estimated)**
- FY22 assumptions updated to Scenario 3 in November and FY21 budget revised to Scenario 3 assumptions in October



Scenario 2	FY21	FY22
Total Fare Rev	$195M	$380M
Fare Rev Change	$5M	-$170M

Scenario 1	FY21	FY22
Total Fare Rev	$195M	$436M
Fare Rev Change	$5M	-$114M

Scenario 3	FY21	FY22
Total Fare Rev	$144M	$279M
Fare Rev Change	-$44M	-$271M

	1/1/2020	2/1/2020	3/1/2020	4/1/2020	5/1/2020	6/1/2020	7/1/2020	8/1/2020	9/1/2020	10/1/2020	11/1/2020	12/1/2020	1/1/2021	2/1/2021	3/1/2021	4/1/2021	5/1/2021	6/1/2021	7/1/2021	8/1/2021	9/1/2021	10/1/2021	11/1/2021	12/1/2021	1/1/2022	2/1/2022	3/1/2022	4/1/2022	5/1/2022	6/1/2022
Actuals + Estimates	100%	100%	76%	14%	11%	14%	18%	22%	24%	10%	10%	10%	20%	30%	40%	51%	58%	60%	65%	75%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Scenario 3										27%	25%	21%	22%	19%	19%	20%	22%	24%	26%	29%	30%	34%	34%	35%	43%	43%	47%	51%	54%	55%
Scenario 2										28%	28%	29%	34%	31%	31%	33%	36%	38%	40%	44%	45%	50%	49%	51%	59%	57%	61%	64%	67%	68%
Scenario 1										28%	28%	29%	34%	31%	31%	33%	36%	38%	42%	46%	49%	55%	55%	58%	68%	66%	72%	77%	81%	83%

