



**Massachusetts Bay
Transportation Authority**

Budget Update: January Results

Fiscal Management Control Board

March 8, 2021

Mary Ann O'Hara, Chief Financial Officer

Operating Budget Summary

January Overview

- January actuals continue to be compared to the revised FY21 budget as presented on October 19, 2020
- The budget (October 19, 2020) reflected January net revenues (total revenues less total expenses and before transfers) of **-\$9.6M** with **\$183.6M** in total revenues and **\$193.2M** in total expenses
 - Net revenues are total revenues less total expenses before transfers
- Actual **January net revenues were \$14.2M** with **\$189.7M** in total revenues and **\$175.5M** in total expenses, due to the continued reliance on CARES Act federal relief funds with **\$336.7M** allocated as budgeted to date
- Compared to budget, **January net revenues were favorable \$23.8M** (Budget: **-\$9.6M**; Actual: **\$14.2M**)
 - **Total revenues were \$6.0M favorable** mainly due to sales tax, real estate, and investment income
 - **Total expenses were \$17.7M favorable** mainly due to Commuter Rail, the RIDE and other materials/services spending
 - January COVID-19 actual expenses were **\$5.2M** bringing **total COVID-19 related payments to \$52.6M since March 2020 as we continue to track a potential exposure of \$13.0M to budget**
- Actual **operating budget employee headcount is 5,921**, a net decrease of 19 employees from the previous month
 - January was the first month with no programmed hiring classes starting, consistent with headcount requirements for Spring service changes

Year to Date Summary

- Compared to budget, **YTD net revenues variance is favorable \$139.1M**
 - If we manage to the adopted budget for the next 5 months, this favorable variance to budget to date will mitigate spending reductions needed to address the FY22 budget gap
 - **YTD balance before transfers is \$69.0M (\$14.2M this month plus \$54.8M through December)**, which will be transferred to the Operating Budget Deficiency Fund to mitigate exposures in FY21 and reduce the FY22 budget gap



