



**Massachusetts Bay  
Transportation Authority**

# Budget Update: FY22 Q2 Results

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MBTA Board of Directors

Finance Team

# YTD Operating Budget Summary

- YTD net revenues were \$512.9M with \$1,583.4M in total revenues and \$1,070.6M in total expenses
  - Without one-time federal funding, the operating net revenue would be deficient \$53.8M
- Positive net revenues YTD add to the Operating Budget Deficiency Fund balance
  - Deficiency fund balance dedicated to mitigate the projected deficit in FY23 or FY24 and any other current or future obligations, per Board vote in June 2021

(\$M) Category	FY22 YTD Budget	FY22 YTD Actual	YTD Variance (\$)	YTD Variance (%)	FY22 Annual Budget
Fare Revenues	91.4	155.6	64.2	70%	200.2
Own Source Revenue	19.1	25.7	6.6	34%	45.5
Non-Operating Revenues	1,304.8	1,402.2	97.4	7%	2,525.8
<b>Total Revenues</b>	<b>1,415.3</b>	<b>1,583.4</b>	<b>168.1</b>	<b>12%</b>	<b>2,771.5</b>
<i>Fare Recovery Ratio</i>	<i>10%</i>	<i>19%</i>	<i>9%</i>	<i>-</i>	<i>11%</i>
Wages, Benefits and Payroll Taxes	453.5	416.6	36.9	9%	899.2
Non-Wage	485.4	420.5	65.0	15%	987.8
<i>Operating Expenses Subtotal</i>	<i>939.0</i>	<i>837.1</i>	<i>101.9</i>	<i>12%</i>	<i>1,887.0</i>
Debt Service	223.3	233.5	(10.2)	-4%	467.8
<b>Total Expenses</b>	<b>1,162.3</b>	<b>1,070.6</b>	<b>91.7</b>	<b>9%</b>	<b>2,354.7</b>
<b>Net Revenues Before Transfers</b>	<b>253.0</b>	<b>512.9</b>	<b>259.8</b>	<b>51%</b>	<b>416.8</b>
<i>Federal Relief Revenue</i>	<i>545.5</i>	<i>566.7</i>	<i>21.2</i>	<i>4%</i>	<i>959.2</i>
<i>Net Revenues Without Relief Revenue</i>	<i>(292.5)</i>	<i>(53.8)</i>	<i>238.6</i>	<i>-82%</i>	<i>(542.4)</i>



# Operating Budget Summary

- Q2 net revenues were \$453.2M with \$1,005.7M in total revenues and \$552.4M in total expenses
- Total revenues 8% favorable, total expenses 7% favorable for the quarter
- Fare revenue recovery ratio of 19% for the quarter, below the 43% ratio pre-pandemic but above the 10% from Q2 last year

(\$M) Category	FY22 Q2 Budget	FY22 Q2 Actual	Quarterly Variance (\$)	Quarterly Variance (%)	FY21 Q2 Actual	\$ Variance (Relative to FY21 Q2)	%Variance (Relative to FY21 Q2)	FY22 Annual Budget
Fare Revenues	47.2	81.5	34.3	73%	39.8	41.7	105%	200.2
Own Source Revenue	10.8	13.8	3.0	28%	8.9	4.9	56%	45.5
Non-Operating Revenues	875.3	910.4	35.1	4%	523.0	387.4	74%	2,525.8
<b>Total Revenues</b>	<b>933.3</b>	<b>1,005.7</b>	<b>72.3</b>	<b>8%</b>	<b>571.7</b>	<b>434.0</b>	<b>76%</b>	<b>2,771.5</b>
<i>Fare Recovery Ratio</i>	<i>10%</i>	<i>19%</i>	<i>9%</i>	<i>-</i>	<i>10%</i>	<i>9%</i>	<i>-</i>	<i>11%</i>
Wages, Benefits and Payroll Taxes	229.2	216.9	12.3	6%	198.9	18.0	9%	899.2
Non-Wage	248.5	213.0	35.5	17%	219.4	(6.4)	-3%	987.8
<i>Operating Expenses Subtotal</i>	<i>477.6</i>	<i>429.9</i>	<i>47.8</i>	<i>11%</i>	<i>418.2</i>	<i>11.6</i>	<i>3%</i>	<i>1,887.0</i>
Debt Service	112.0	122.6	(10.6)	-9%	128.1	(5.5)	-4%	467.8
<b>Total Expenses</b>	<b>589.6</b>	<b>552.4</b>	<b>37.2</b>	<b>7%</b>	<b>546.3</b>	<b>6.1</b>	<b>1%</b>	<b>2,354.7</b>
<b>Net Revenues Before Transfers</b>	<b>343.7</b>	<b>453.2</b>	109.5	24%	<b>25.3</b>	427.9	1690%	<b>416.8</b>
<i>Federal Relief Revenue</i>	<i>486.8</i>	<i>501.7</i>	<i>14.9</i>	<i>3%</i>	<i>144.3</i>	<i>357.5</i>	<i>248%</i>	<i>959.2</i>
<i>Net Revenues Without Relief Revenue</i>	<i>(143.1)</i>	<i>(48.5)</i>	<i>94.6</i>	<i>-66%</i>	<i>(118.9)</i>	<i>(70.4)</i>	<i>59%</i>	<i>(542.4)</i>

# Revenue Summary

- **\$1,005.7M in total revenues** were \$72.3M favorable to budget for the quarter
  - 74% of favorability due to sales tax and fare revenue
- **Fare revenues favorable \$34.3M for the quarter** as ridership recovers and economy reopens
- **Sales tax revenue favorable \$19.0M for the quarter** as revenues outperform budget benchmarks
- **Own source revenues favorable \$3.0M for the quarter** primarily from advertising and parking revenue as the trend correlates with ridership increases
- **Federal Funds favorable \$14.9M for the quarter** due to timing as eligible reimbursable operating expenses exceeded estimates

