



**Massachusetts Bay
Transportation Authority**

December Operating Budget Update

Fiscal and Management Control Board

December 16, 2019

David Panagore

Agenda

- October YTD Results
- YTD Revenue & Expense Detail
- YTD Actual vs. Budget Variance Detail
- YTD Overtime Spending by Department
- FY20 Risks & Opportunities
- Next Steps



October YTD performance is \$20.5M favorable to FY20 Operating Budget \$11.3M in Revenues, \$9.2M in Expenses

	(\$M)	FY20 Annual Budget	FY20 YTD BUDGET	FY20 YTD ACTUAL	YTD \$ VARIANCE	NOTES
REVENUES	Fare Revenue	\$696.8	\$240.8	\$246.9	\$6.0 FAV	Commuter Rail Revenue \$10M ahead of budget YTD. Light & Heavy Rail below budget by \$4M YTD.
	Own Source Revenue	\$111.3	\$35.0	\$30.0	\$5.0 UNFAV	Advertising (\$1M), Parking (\$2M), and Real Estate (\$1M) below budget YTD
	Non-Operating Revenues	\$1,274.7	\$421.1	\$431.4	\$10.3FAV	Bond Sale Proceeds (\$5M) and Sales Tax Favorability
	Total Revenues	\$2,082.9	\$696.9	\$708.2	\$11.3 FAV	
	<i>Fare Recovery Ratio</i>	42.8%	44.6%	46.4%	2.2% FAV	
<i>Revenue Recovery Ratio</i>	51.9%	52.7%	55.1%	2.4% FAV		
EXPENSES	Wages, Benefits and Payroll Taxes*	\$795.3	\$266.0	\$262.9	\$3.1 FAV	Total Wages & Fringe benefits below budget due to vacancies in Operations.
	Non-Wage	\$833.2	\$273.9	\$268.8	\$5.1 FAV	Services \$8M below budget, while materials (\$1.8M) and The RIDE (\$2.1M) are above budget
	Operating Expenses	\$1,628.5	\$539.8	\$531.7	\$8.1 FAV	
	Debt Service	\$490.9	\$163.6	\$162.6	\$1.0 FAV	
	Total Expenses	\$2,119.4	\$703.5	\$694.3	\$9.2 FAV	
Net Revenue	(\$36.5)	(\$6.6)	\$13.9	\$20.5 FAV		
<i>State Contract Assistance</i>	\$127.0	\$42.3	\$42.3	-		
<i>Net Revenue After Assistance</i>	\$90.5	\$35.7	\$56.2	\$20.5 FAV		

