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

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## PURPOSE

To summarize January 2021 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 (FY22) budget challenge.

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## EXECUTIVE SUMMARY

January net revenues were \$14.2M, \$23.8M favorable to budget as revised October 19, 2020. As per Board direction, the \$14.2M will be transferred to the Operating Budget Deficiency Fund. This transfer results in a YTD balance of \$88.5M, reserved to mitigate fare revenue uncertainty and budget risks this year and improve balance next year.

As of March 8, 2021, the fund has a projected or targeted FY21 ending balance of \$365M, this is a \$51M increase from the \$314M estimate from December 2020 to account for updates to service level savings estimates and additional federal relief through Coronavirus Relief and Response Supplemental Appropriations Act of December 2020.

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## KEY HIGHLIGHTS

- Total revenues for January were \$189.7M, which is \$6.0M favorable to budget for the month, bringing FY21 YTD revenue favorability to \$49.0M, primarily driven by sales tax, fare revenues and real estate revenues
- Total expenses for January totaled \$175.5M, which is \$17.7M favorable to budget for the month, bringing FY21 YTD spending favorability to \$90.1M, primarily driven by non-wage spending items, including purchased transit like the commuter rail and ferry along with other materials and services spending
- Fare revenue collections in January were \$11.9M or 22% of baseline (FY20 budget) marking the fourth consecutive month-over-month decline in actual fare revenues. Despite the downward trend in actual collections, January fare revenues almost exactly matched budgeted projections and were even slightly favorable to budget by \$0.1M
- Fare recovery ratio was 9% for the month compared to 38% this time last year. The decrease in this ratio from last year demonstrates the increased reliance on one-time federal assistance and non-operating revenue like sales tax revenue to maintain service and continue operations
- Federal CARES Act relief funding of \$336.6M to date (\$605M total in FY21 budget) has balanced the budget deficit to date because, without it, net revenues would be -\$33.9M for the month and -\$267.5M YTD
- Overtime spending for the month was 7% below FY21 budget and 40% below actuals from last January, partially due to a cross-departmental initiative to target savings. Depending on winter storm conditions, this trend expects to continue as operating departments relying on overtime continue to focus on managing to departmental savings targets
- Actual operating budget employee headcount is 5,921, a net decrease of 19 from the last month as January was the first month with no programmed hiring classes starting, consistent with requirements for Spring service changes
- COVID-19 expenses for January, including facility and vehicle cleaning, personal protective equipment, and COVID-19 testing were \$5.2M, bringing total COVID-19 related payments since the onset of the pandemic in March 2020 to \$52.6M. FY21 projections for COVID-19 spending remain at \$53.0M in FY21, which results in a potential budget risk of \$13.0M to budget; however, efforts are underway to renegotiate contracts and lower the current spend rate to mitigate this budget exposure

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