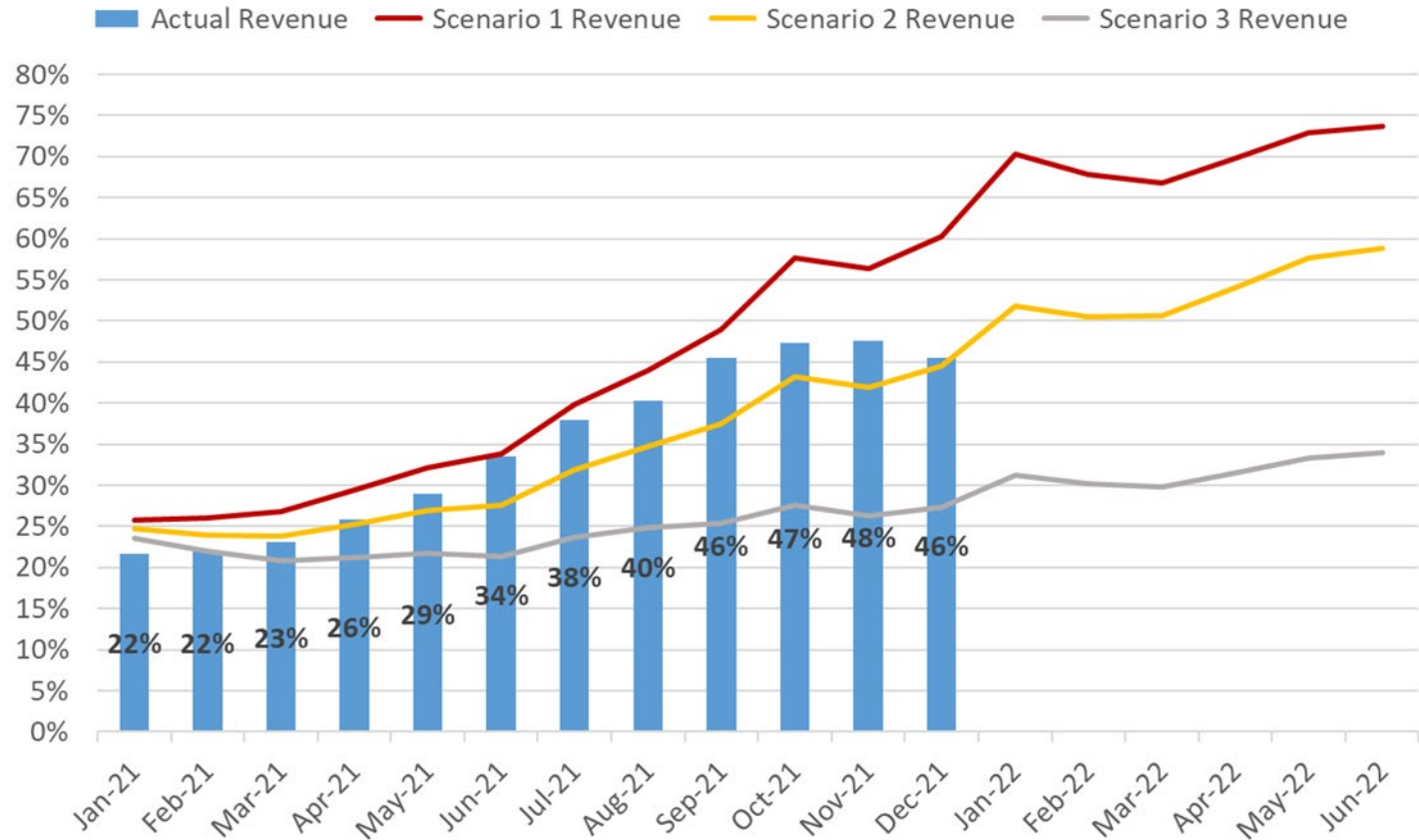
Revenue (\$M)	FY22 Q2 Budget	FY22 Q2 Actuals	Quarterly Variance (\$)	Quarterly Variance (%)	FY21 Q2 Actuals	\$ Variance (Relative to FY21 Q2)	% Variance (Relative to FY21 Q2)	FY22 Annual Budget
Fare Revenues	47.2	81.5	34.3	73%	39.8	41.7	105%	200.2
Advertising	3.1	4.8	1.8	58%	2.9	2.0	69%	11.5
Parking	2.2	4.2	1.9	88%	0.2	4.0	2255%	9.9
Other	1.5	1.0	(0.5)	-36%	0.9	0.1	8%	6.0
Real Estate	4.0	3.8	(0.2)	-5%	4.9	(1.1)	-22%	18.0
<i>Own Source Revenue Subtotal</i>	10.8	13.8	3.0	28%	8.9	4.9	56%	45.5
<b>Total Oper. Revenues:</b>	<b>58.0</b>	<b>95.3</b>	<b>37.3</b>	<b>64%</b>	<b>48.6</b>	<b>46.6</b>	<b>96%</b>	<b>245.7</b>
State Sales Tax Revenue	307.7	326.7	19.0	6%	289.1	37.6	13%	1,235.9
Federal Funds	486.8	501.7	14.9	3%	144.3	357.5	248%	959.2
Local Assessments Revenue	44.8	44.8	0.0	0%	44.3	0.5	1%	179.3
Other Income	4.3	5.4	1.1	25%	13.6	(8.1)	-60%	24.5
State Assistance	31.7	31.7	0.0	0%	31.7	0.0	0%	127.0
<b>Total Non-Oper. Revenues:</b>	<b>875.3</b>	<b>910.4</b>	<b>35.1</b>	<b>4%</b>	<b>523.0</b>	<b>387.4</b>	<b>74%</b>	<b>2,525.8</b>
<b>Total Revenues:</b>	<b>933.3</b>	<b>1,005.7</b>	<b>72.3</b>	<b>8%</b>	<b>571.7</b>	<b>434.0</b>	<b>76%</b>	<b>2,771.5</b>



# Fare Revenue Collection

- 46% of baseline revenue in December, aligns with Scenario 2 projections
- In the last 12 months, actuals have aligned with all three scenarios at different points in time
  - January and February revenues tracked to Scenario 3
  - March–May revenues tracked closest to Scenario 2
  - June-July revenues tracked closer to Scenario 1
  - August-November revenues tracked between Scenarios 1-2
  - December tracks to Scenario 2
- FY22 budget based on Scenario 3, given actuals at the time of budget development (January/February 2021)
- Scenario 2 fare revenue for the year would yield \$123M in favorability or upside relative to budget
- Scenario 1 fare revenue for the year would yield \$222M in favorability or upside relative to budget

Fare Revenue Actuals & Projections as % of Baseline



# Spending Summary

- **\$552.4M in total expenses** were \$37.2M favorable to budget for the quarter
- **Regular wages \$3.0M favorable for the quarter** as hiring efforts ramp up to fill vacancies and new budgeted positions in a difficult job market
- **Fringe benefits \$9.1M favorable for the quarter** as pension contribution rates remain level with last year, avoiding expected/budgeted increases
- **Materials and services \$20.6M favorable for the quarter** mostly in professional services and maintenance supplies/inventory
- **Purchased transit services \$11.3M favorable for the quarter** mainly due to clock-based service adjustments to align with ridership patterns on commuter rail
- **Debt service \$10.6M unfavorable for the quarter** due to accelerated timing of principal payments
- **Actual COVID-19 spend is \$7.7M for the quarter, \$14.9M YTD** including cleaning and PPE

Expenses (\$M)	FY22 Q2 Budget	FY22 Q2 Actuals	Quarterly Variance (\$)	Quarterly Variance (%)	FY21 Q2 Actuals	\$ Variance (Relative to FY21 Q2)	% Variance (Relative to FY21 Q2)	FY22 Annual Bud
Regular Wages	133.0	130.0	3.0	2%	116.5	13.6	12%	520.0
Overtime	11.6	11.4	0.1	1%	9.5	2.0	21%	43.2
<b>Wages Subtotal</b>	<b>144.6</b>	<b>141.5</b>	<b>3.1</b>	<b>2%</b>	<b>126.0</b>	<b>15.5</b>	<b>12%</b>	<b>563.2</b>
Fringe	84.6	75.4	9.1	12%	72.9	2.5	3%	336.0
Materials & Services	85.1	64.5	20.6	32%	69.9	(5.4)	-8%	337.5
Insurance	6.4	3.7	2.7	73%	4.5	(0.8)	-18%	25.7
Commuter Rail	121.8	114.7	7.1	6%	115.8	(1.1)	-1%	481.3
RIDE	28.1	24.9	3.2	13%	23.4	1.5	6%	114.9
LSS & Ferry	5.2	4.2	0.9	22%	5.0	(0.8)	-15%	21.3
<b>Purchased Transit Services Subtotal</b>	<b>155.1</b>	<b>143.9</b>	<b>11.3</b>	<b>8%</b>	<b>144.2</b>	<b>(0.4)</b>	<b>0%</b>	<b>617.5</b>
Financial Service Charge	1.8	0.9	0.9	100%	0.8	0.2	21%	7.1
<b>Total Operating Expenses</b>	<b>477.6</b>	<b>429.9</b>	<b>47.8</b>	<b>11%</b>	<b>418.2</b>	<b>11.6</b>	<b>103%</b>	<b>1,887.0</b>
Debt Service	112.0	122.6	(10.6)	-9%	128.1	(5.5)	96%	467.8
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# Proposed Board Touchpoints