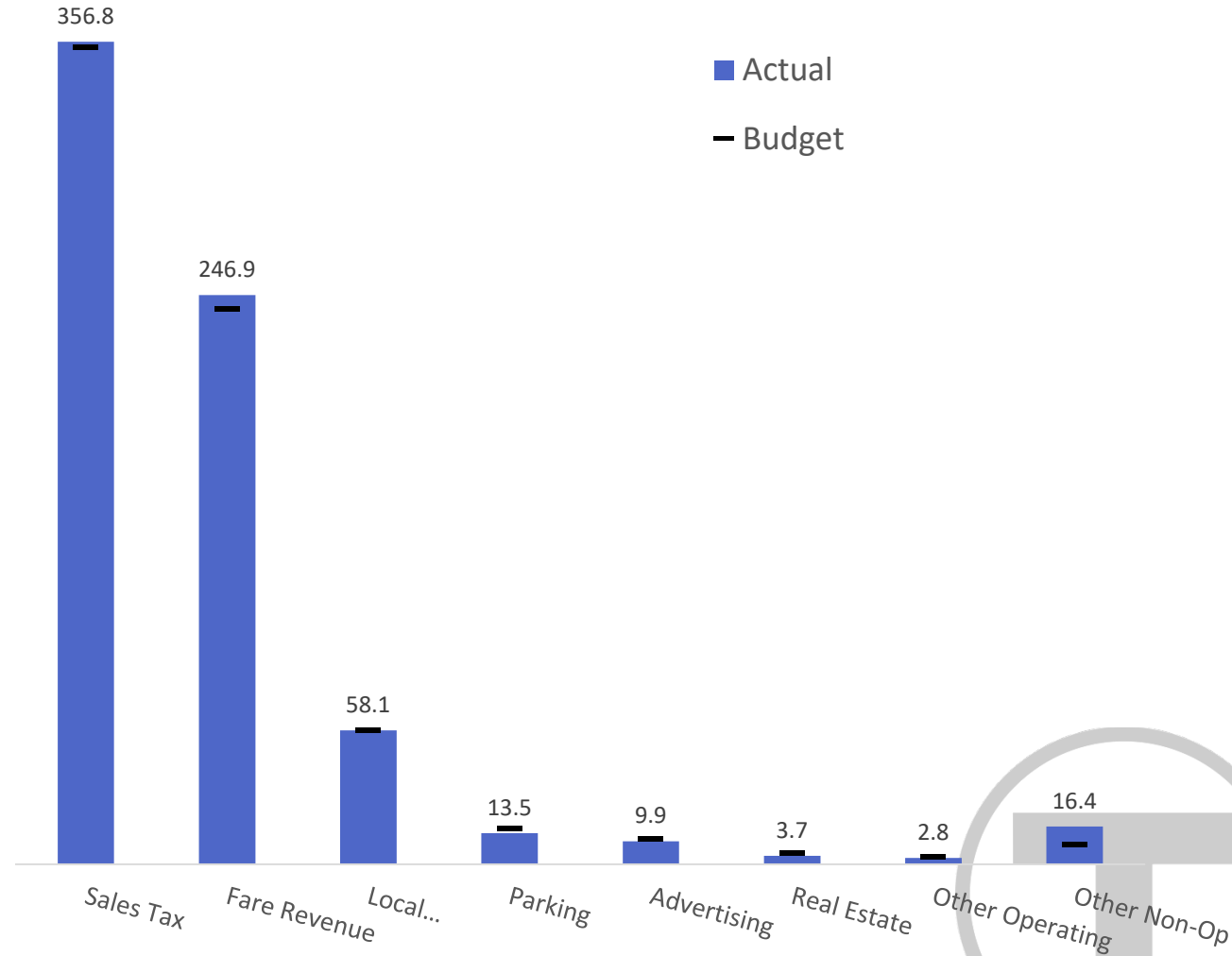
*~\$45M Capital Staff Expense Not Included in Operating Budget

Fare Revenue, Sales Tax and Other Income (Bond Sale Proceeds) exceed budget by \$11.3M YTD

Revenues

	<u>Annual Budget</u>	<u>Budget YTD</u>	<u>Actual YTD</u>	<u>\$ Variance YTD</u>	<u>% Variance YTD</u>
Operating Revenues					
Revenue from Transportation	696.8	240.8	246.9	6.1	3%
Other Operating Revenues	111.3	35.0	29.9	(5.0)	-14%
<i>Advertising</i>	36.4	11.2	9.9	(1.3)	-11%
<i>Parking</i>	44.5	15.6	13.5	(2.1)	-13%
<i>Other</i>	8.9	3.3	2.8	(0.5)	-14%
<i>Real Estate</i>	21.6	4.9	3.7	(1.2)	-25%
Total Operating Revenues:	808.1	275.8	276.8	1.0	0%
Non-Operating Revenues					
State Sales Tax Revenue	1063.0	354.3	356.8	2.5	1%
Local Assessments Revenue	174.4	58.1	58.1	0.0	0%
Other Income	37.4	8.6	16.4	7.8	90%
Total Non-Operating Revenues:	1,274.8	421.1	431.4	10.3	2%
Total Revenues:	2,082.9	696.9	708.2	11.3	2%