Spending Assumptions & Growth Rates

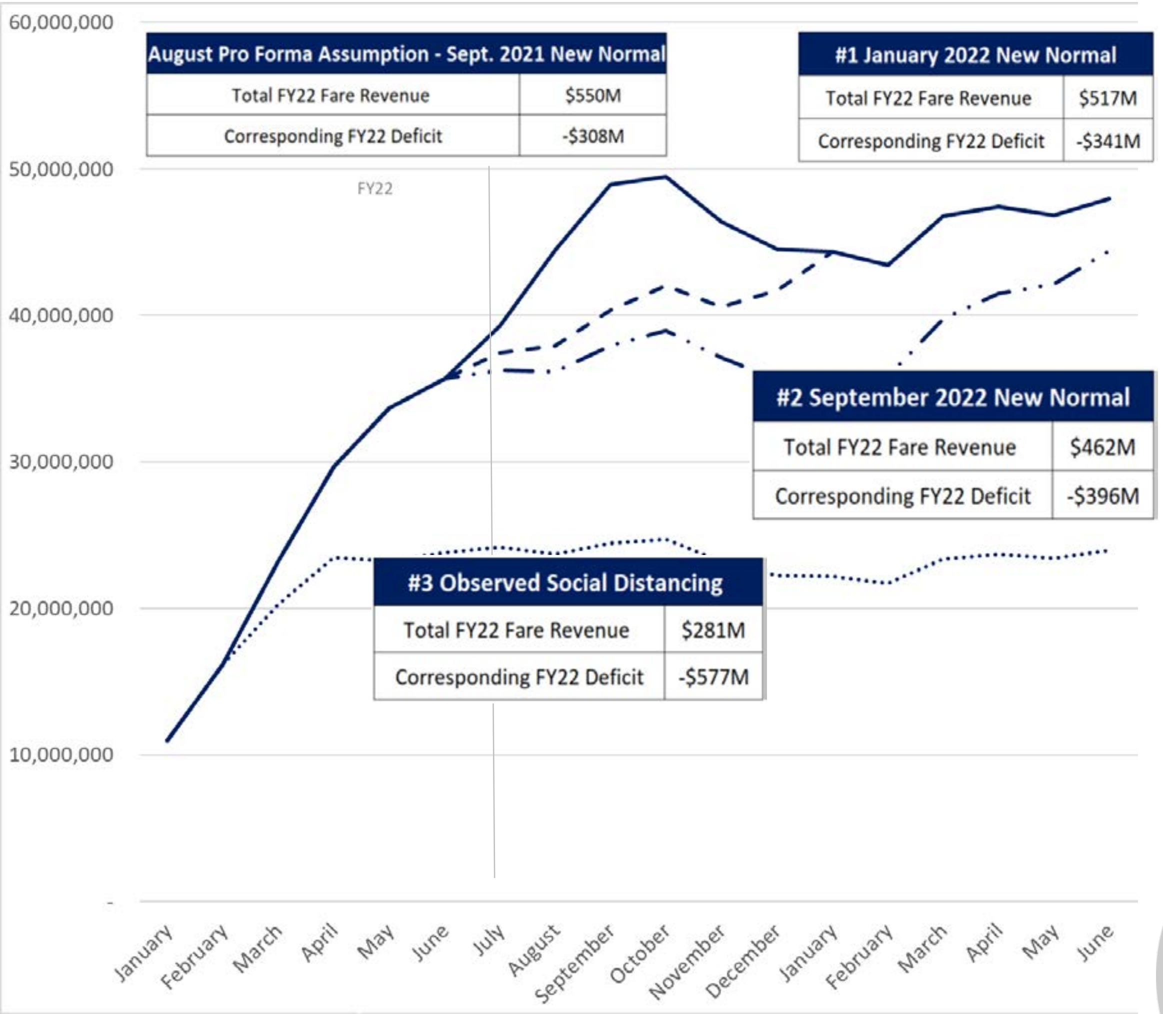
Line Item	Description/Justification	FY22 Growth Rate
Regular Wages	Collective bargaining increases with headcount assumed to remain consistent with FY21 budget levels except for incremental adds for major capital projects, like Green Line Extension, South Coast Rail, and AFC 2.0	2.0%
Overtime Wages	Tied to growth in regular wages due to collective bargaining	2.0%
Pension	7.5% anticipated return and employer contribution rate increasing from 27.3% in FY22 to 29.4% by FY30	9.2%
Healthcare	Congressional Budget Office FY20-23 CMS Personal Health Care Growth Rate	2.4%
Materials	Materials is primarily replacement parts, tracks, hardware, and raw materials. Congressional Budget Office PCE Excluding food and energy Inflation Projection	2.1%
Services	All third party contracts and services, such as specialized inspections, legal and financial services, and engineering consulting Congressional Budget Office PCE Excluding food and energy Inflation Projection	2.1%
Uniforms	Uniforms fluctuate proportionally with headcount regular wages Congressional Budget Office PCE Excluding food and energy Inflation Projection	2.0%
Fuel	Fuel prices fluctuate based on service levels. Pro Forma assumes FY21 service levels with additional expenses layered on top for new heavy rail cars, GLX and South Coast Rail. EIA Transportation Diesel Price Projection	1.1%
Utilities	Congressional Budget Office EIA Transportation Electricity Price Projection	-1.7%
Contract Cleaning	Congressional Budget Office PCE Excluding food and energy	2.1%

Fare Revenue Sensitivity and Budget Gap Ranges (as of August 2020)

Numbers may change as all assumptions and variables are subject to revision as the authority receives new or updated information

- FY22 estimate of **$308M** budget gap under Pro Forma assumption of 80% ridership by **September 2021**
- $33M deficit increase ($341M total) in FY22 with 80% ridership by **January 2022** (#1)
- $88M deficit increase ($396M total) in FY22 with 80% ridership by **September 2022** (#2)
- $269M deficit increase ($577M total) in FY22 with **40% revenue for the year** (#3)
    - 40% revenue would also negatively impact Q4 of the FY21 budget by $32M
- Current Pro Forma assumption of September 2021 corresponds to an 18 month timeline from March 2020 (vaccine timeline) and a delay would likely reduce revenue and increase the budget gap within the above range