	FY23-27 CIP Development Process	FY23 Operating Budget Development Process
JANUARY	Finance and Audit Subcommittee Meeting (20 <sup>th</sup> ): Asset management performance measures and preliminary source estimates MBTA Full Board (27 <sup>th</sup> ): N/A	
FEBRUARY	Finance and Audit Subcommittee Meeting (10 <sup>th</sup> ): FY23-27 initial program sizes and recap of existing programs/in-flight projects MBTA Full Board (24 <sup>th</sup> ): N/A	
MARCH	Finance and Audit Subcommittee Meeting (10 <sup>th</sup> ): Present draft FY23-27 CIP and vote to release for public comment MBTA Full Board (24 <sup>th</sup> ): Present the draft FY23-27 CIP and vote to release for public comment	Finance and Audit Subcommittee Meeting (10 <sup>th</sup> ): Budget Preview presentation on high-level priorities and decision points MBTA Full Board (24 <sup>th</sup> ): Budget Preview presentation on high-level priorities and decision points
APRIL	Finance and Audit Subcommittee Meeting (14 <sup>th</sup> ): N/A – tentative MBTA Full Board (28 <sup>th</sup> ): N/A	Finance and Audit Subcommittee Meeting (14 <sup>th</sup> ): Preliminary Budget Presentation on spending and revenue figures by category MBTA Full Board (28 <sup>th</sup> ): Preliminary Budget Presentation on spending and revenue figures by category
MAY	Finance and Audit Subcommittee Meeting (12 <sup>th</sup> ): Present the final FY23-27 CIP and vote for approval MBTA Full Board (26 <sup>th</sup> ): Present the final FY23-27 CIP and vote for approval	* May require special session in recommended time frame: Finance and Audit Subcommittee Meeting (26 <sup>th</sup> -31 <sup>st</sup> ): Final itemized budget presentation
JUNE	Finance and Audit Subcommittee Meeting (9 <sup>th</sup> ): N/A MBTA Full Board (23 <sup>rd</sup> ): N/A	* May require special session in recommended time frame: MBTA Full Board (9-14 <sup>th</sup> ): Final itemized budget presentation

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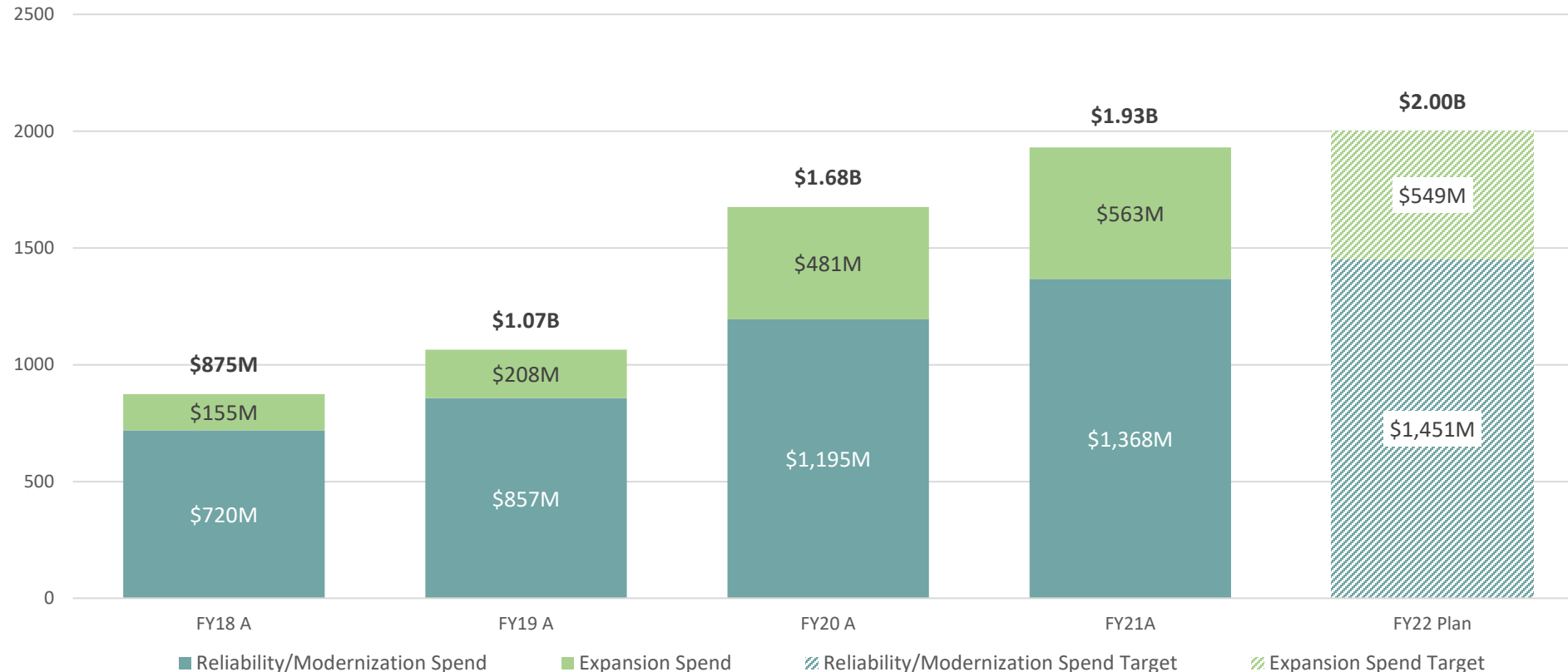
# Capital Program Review





# MBTA Capital Investment by Fiscal Year

- The MBTA spent a total of \$1.93B on capital investments in FY21, a year-over-year increase of \$255M or 15%
- FY21 Investment exceeded the FY21 target of \$1.75B by 10% and was 82% of the programmed CIP amount of \$2.36B
- The MBTA Spend Target for FY22 is \$2.0B; FY22 YTD spend through December 2021 is \$815M
- Several macro factors, such as, supply chain issues and increasing prices have impacted project delivery YTD



# FY22 Quarterly Spend Overview

- Q2 spend was **\$389.4M**, coming in below Project Managers' most recent Q2 projections of **\$482.4M** by **\$93.0M** or **19.2%** and trailing CIP Programmed amount of **\$634.9M** by **\$245.5M** or **38.7%**
- YoY Q2 spend was down **\$172.5M** or **31%**
- PMs' most recent FY22 Projection submitted in October was **\$2.12B**, \$533M below or 20% less than FY22 CIP programmed amount of **\$2.65B**, and \$131M or 5.8% less than FY22 PM Projections submitted in July of **\$2.25B**