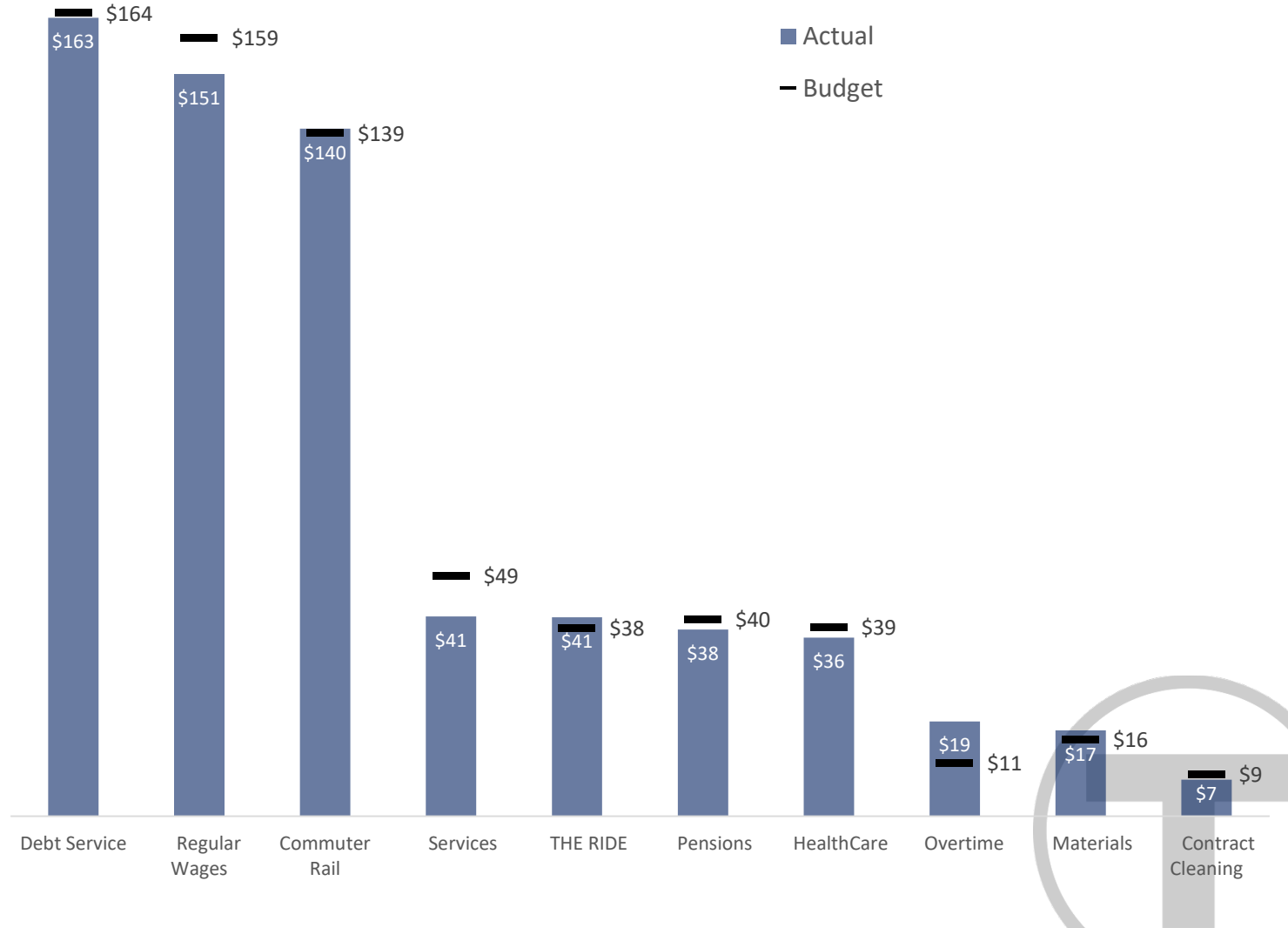
Budget v. Actual Revenue Through October 31st
Bar Totals Represent Actual Collections