Potential FY22 Budget Deficits Given Fare Revenue Uncertainty



FY21 Budget Revision - Summary

- **$57M total revenue reduction to FY21 budget** revenue results in an FY21 budget gap of $54M
  - **$44M net decrease to fare revenue** in FY21 based on Scenario 3 for ridership and fare revenue levels
  - **$11M net decrease to multiple own source revenue categories**, which consists of decreases to advertising and parking revenue offset by increases in real estate and other revenue
  - **$2M net decrease to one-time federal revenue** as we update our CARES Act balance and account for uncertainty surrounding FEMA reimbursement revenue
- **FY21 budget revisions do not retroactively update budget figures for July and August**, but this data is incorporated into an updated projection or estimate for FY21 spending and revenue

	FY21 Budget (May 2020) ($M)	FY21 Revised Budget (October 2020) ($M)	Variance $
Fare Revenue	188	144	(44)
One Time Revenue	710	708	(2)
Other Revenue	1,465	1,455	(11)
Total Revenue	**2,363**	**2,306**	**(57)**
Operating Expenses	1,771	1,771	-
Debt Service	523	523	-
Capital Salaries	66	66	-
Total Expenses	**2,361**	**2,361**	**-**
Remaining Balance	**2**	**(54)**	**(57)**

Fare Revenue: Methodology & Approach

- Monthly fare revenue estimates generated from ridership forecasts and revenue per ride assumptions
  - Forecast monthly ridership (unlinked passenger trips) by mode based on recent trends and MassDOT Planning research
  - Assume future monthly revenue-per-ride by mode after correcting for unused Perq (corporate) passes and recent modal allocation trends that result in a higher bus revenue allocation
- In forecasting ridership, select a recommended scenario from a range of outcomes given the uncertainty surrounding the long-term effect of COVID-19 on public transit ridership
  - Forecasts consider ridership growth, public health developments, and employer return to in-person operations
- In presenting scenarios, maintain percentage of FY20 budgeted fare revenue as a point of reference to compare future projections with prior month actuals and August Pro Forma estimates