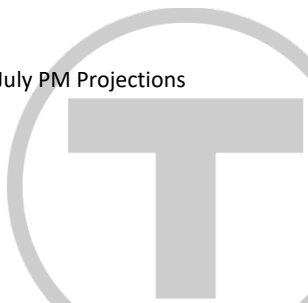
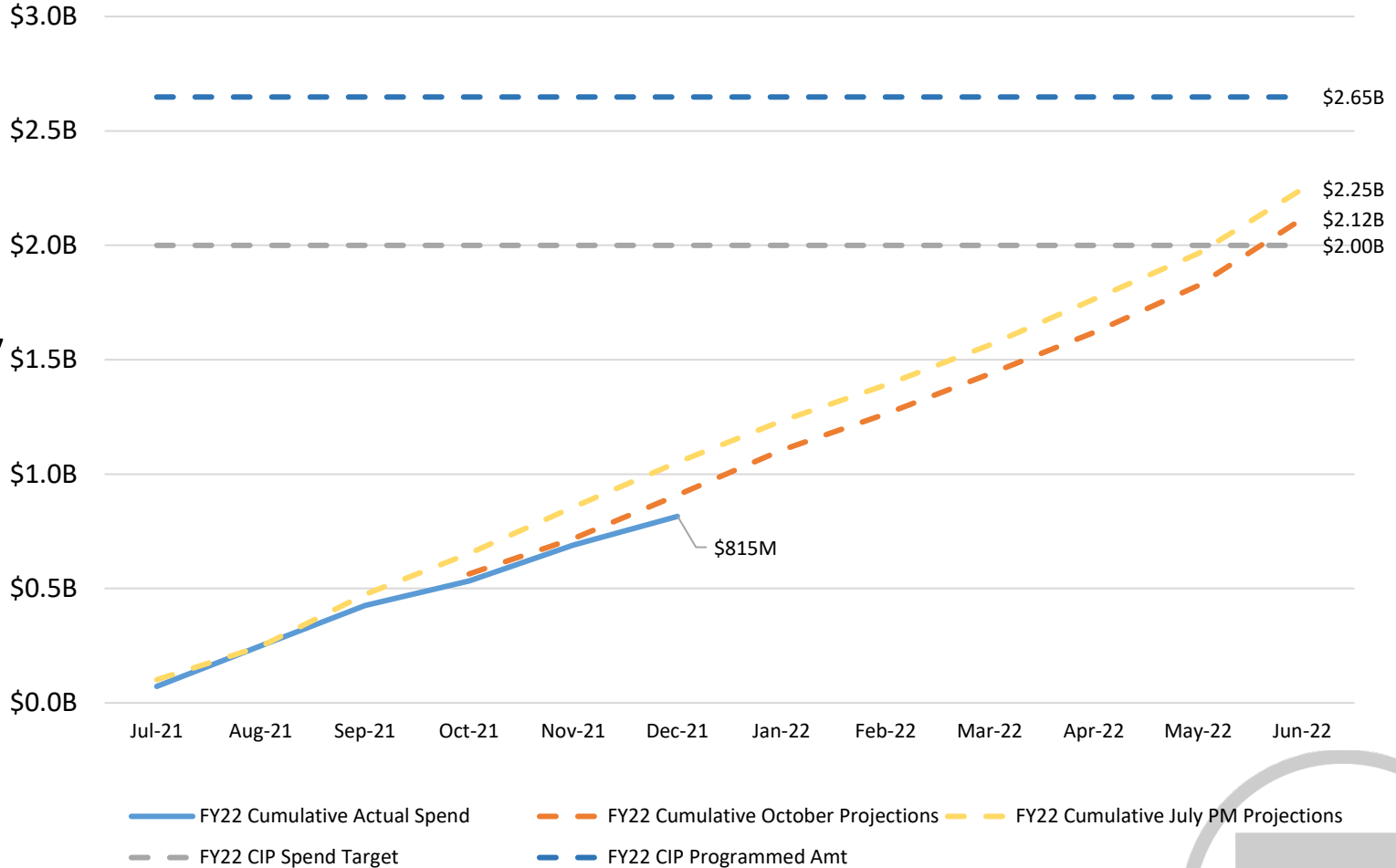
Quarterly FY22 Actuals vs. FY21 Actuals & FY22 Benchmarks



Note: CIP Programmed Amount converted from annual to monthly based on spread of July PM Projections.

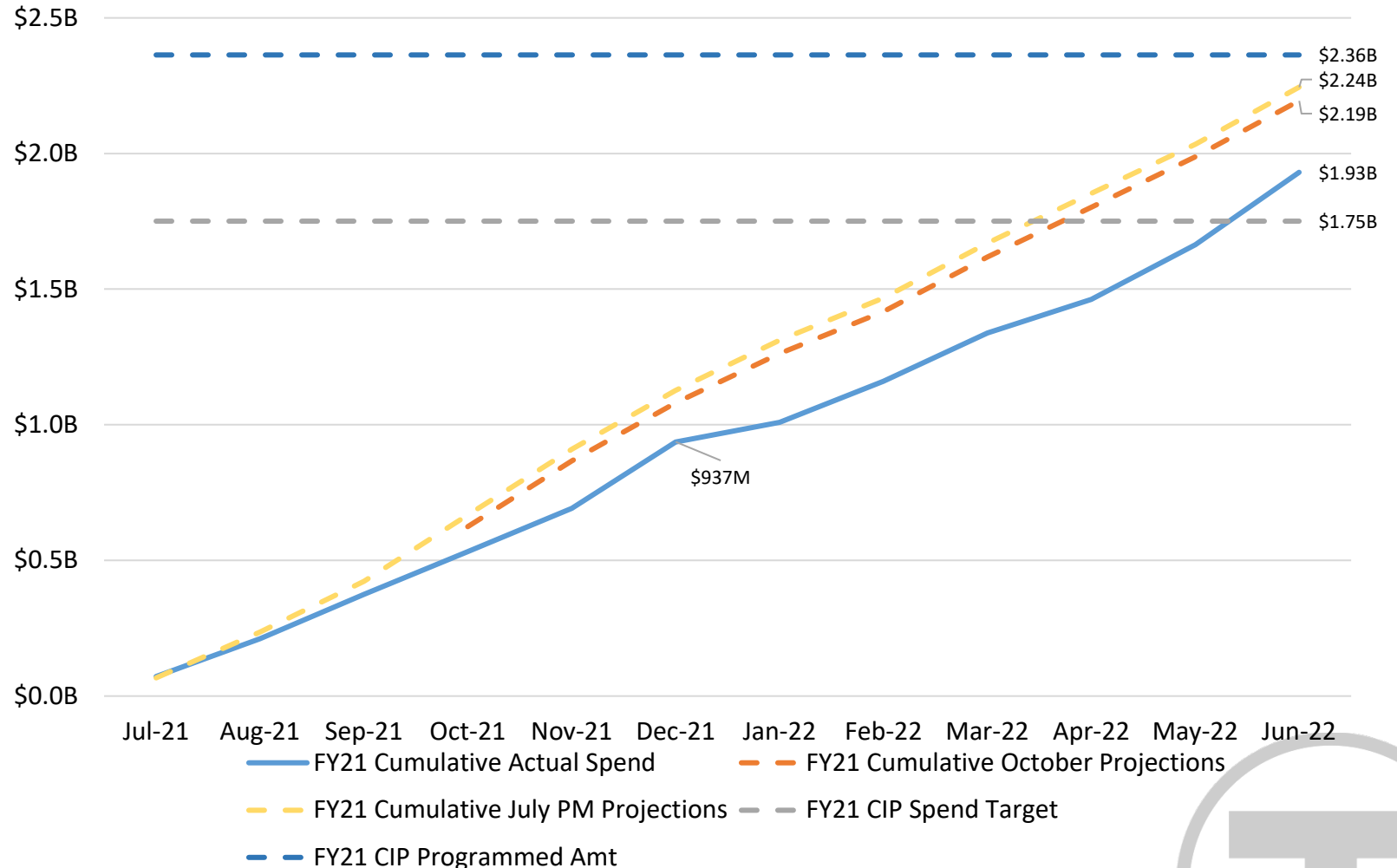
# Cumulative Spend Overview - FY22 YTD

- YTD spend through Q2 is **\$815M**, which trails most recent PM Projections submitted in October by **\$93.2M** or **10.3%**
- PM Cashflow projections received in Q3 FY21 that determined the CIP programmed amount were reduced by **\$402M** in July and another **\$131M** in October
- PM Projections had cushion of **\$116M** vs. the FY22 CIP Spend Target for remaining three quarters – Q2 spend was below projection by a combined **\$93M**
- FY21 YTD spend thru Q2 was **\$937M**, ahead of FY22 YTD spend by **\$121.4M** or **14.9%**