Total Expenses are \$9.2M below budget YTD

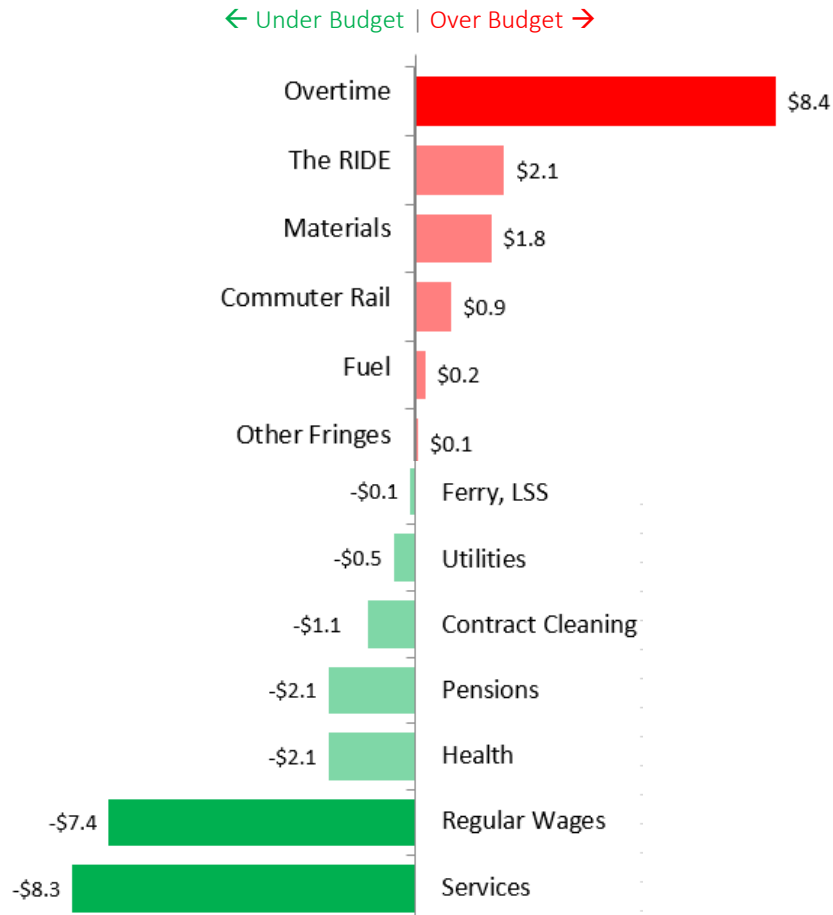
	<u>Annual Budget</u>	<u>Budget YTD</u>	<u>Actual YTD</u>	<u>\$ Variance YTD</u>	<u>% Variance YTD</u>
Total Revenues:	2,082.9	696.9	708.2	11.3	2%
Expenses					
Operating Expenses					
Wages					
Regular Wages	472.9	158.6	151.2	7.4	5%
Overtime	34.1	10.9	19.3	(8.4)	-77%
Wages Total	507.0	169.5	170.5	(1.0)	-1%
Fringe Benefits					
Pensions	118.2	40.1	38.0	2.1	5%
Health	116.6	38.5	36.4	2.1	5%
Other Fringes	53.5	17.9	17.9	(0.1)	0%
Fringes Total	288.3	96.5	92.4	4.1	4%
Materials & Services					
Services	148.4	49.0	40.7	8.3	17%
Materials	46.0	15.7	17.5	(1.8)	-11%
Utilities	40.6	10.7	10.2	0.5	5%
Contract Cleaning	29.7	8.6	7.4	1.1	13%
Fuel	14.6	5.3	5.6	(0.2)	-5%
M&S Total	279.4	89.3	81.4	7.9	9%
Purchased Services					
Commuter Rail	418.9	139.2	140.0	(0.9)	-1%
RIDE	115.2	38.4	40.5	(2.1)	-5%
LSS & Ferry	19.7	7.0	6.9	0.1	2%
Purchased Total	553.8	184.6	187.4	(2.8)	-2%
Total Operating Expenses	1628.5	539.8	531.7	8.1	2%
Debt Service	490.9	163.6	162.6	1.0	1%
Total Expenses	2119.4	703.5	694.3	9.2	1%
Structural Deficit	(36.5)	(6.6)	13.9	20.5	310%

