



Massachusetts Bay Transportation Authority

FY20 Budget Risks & Opportunities

Fiscal and Management Control Board

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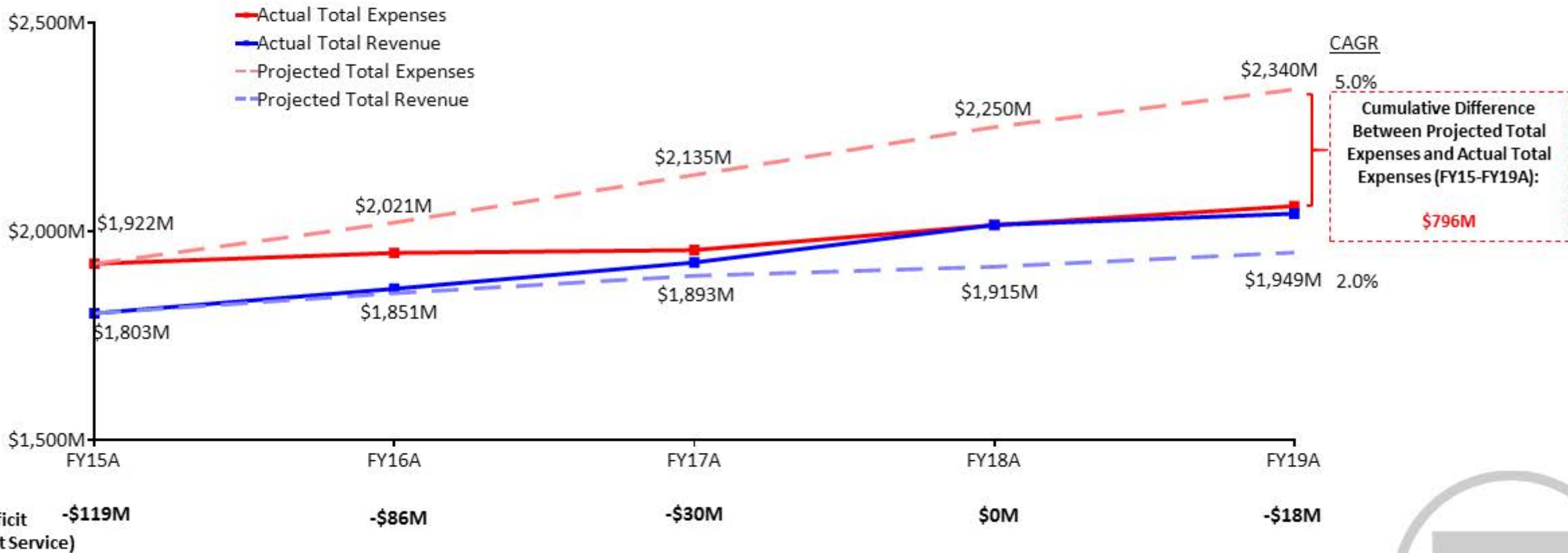
Overview

Goals

1. Inform the FMCB of current fiscal year budget pressures and trends
2. Discuss proactive revenue and expense options



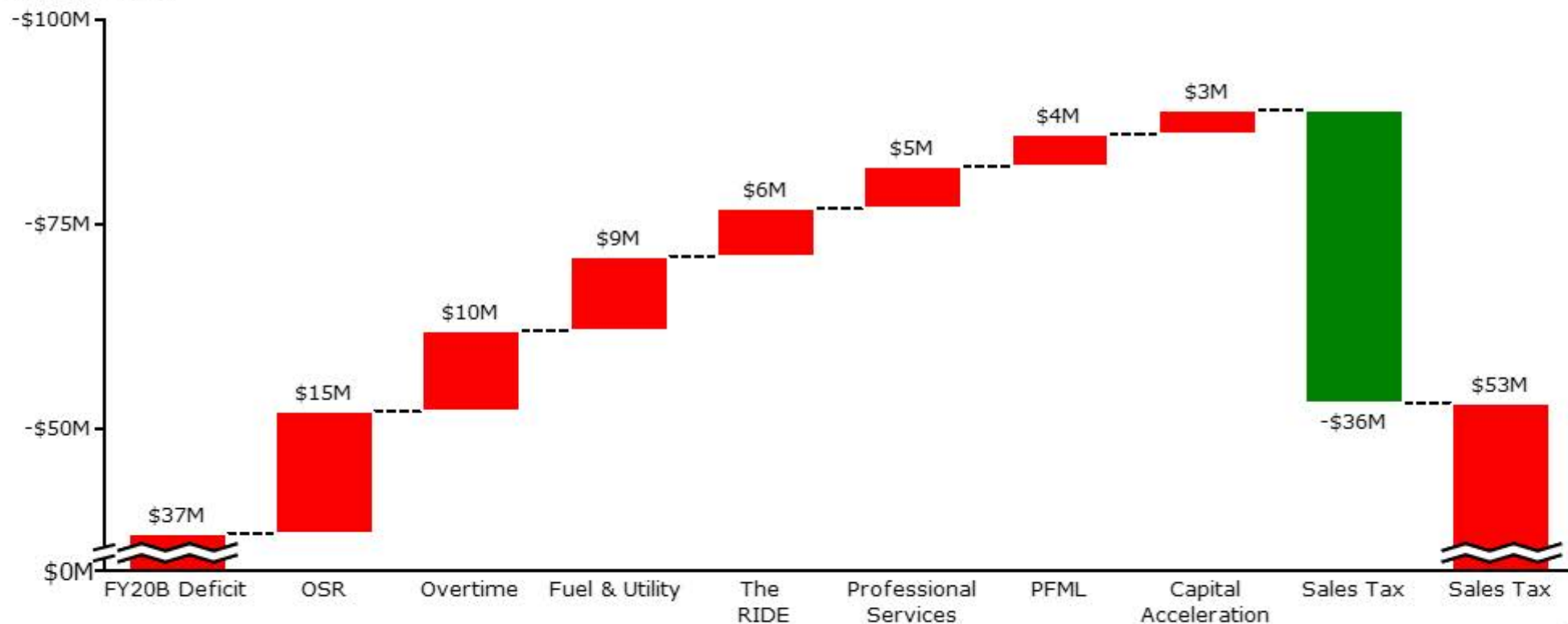
FMCB actions to date have resulted in \$796M cumulative savings