Monthly Balance Summary

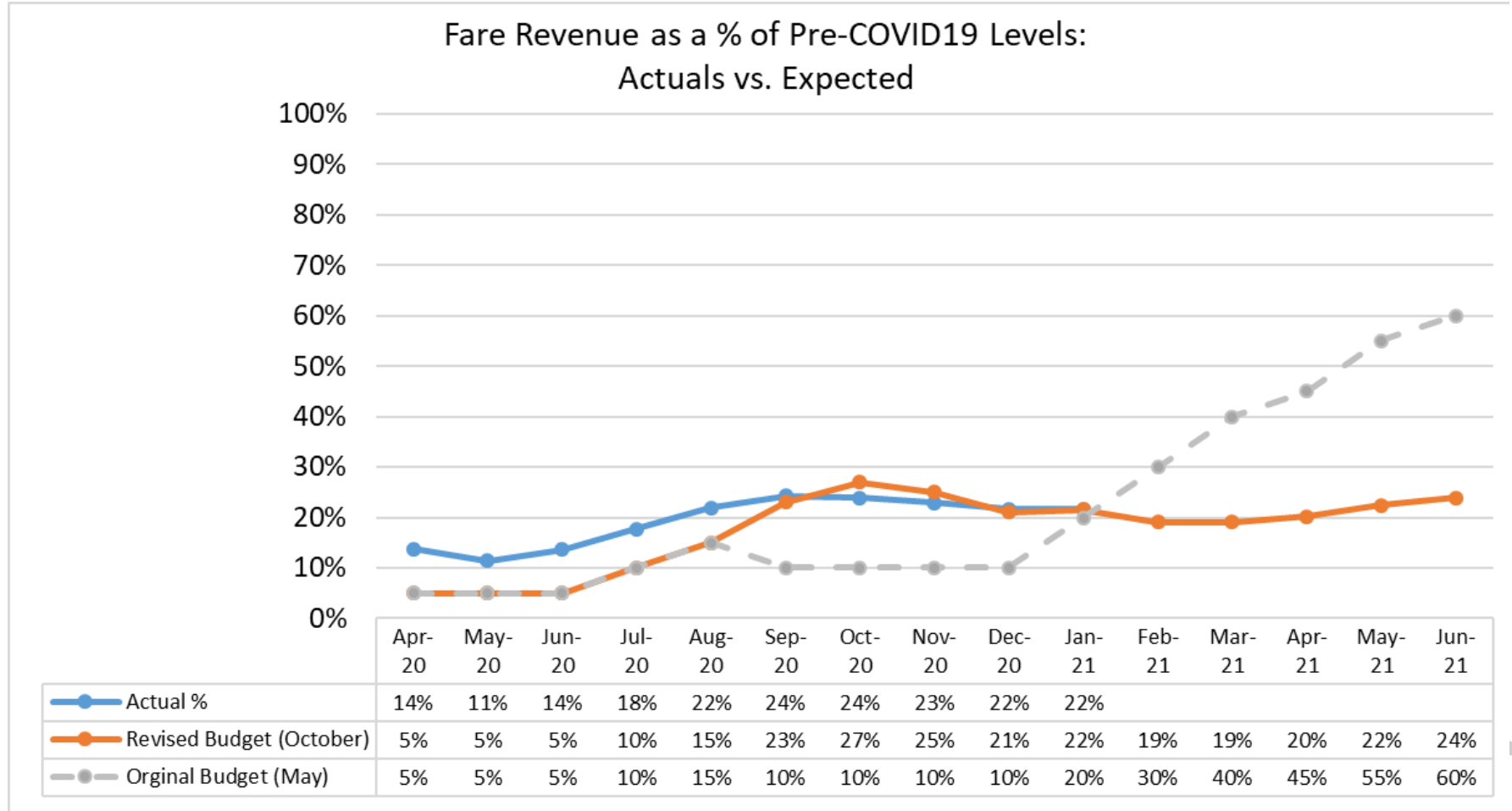
- Actual net revenues for January were \$14,2M due to the continued reliance on one-time federal relief funds from the CARES Act
- Without CARES Act funding, net deficit of -\$33.9M for month and -\$267.5M YTD
- Fare recovery ratio of 9% this month compared to 38% in January 2020 shows one-time CARES Act funding replacing fare revenue losses to balance the budget
- In accordance with FMCB approved action, \$14.2M to be transferred to the Operating Budget Deficiency Fund this month to bring YTD transfers to \$69.0M

	Jan Budget	Jan Actual	Monthly Variance	FY21 YTD Budget	FY21 YTD Actual	\$ Variance	FAV/ UNFAV	Jan FY20	FY21 Annual Budget
REVENUE									
Fare Revenues	11.8	11.9	0.1	83.1	90.0	6.9	FAV	58.0	143.5
Own Source Revenue	3.0	3.2	0.2	14.8	19.1	4.3	FAV	8.3	27.0
Non-Operating Revenues	158.2	163.9	5.7	1107.1	1144.8	37.7	FAV	109.4	1,979.6
State Assistance	10.6	10.6	0.0	74.1	74.1	0.0	FAV	10.6	127.0
Total Revenues	183.6	189.7	6.0	1279.0	1328.0	49.0	FAV	186.3	2,277.1
<i>Fare Recovery Ratio</i>	<i>8%</i>	<i>9%</i>	<i>1%</i>	<i>8%</i>	<i>9%</i>	<i>1%</i>	<i>FAV</i>	<i>38%</i>	<i>8%</i>
EXPENSES									
Wages, Benefits and Payroll Taxes	68.2	65.9	2.4	488.0	463.2	24.8	FAV	70.3	831.0
Non-Wage	81.3	67.1	14.3	555.6	496.7	58.9	FAV	81.2	940.2
Operating Expenses	149.6	133.0	16.6	1043.7	959.9	83.8	FAV	151.5	1,771.2
Debt Service	43.6	42.5	1.1	305.3	299.0	6.3	FAV	40.9	523.5
Total Expenses	193.2	175.5	17.7	1349.0	1258.9	90.1	FAV	192.4	2,294.6
Net Revenues Before Transfers	-9.6	14.2	23.8	-70.0	69.0	139.1	FAV	-6.1	(17.5)
<i>CARES Act Federal Relief Revenue</i>	<i>48.1</i>	<i>48.1</i>	<i>0.0</i>	<i>336.6</i>	<i>336.6</i>	<i>0.0</i>	<i>FAV</i>	<i>0.0</i>	<i>605.2</i>
<i>Net Revenues Without Relief Revenue</i>	<i>-57.6</i>	<i>-33.9</i>	<i>23.8</i>	<i>-406.6</i>	<i>-267.5</i>	<i>139.1</i>	<i>FAV</i>	<i>-6.1</i>	<i>848.5</i>