Top 10 Expenses Through October FY20

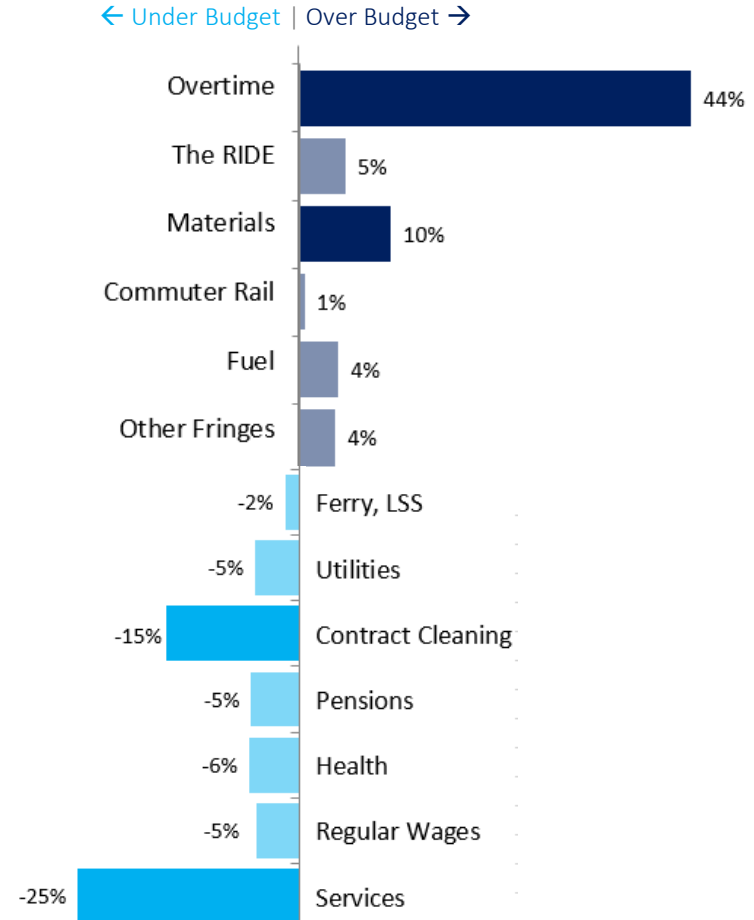


October Year to Date Budget Variances

Operating Expense Budget Variance YTD: *Dollar Volume*
 Total Operating Expenses are **\$8.1M under budget YTD**



Operating Expense Budget Variance YTD: *Percent*
 Total Operating Expenses are **1.5% below budget YTD**