FY20 Risks and Opportunities (Preliminary)



Structural Deficit












Safety Panel Impacts TBD

**Chart does not include cost of Flex Force, pending supplemental legislation (\$50M)
 \$25M expected to be expended in FY20, and \$25M expected to be expended in FY21.**



FY20 Risks and Opportunities Detail

FISCAL YEAR	CATEGORY	DESCRIPTION	FY20 EST.	Deficit Impact
FY20 RISKS & OPPORTUNITIES	Own Source Revenue	Will not be able to meet budget	\$15M	
	Overtime	Impact of continual vacancies across operations	\$10M	
	Fuel & Utility	Potential price spikes; updated estimate for mileage due to expanding bus service; electricity budget variability	\$9M	
	The Ride	DSP (Dedicated Service Provider) transition delay; lower than expected productivity from scheduling software	\$6M	
	Professional Services	Specialized service contracts across various departments	\$5M	
	Capital Acceleration	Increased volume of inspections, third party contracts for hiring and safety	\$3M	
	PFML	Employer share of payroll tax for Massachusetts PFML mandate	\$4M	
	Sales Tax	Legislative authorization allows for potential statutory transfer of up to \$1.099B	\$36M	
	Flex Force	Potential cost of additional hiring across operations to meet capital acceleration goal if no supplemental budget funds are provided. The full cost of the flex force is <u>\$50M</u> spread over two years.	\$25M	

Possible Solutions: Revenues

- Develop strategy to meet budgeted goal for own-source revenue
- Implement forward investments that will generate ongoing operating revenue (e.g. underperforming lease space)
- Increase fuel hedge from current 50%
- Accelerate Outdoor Information Panel program
- Parking
 - Revisit parking charges – dynamic pricing
- System-wide Advertising
 - Install additional digital panels
- Real Estate
 - Revisit advertising policy, concession, telecomm, property lease deals
- Corporate Pass Strategy Update

Not on this list: items that merely defer costs into future fiscal years



Possible Solutions: Expenses

- Hiring Freeze on +/- 70 positions for support services
- Accelerate Cost Control Efforts
- Refine Debt Service budget estimates
- Pension, Pension, Pension
- Reexamine contractor/FTE mix
- Require CAO/CFO approval of all professional services requests
- Tighten Inventory Controls
- Review contracted/purchased services
- Review health care costs for non-affiliated employees

Not on this list: items that merely defer costs into future fiscal years



Appendix

Own Source Revenue Actuals vs. Budget

Total OSR Revenue (\$M)			
Description	FY18	FY19	FY20B
Actual	\$88.10	\$90.19	
Budget	\$89.52	\$115.18	\$111.32
Variance	-\$1.42	-\$24.98	

Advertising (\$M)			
Description	FY18A	FY19A	FY20B
Actual	\$24.19	\$28.28	
Budget	\$29.76	\$41.64	\$36.36
Variance	-\$5.57	-\$13.36	
Parking (\$M)			
Description	FY18A	FY19A	FY20B
Actual	\$37.13	\$37.66	
Budget	\$36.55	\$47.67	\$44.89
Variance	+\$0.59	-\$10.02	
Real Estate (\$M)			
Description	FY18A	FY19A	FY20B
Actual	\$17.22	\$15.79	
Budget	\$17.66	\$15.78	\$21.56
Variance	-\$0.44	+\$0.01	
Other Operating (\$M)			
Description	FY18A	FY19A	FY20B
Actual	\$9.56	\$8.46	
Budget	\$8.46	\$10.08	\$8.50
Variance	+\$4.00	-\$1.62	