Monthly Fare Revenue Collections

- Fare revenue collections in January were 22% of baseline and slightly above budget assumptions
- \$0.1M favorable for the month with \$11.9M in fare revenue compared to the \$11.8M budgeted
 - \$6.9M favorable YTD with actual fare revenue at \$90.0M compared to the \$83.1M budgeted
- Compared to actuals, January marks four consecutive months of declines in fare revenue

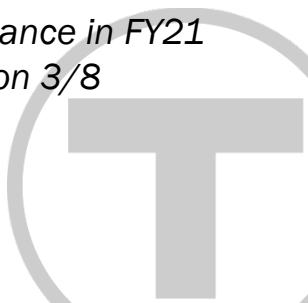


Operating Budget Deficiency Fund

- **\$88.5M Operating Budget Deficiency Fund balance** through January 2021
 - **\$69.0M available for transfer** as of January 2021 adds to the pre-existing fund balance
 - **\$19.5M pre-existing balance** (prior to FY21) is less than 1% of total expenses in FY21
- **Balance amount to date can decrease** in future months if spending or revenues do not meet budget
 - For example, just in the next few months, a severe winter could reduce the balance up to \$5M
- As approved by the board on August 24, transferring net revenues to mitigate current or future obligations
- The **Operating Budget Deficiency Fund** contains one-time reserve revenues and may be used to pay debt service on Authority bonds, notes, and other obligations and expenses at the discretion of the CFO

Operating Budget Deficiency Fund	
Description	Amount (\$M)
Pre-existing Balance	19.5
<i>July 2020 Net Revenue</i>	<i>(1.1)</i>
<i>August 2020 Net Revenue</i>	<i>14.5</i>
<i>September 2020 Net Revenue</i>	<i>16.1</i>
<i>October 2020 Net Revenue</i>	<i>7.5</i>
<i>November 2020 Net Revenue</i>	<i>14.3</i>
<i>December 2020 Net Revenue</i>	<i>3.5</i>
<i>January 2021 Net Revenue</i>	<i>14.2</i>
FY21 Net Transfers to Date	69.0
FY21 Balance Amount to Date	88.5
*Planned Funds Available for FY22	365.0

*Planned funds available reflects maximum potential ending balance in FY21 as presented in the March Pro Forma presentation to the FMCB on 3/8



FY21 Net Savings Summary by Mode

Mode	FY21 Savings Expected from Dec 14 Board Meeting	Expected Savings Band +/- 20%
Bus	\$5.1M	\$4.1M - \$6.1M
Rail (Heavy Rail & Light Rail)	\$4.9M	\$3.9M - \$5.9M
Commuter Rail	\$7.9M	\$6.3M - \$9.5M
Ferry	\$3.2M	\$2.6M - \$3.8M
The RIDE*	--	--
Net Savings	\$21.1M	\$16.9M - \$25.3M

*Excludes impact to the RIDE as a result of fixed route services changes. Savings from actions voted on related to the RIDE are expected to have de minimis savings.

- Cost savings are calculated for the time period service changes voted on by the board on Dec 14th are in effect
- All savings are calculated relative to the FY21 budget as approved on October 19, 2020
- Cost savings exclude any potential savings from administrative or other back office departments not directly involved in the provision of service
- Savings include all major expense categories, such as, regular wages, overtime, benefits, fuel, utilities, materials and services
- Cost savings are projections, actual savings may vary and are subject to change based on decisions made by the board and management
- Savings are net of fare revenue impact from service changes