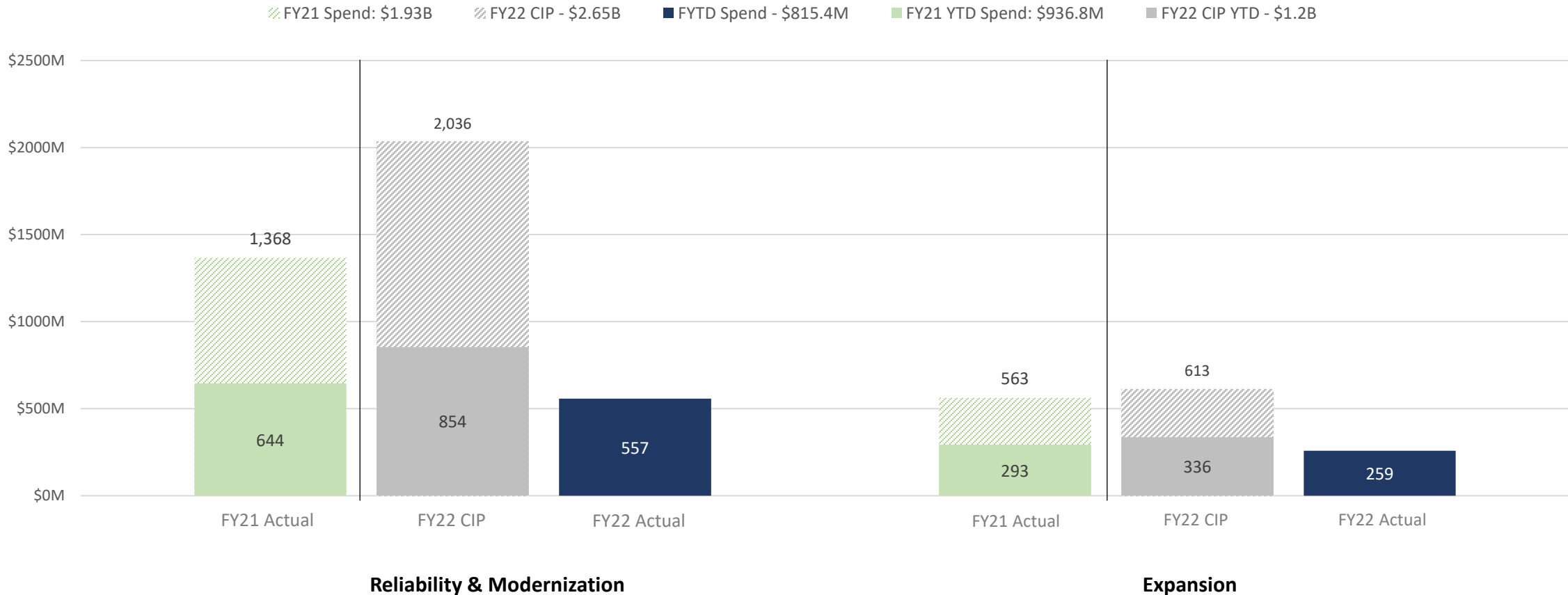


# Cumulative Spend Overview – FY21

- Spend vs. the CIP followed a similar trend in FY21 as FY22
- FY21 spend was **\$1.93B**, which trailed the FY21 CIP programmed amount by **\$430M** or **22.2%**; July PM Projections by **\$310M** or **16%** and October PM Projections by **\$268M** or **13.9%**
- Cashflows received in Q2 FY20 that determined the CIP programmed amount were reduced by **\$119.1M** in July and another **\$50.1M** in October



# Capital Spend by CIP Priority

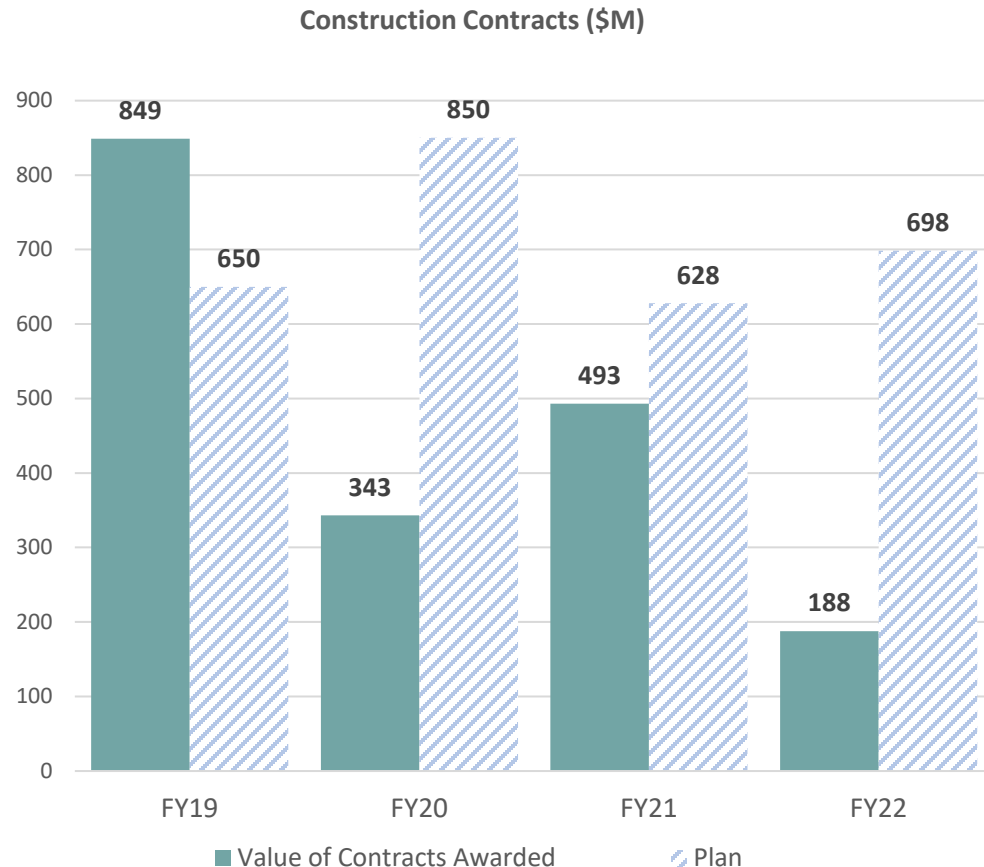


- YTD Reliability & Modernization spending totals **\$557M** and lags YTD CIP by **\$297M** or **34.7%**.
- YTD spend for Expansion projects (GLX, SCR) totals **\$259M** and lags YTD CIP by **\$77M** or **22.9%**.



