



Charles D. Baker, Governor
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Steve Poftak, General Manager



Date: June 7, 2021
To: Fiscal and Management Control Board
From: Mary Ann O'Hara, Chief Financial Officer
Re: Budget Update – April Results

PURPOSE

To summarize April 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

April net revenues (total revenues less total expenses) were \$15.8M. As per Board direction, the \$15.8M will be transferred to the Operating Budget Deficiency Fund to balance the FY22 budget. With this transfer, the balance of the fund is \$134.3M, which is reserved to mitigate revenue shortfalls or cost overruns this year and balance next year. The FY22 proposed itemized budget, presented to the FMCB on June 7, 2021, relies on a \$365.0M transfer from the Operating Budget Deficiency Fund to balance the FY22 budget.

KEY HIGHLIGHTS

- Total revenues for April were \$187.4M, which is \$8.6M favorable to budget for the month, bringing FY21 YTD revenue favorability to \$86.7M, primarily driven by sales tax revenue collections above the base revenue amount assumed in the budget
- Total expenses for April totaled \$171.6M, which is \$18.0M favorable to budget for the month, bringing FY21 YTD spending favorability to \$127.4M among multiple spending categories including wages and benefits, purchased transit like commuter rail and the RIDE, along with fuel, utilities, and materials and services
- Fare revenue collections in April were \$15.2M or 26% of baseline (FY20 budget) compared to the 20% budget assumption, due in part to sunsetting a COVID-19 related fare policy that provided credits for unused smart cards
- Fare recovery ratio was 12% for the month compared to 45% in April 2019 (prior to COVID-19), which 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 \$480.8M to date (\$605M total in FY21 budget) has balanced the budget deficit to date because, without it, net revenues would be -\$32.3M for the month and -\$366.0M YTD
- Overtime spending April was aligned with budget for the month and 24% below April 2019 actuals, partially due to a cross-departmental initiative to target savings
- COVID-19 expenses for April, including facility and vehicle cleaning, personal protective equipment, and COVID-19 testing were \$3.8M, bringing total COVID-19 related payments since the onset of the pandemic in March 2020 to \$65.9M with a projected \$53.0M total in FY21 spending, resulting in a budget risk or exposure of \$13.0M above the \$40.0M budgeted

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