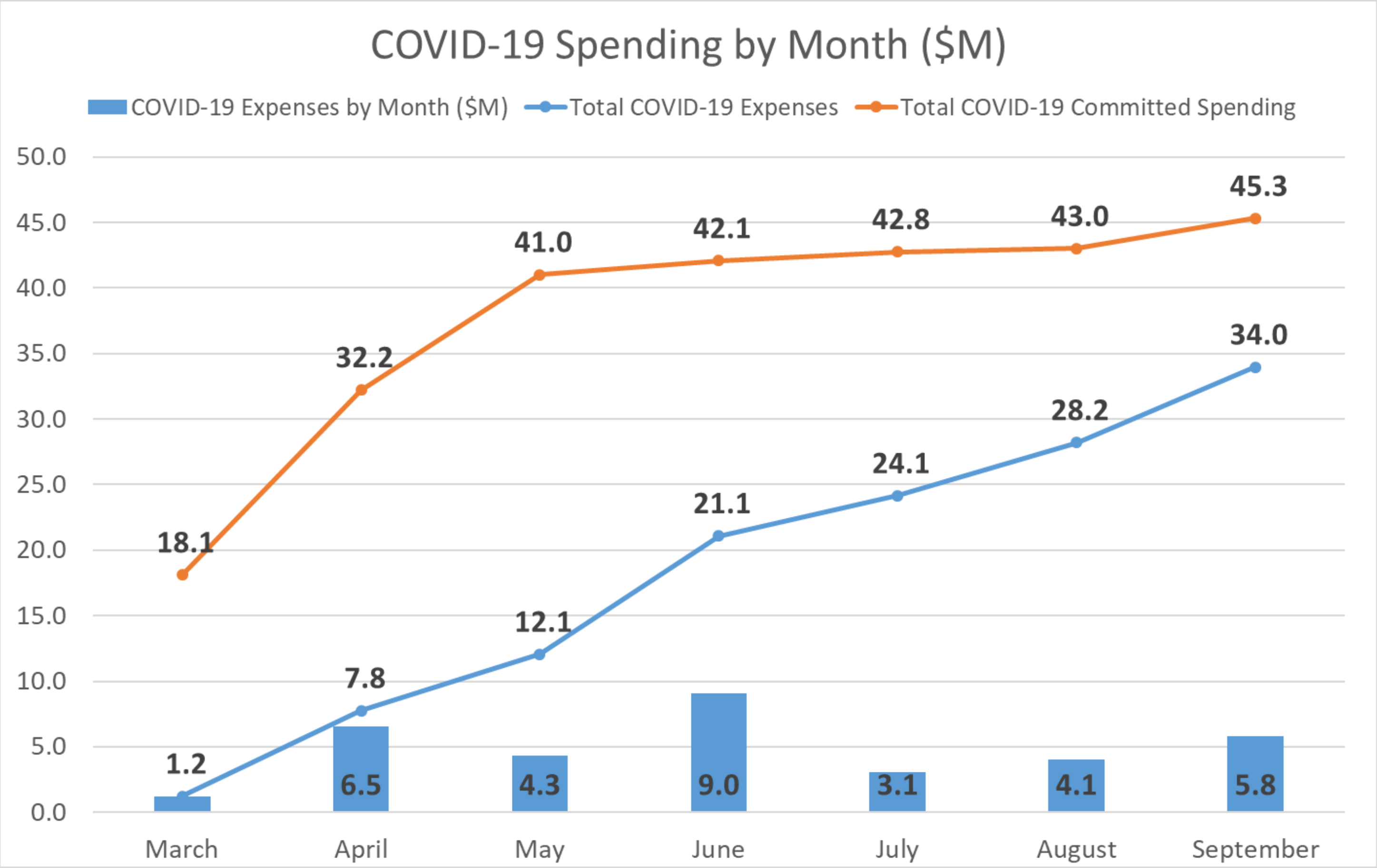
COVID-19 Spending: What We're Doing

Committed to public health on public transportation

Cleaning and disinfecting vehicles	Cleaning high-contact areas	Cleaning and disinfecting MBTA property	More sanitation equipment	Installing new protective barriers and decals
Buses, trolleys, subway cars, Commuter Rail coaches, ferries, and RIDE vehicles are being **disinfected on a daily basis**	All high-contact areas at subway stations (handrails, fare gates, and fare vending machines) are being **cleaned every 4 hours**	All business locations, including the RIDE Eligibility Center and CharlieCard store, are **being disinfected every 24 hours**	Hand sanitizing dispensers, disinfectant wipes, and cleaning sprays will be deployed at MBTA facilities and stations **throughout the system**	**All transit vehicles have protective barriers** to help maintain distance between riders and operators, allowing us to resume front-door boarding on buses and at street-level trolley stops

COVID-19 Spending Detail by Month

- **$34.0M in COVID-19 actual expenses and $45.3M in committed spending** since the onset of the pandemic in March
    - Total committed spending relates to approved and pending items, while actual expenses show what has been paid
    - Actual expenses continue to increase at a steady rate as costs are incurred each month for services rendered or materials used
- $45.3M in total committed spending
    - **59% for cleaning services**
    - **29% for PPE**
    - **12% for testing and other related expenses**
- 75% FEMA reimbursement rate for eligible spending through September 15, 2020



Categorizing and Prioritizing Departmental/Programmatic Initiatives

- Departmental/programmatic initiatives can be based on their connection to operations and the potential impact to MBTA employees
- All initiatives do carry short-term and/or long-term impacts to operations and employees
- Items with lower impacts for both considerations will likely be implemented and items with higher impacts for both considerations overlap with service level planning and have been analyzed under that approach

	Higher impact to employees	Lower impact to employees
Higher connection to operations	Consider within forging ahead service level planning outcomes	Approve operational efficiencies that do not impact service level planning
Lower connection to operations	Approve on a temporary or voluntary basis	Most likely to approve or implement

Principles for MBTA Fiscal Strategy

Safety	Prioritize and maintain funding for safety-critical spending and positions
Equity	Prioritize and maintain funding for system accessibility and availability for customers who rely on transit the most for day-to-day travel
Sustainability	Create a sustainable foundation for recovery that includes operating revenue and spending solutions
Data Driven	Quantify fiscal impacts and use metrics, outcomes, and key performance indicators to inform decisions
Collaboration	Work closely with departments to generate ideas to resolve the budget gap
Comprehensive	Explore and review all options based on observed ridership, including service levels
Preparation and Planning	Take action at the onset of FY21 to ensure ample time to notify and reach out to departments and customers well in advance of implementation