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Steve Poftak, General Manager



Date: April 12, 2021
To: Fiscal and Management Control Board
From: Mary Ann O'Hara, Chief Financial Officer
Re: Budget Update – February Results

PURPOSE

To summarize February 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.

EXECUTIVE SUMMARY

February net revenues were \$30.2M, \$31.0M favorable to budget as revised October 19, 2020. Federal CARES Act relief funding of \$385M to date (\$605M total in FY21 budget) has balanced the budget deficit because, without it, net revenues would be -\$17.9 for the month and -\$285.4M YTD. As per Board direction, the \$30.2M will be transferred to the Operating Budget Deficiency Fund. This transfer results in a YTD balance of \$118.8M, reserved to mitigate fare revenue uncertainty and budget risks this year and improve balance next year.

The fund has a targeted FY21 ending balance of \$365M, as presented in the March Pro Forma presentation to the FMCB on March 8, 2021 and FY22 Budget Preview on March 29, 2021.

KEY HIGHLIGHTS

- Total revenues for February were \$204.5M, which is \$18.6M favorable to budget for the month, bringing FY21 YTD revenue favorability to \$67.6M, primarily driven by sales tax revenues
- Total expenses for February totaled \$174.3M, which is \$12.4M favorable to budget for the month, bringing FY21 YTD spending favorability to \$102.4M, primarily driven by non-wage spending items, including purchased transit like the commuter rail and The RIDE along with other materials and services spending
- Fare revenue collections in February were \$11.8M or 22% of baseline (FY20 budget) marking the fifth consecutive month-over-month decline in actual fare revenues. Despite the downward trend in actual collections, February fare revenues almost exceeded budgeted projections by \$1.5M, due to a budget revision or reforecast in October 2020 that reduced original fare revenue estimates from May 2020 by \$44M.
- Fare recovery ratio was 9% for the month compared to 42% this time last year. The decrease in this ratio from last year demonstrates the increased reliance on one-time federal assistance and non-operating or subsidy revenue, like sales tax revenue, to maintain service and continue operations
- Federal CARES Act relief funding of \$385M to date (\$605M total in FY21 budget). Among the other federal relief sources, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) were recently submitted and approved for reimbursement and American Rescue Plan Fund amounts and guidance are still pending final approval.
- Overtime spending for the month was 44% over FY21 budget but 11% below actuals from this time last year, partially due to a cross-departmental initiative to target savings.
- Actual operating budget employee headcount is 5,683, a net decrease of 14 from January 2021
- COVID-19 expenses for February, including facility and vehicle cleaning, personal protective equipment, and COVID-19 testing were \$3.4M, bringing total COVID-19 related payments since the onset of the pandemic in March 2020 to \$56.0M with \$23.2M in FY20 and \$32.8M in FY21. Total projected COVID-19 related spending in FY21 remains at approximately \$53M, resulting in a budget risk or exposure of \$13M above the \$40M budgeted.

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