# Planned FY22 Construction Contract Awards

MBTA set an ambitious contract award plan for FY22 totaling \$698M



Awarded Construction Contracts – through 12/31/21	
Contract Description	Value (M)
Winchester Station Improvements	\$47
Worcester Union Commuter Rail Station	\$44
Dorchester Ave. Bridge	\$22
Alewife Garage Infrastructure/ Access Improvement	\$7
Quincy Bus Maintenance Facility- Early Action Demo	\$7
On- Call Track Repairs, III (RL/OL- Systemwide Modernization)	\$38
On- Call Roofing Transit Facilities	\$23
<b>Total</b>	<b>\$188</b>

Planned Construction Contracts FY22	
Contract Description	Est. Value (M)
Quincy Bus Maintenance Facility	\$235
Fiber Optic Resiliency (CR) - (Design Build)	\$75
South Station Tower 1	\$56
Radio Upgrades (Design Build)	\$55
Symphony Station Utility Improvements	\$20
Green Line Train Protection System Wayside Installation	\$11
On- Call Structures Repairs, III	\$10
Route 18 Pedestrian Bridge	\$10
Duct Bank Repairs	\$7
SCR- Offsite Traffic Improvements	\$6
Red Line Wayfinding	\$3
Long Wharf Emergency Egress	\$5
Worcester Side Platform & Waterproofing	\$3
Codman Yard Expansion & Improvements	TBD
AFC 2.0 Transformation One	\$15
SCR - Rte 18 Pedestrian Bridge	TBD
<b>Total</b>	<b>\$511</b>

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# Appendix



# Ridership Scenario Planning and Assumptions

- Three scenarios developed by MassDOT planning & OPMI contemplating ridership growth, the current public health pandemic, and employer operations
  - Scenarios 1 and 2 assume a “boost” in ridership in Fall 2021; while Scenario 3 sees a longer span of growth
- Modeled projections consistent with McKinsey & Company Future of Work report from July 2021 and APTA report by EBP US, Inc. from January 2021 on vehicle miles traveled (VMT)
- Initial modeling completed in October 2020 with an update in February 2021
- Actuals observed since March 2021 have remained within the projected scenario ranges
- **FMCB approved FY22 budget based on Scenario 3 projections due to actual observed data at the time of FY22 budget development**

## Scenario 1

Economic, demographic, and mobility patterns gradually return to mostly pre-COVID-19 conditions with slight increases in the number of teleworkers

## Scenario 2

Travel patterns diverge as consumers and employees adopt to a new normal, especially in light of new and emerging remote meeting and e-commerce technologies

## Scenario 3

The economic impacts of COVID-19 have depressed travel and mobility, especially on the MBTA, and telecommuting is standard practice

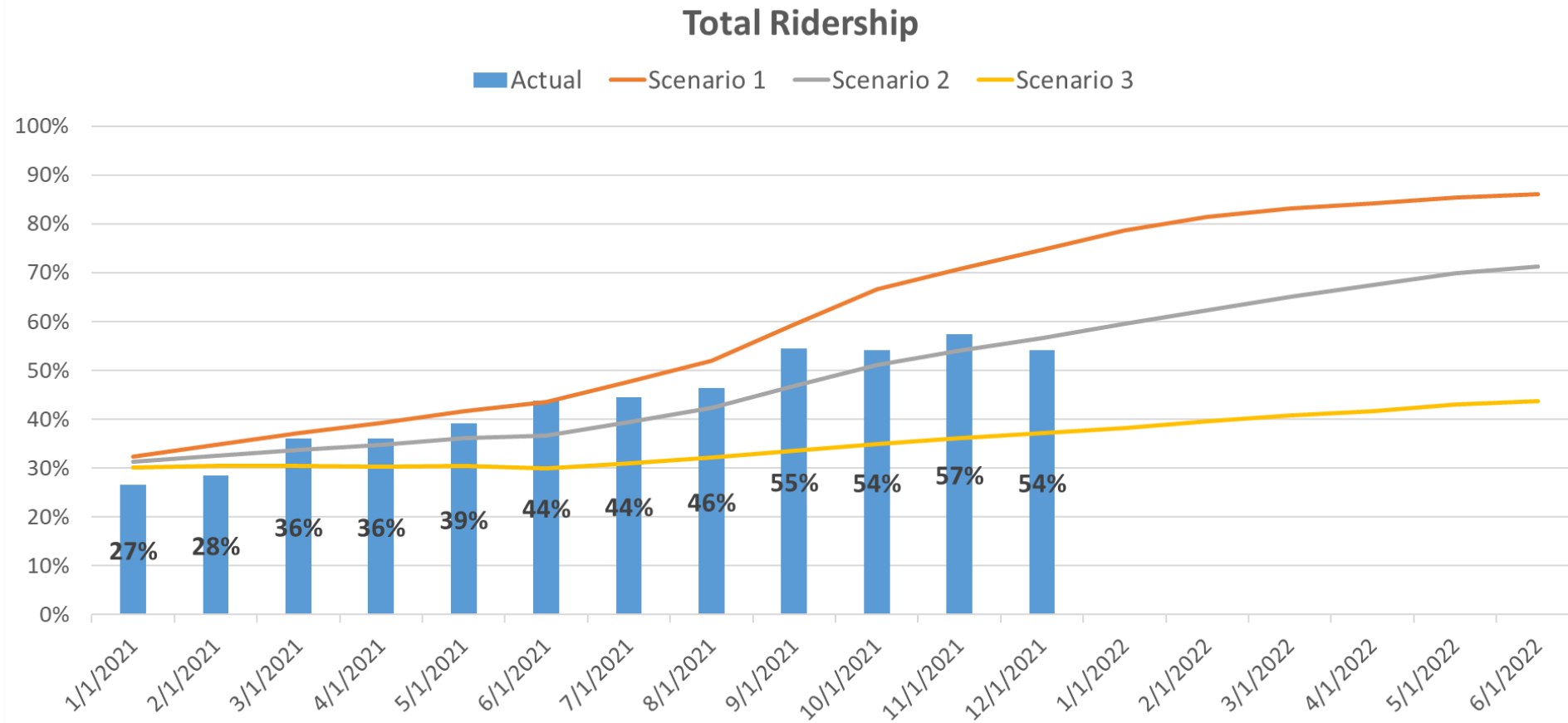
*\*Fare revenue scenario projections to be updated as needed if actual observed ridership consistently deviates outside the projected range*