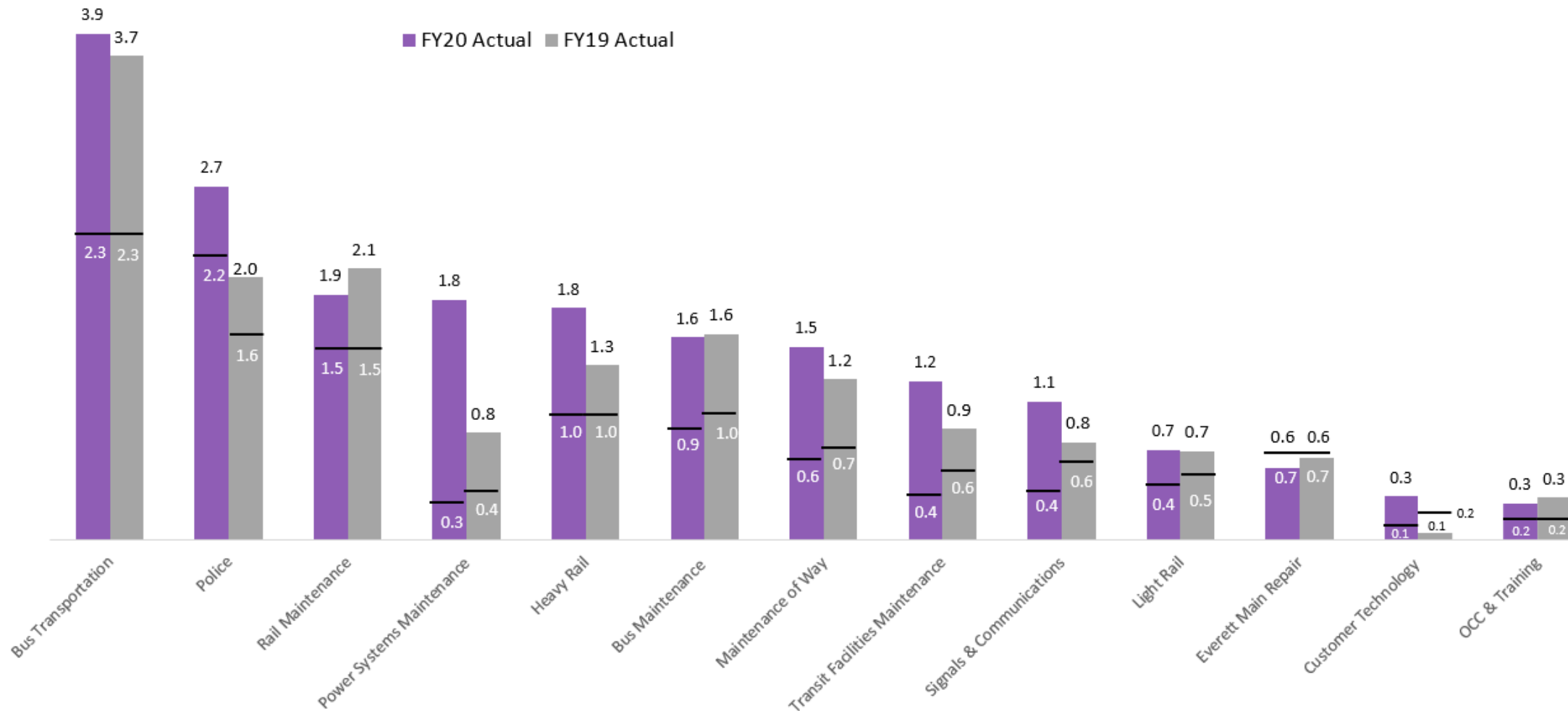


October Year to Date Overtime Spending By Department \$8.4M Above Budget

Overtime Actuals vs. Budget

Overtime spending is \$8.4M above budget through October 31st

Overtime spending is \$3.5M higher than October 31st YTD FY19



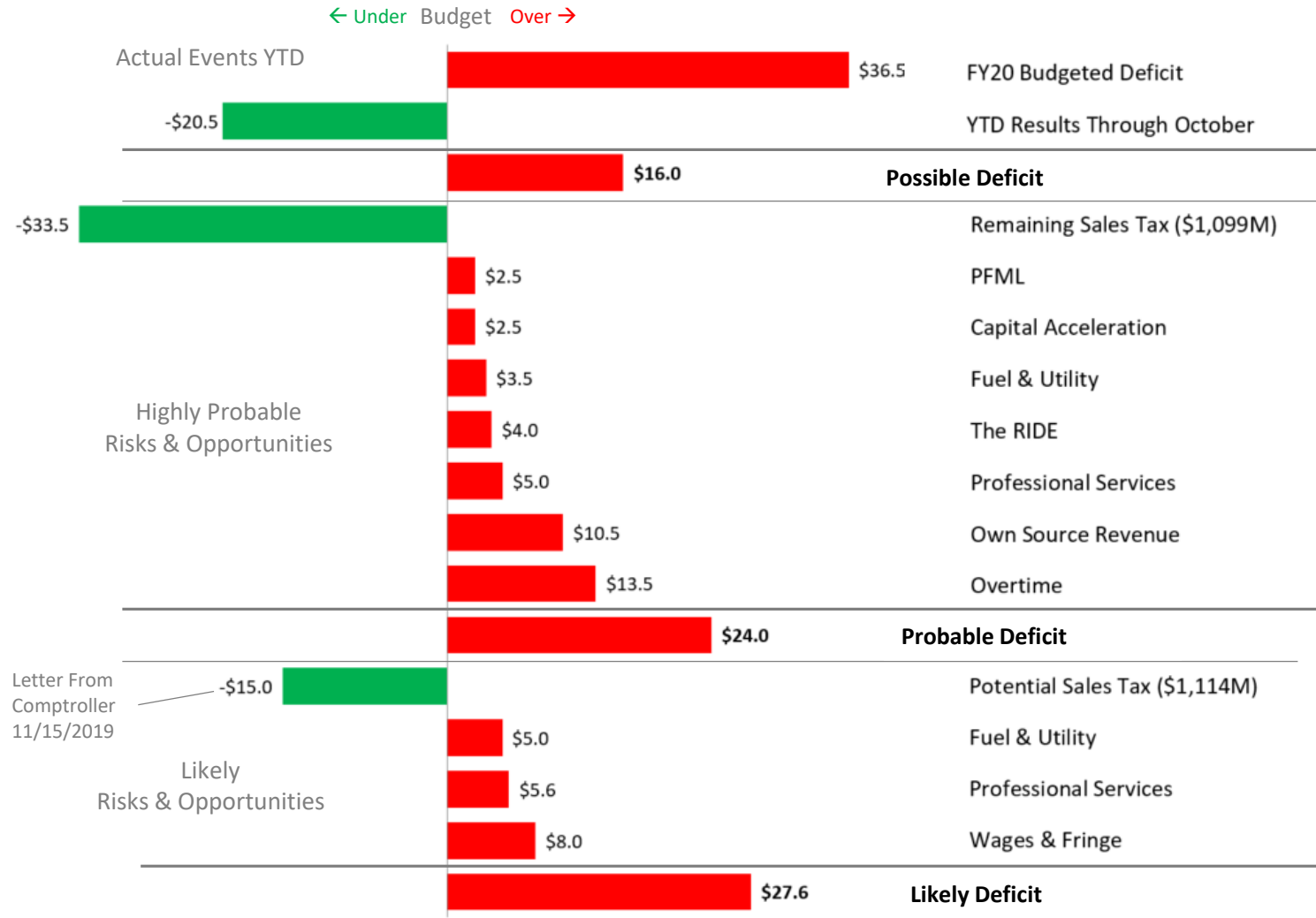
FY20 Risks and Opportunities (Preliminary)

Favorable sales tax projections and YTD actual results projected to be offset by remaining risks

Historically, revenues have dropped and expenses have risen in Q2 and Q3

- Regulatory changes (PFML) projected to drive transportation vacancies
- Capital acceleration, professional services and Safety Panel Recommendations increasing demands on operations departments and customer facing communications (E&M, CEX, CTD)
- Winter cold and snowfall is a major expense driver, impacting fuel & utility, overtime and other costs
- RIDE \$2M trending unfavorable due to contract delays and lower than expected productivity improvements
- Own Source Revenue trending closer to FY19 results
- Streamlined hiring processes and aggressive hiring targets projected to increase headcount related expenses

**Due to Rounding, actual subtotals and graphed subtotals may differ slightly*



Next Steps

- No easy answers, focus on process improvement, overtime, and managing impact of PFML
- Drive down FY20 operating deficit to set a starting point for challenging FY21
- Review hiring trends to update FY21 wage expense trajectory

