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massDOT
Massachusetts Department of Transportation

Date: February 8, 2021
To: Fiscal and Management Control Board
From: Mary Ann O'Hara, Chief Financial Officer
Re: Budget Update – December Results

PURPOSE

To summarize December budget results and compare them to budget assumptions to determine monthly operating budget balance in the current year and the amount of funding sequestered to mitigate next year's budget challenge.

EXECUTIVE SUMMARY

Actual December net revenues were $3.5M, $20.3M favorable to FY22 budget as revised October 19, 2020. As per Board direction, the $3.5M has been added to the Operating Budget Deficiency Fund resulting in a year to date balance of $74.3M, which is reserved to mitigate fare revenue uncertainty this fiscal year and improve balance next fiscal year.

As of December 14, 2020, the FY22 Operating Budget projection assumes $314M as a year-end fund balance from FY21 to support the FY22 Operating Budget. This projection will be updated at the March 8 FMCB meeting with notable updates for additional federal relief funds and further information stemming from the FY22 State budget process.

KEY HIGHLIGHTS

- Total revenues for December were $190.1M, which is $6.1M favorable to budget for the month, bringing FY21 YTD favorability to $42.9M, primarily driven by Sales tax and real estate revenues
- Total expenses for December totaled $186.6M, which is $14.2M favorable to budget for the month, bringing FY21 YTD favorability to $72.4M YTD, driven by headcount controls and reduced demand for purchased transit services like the RIDE due to COVID-19
- Total operating budget employee headcount is 5,940, a month-over-month increase of 0.1% and consistent with this time last year. Headcount has remained steady and within the targets set under the Forging Ahead process as the position control approval process has prioritized hiring to maintain service and safety while managing spending
- Fare revenue collections in December were $12.0M or 22% of FY20 budgeted baseline marking the third consecutive month-over-month decline in actual fare revenues both in absolute terms and relative to the FY20 baseline. Despite the downward trend, December fare revenues were favorable to budget by $0.4M
- The Fare recovery ratio was 8% for the month compared to 38% this time last year. The decrease in this ratio year-over-year continues to result in an increased reliance on one-time federal assistance and sales tax revenue favorability to maintain service and continue operations
- Overtime spending for the month was above FY21 budget assumptions by 18%, but was 27% below actuals from last December, partially due to a cross-departmental initiative to target savings. Depending on winter storm conditions, looking forward we expect this trend to continue as operating departments that rely on overtime continue to focus on managing to departmental savings targets.
- COVID-19 expenses for December, including facility and vehicle cleaning, personal protective equipment, and COVID testing were $2.2M, bringing total COVID-19 related payments since the onset of the pandemic to $47.4M. We maintain our projection of $53M for FY21 and are tracking a potential exposure of $13.0M to budget; however, efforts are underway to renegotiate rates and lower the current spend rate