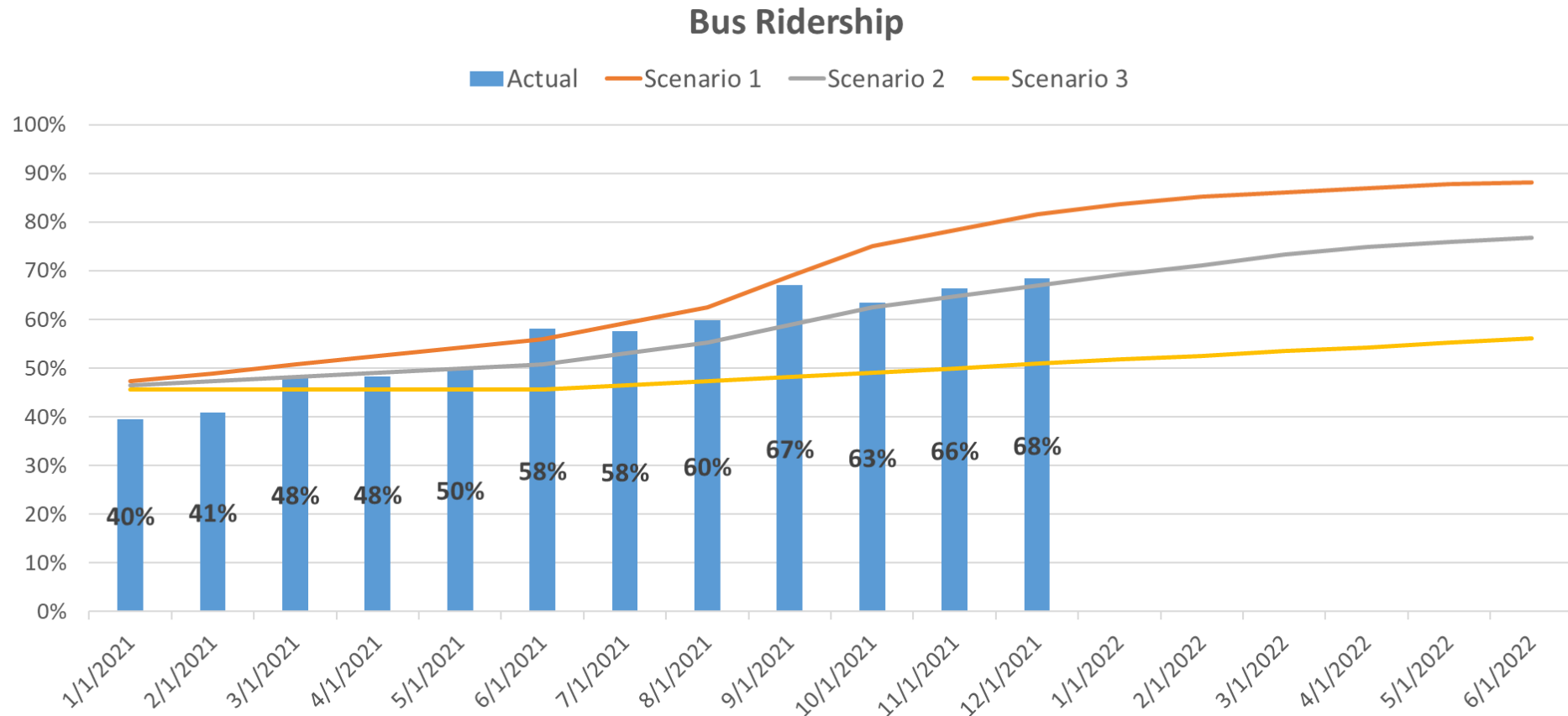
# Total Ridership

- Total ridership decreased to 54%, just below Scenario 2 projections



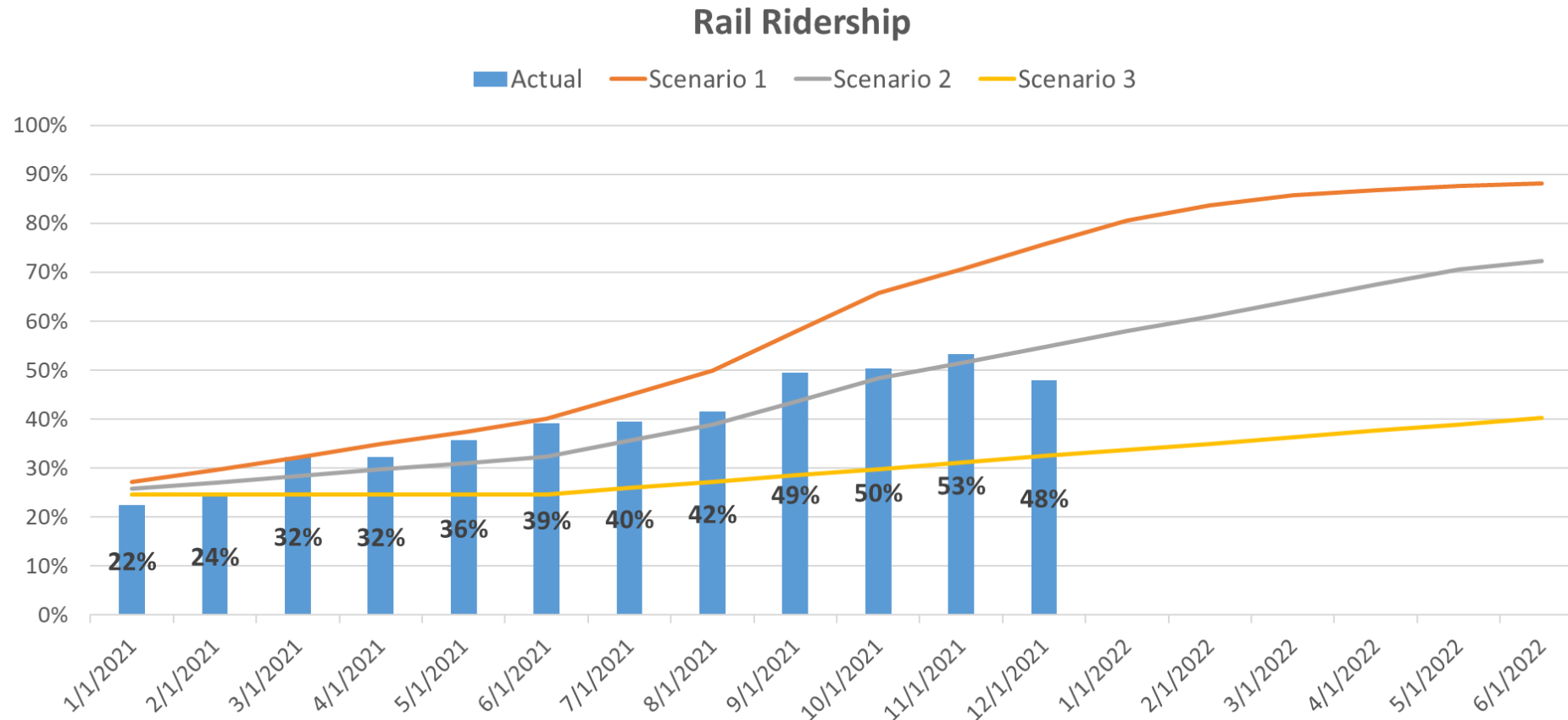
# Bus Ridership

- Bus ridership increased to 68%, aligned with Scenario 2 projections



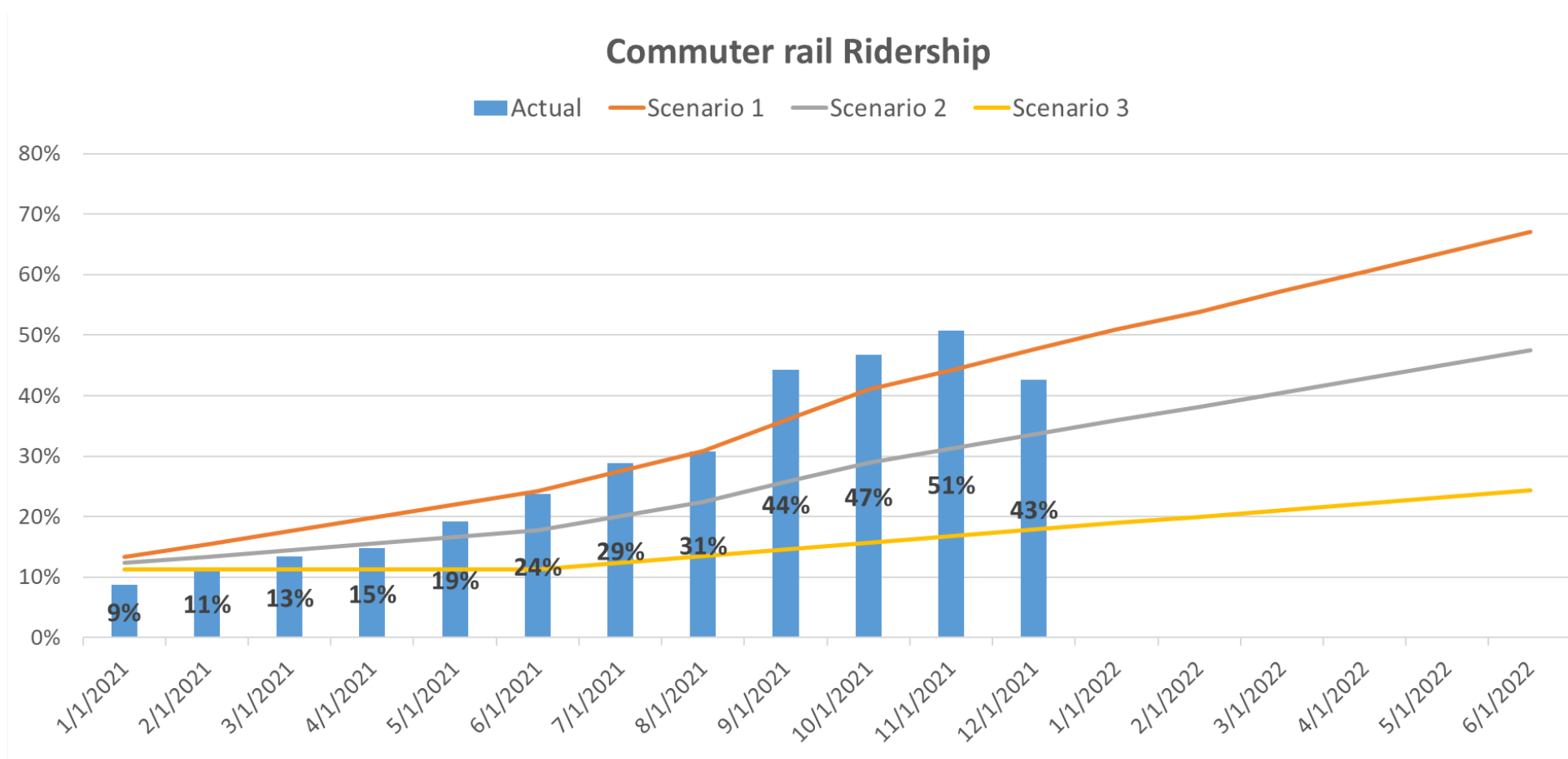
# Rail Ridership

- Rail ridership decreased to 48%, between Scenario 2 and Scenario 3 projections
- Prior month actuals may be updated as more data is recieved



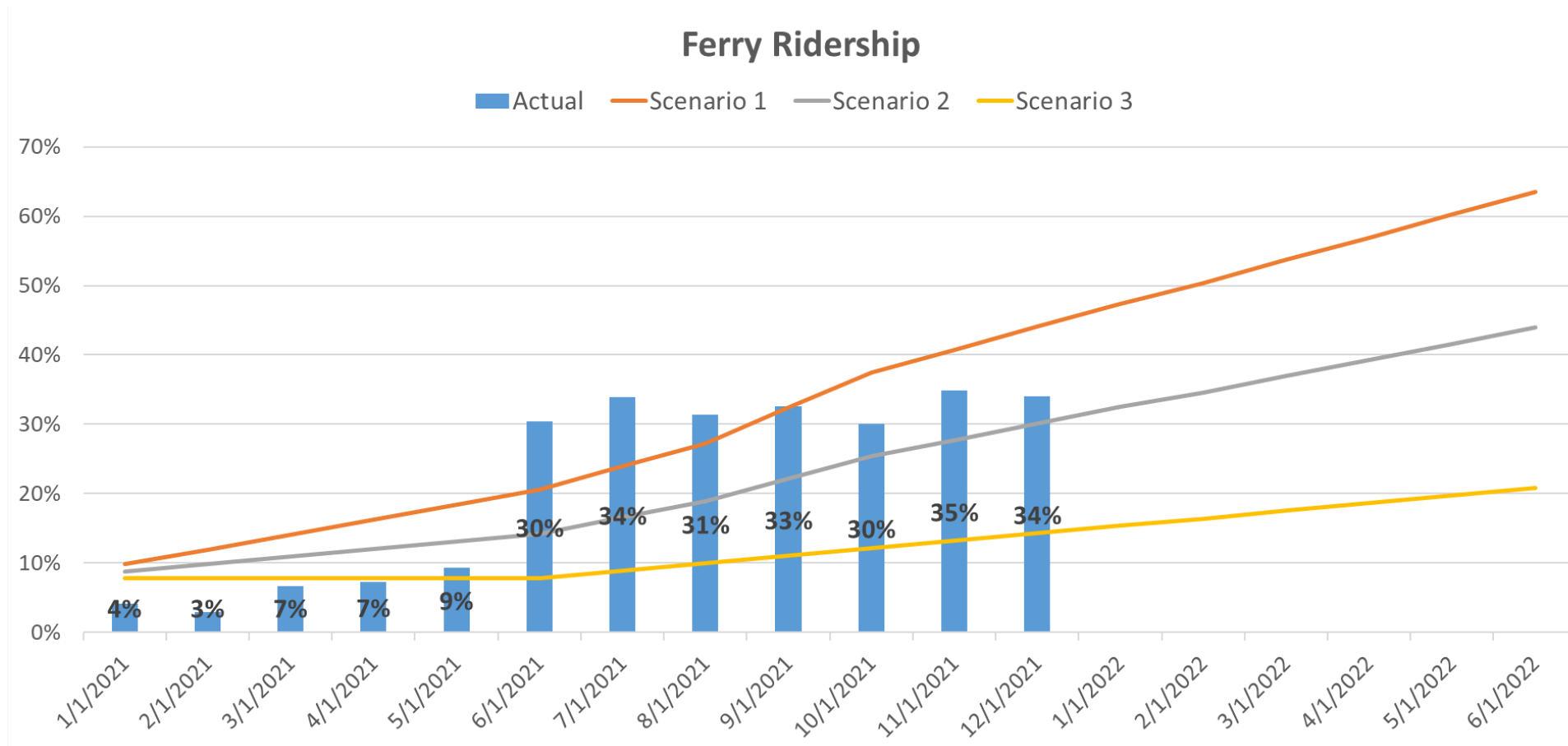
# Commuter Rail Ridership

- Commuter rail ridership decreased to 43%, between Scenario 1 and Scenario 2 projections



# Ferry Ridership

- Ferry ridership decreased to 34%, and has remained between 30%-35% since June 2021



# The RIDE Ridership

- The RIDE ridership has remained consistent at 57% over the last six months

