



MassDOT
FY24 Operating Budget
June 22, 2023

Overview: Key Priorities

- Invest in all modes of transportation to ensure every resident throughout the Commonwealth has access to safe and reliable transportation.
- Successful implementation of new laws: Work and Family Mobility Act (WFMA) and Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act (BIL)
- Further advance Diversity Equity and Inclusion (DEI) efforts and improve gateways to hire a more diverse staff
- Support climate resiliency and an increased emphasis on water transportation
- The budget includes funding for:
 - Ongoing operations and support of our Highway, Rail & Transit and Aeronautics Divisions and the Registry of Motor Vehicles
 - Increase in Highway staffing to help execute projects funded to by the BIL
 - Increases in RMV staffing, vendors, real estate leases, and technology to support WFMA implementation.
 - Continued expanded service for Valley Flyer, Hartford and Vermonter Service lines



Overview: Key Assumptions

- Commonwealth Transportation Fund (CTF) and Education and Transportation Funds (ETF) transfers are based on the lowest among Governor's House 1 (H.1), House, and SWM Budgets and may be further revised once the final budget is signed into law. If adjustments are made, we will come back before F&A and the Board to present an updated budget
- Budget assumes a CTF transfer of \$479.9M in FY24, which would be an overall increase of \$72.8M for operations, but funds Snow & Ice at \$45M, \$50M below FY23's level. The average 5 years non-toll snow and ice spending is \$90M (potential reliance on legislative supplemental funding if Snow & Ice expenditures exceed \$45M)
- Budget assumes ETF transfer of \$180M in FY24. It is the new Fair Share funding allocation that \$100M will be transferred to capital for projects and \$80M in operating for Regional Transit Authorities (RTA's) and ferry services
- Toll Revenue budgeted at pre-pandemic levels and is consistent with FY23 actual revenues
- Budget assumes RMV to spend \$28M for WFMA and is authorized to spend up to an extra \$32M if needed



Education and Transportation Fund

- In November 2022, the voters approved the Fair Share Amendment, which established a new 4% surtax on individuals who earn over \$1 million annually. This new revenue source is by statute dedicated to public education, public transportation and for the repair and maintenance of roads and bridges.
- \$1B is budgeted by the Governor and Legislature in FY24. The Budget creates a Education and Transportation Fund (ETF), with the current allocation half for each.
- Some of the core principles and themes that guided the spending proposals for Fair Share investments include:
 - Strengthening state-municipal partnerships to develop and implement critical local transportation projects
 - Preserving critical highway bridge infrastructure
 - Developing innovative service pilots and increasing rural connectivity for Regional Transit Authorities
 - Establishing a geographic and social-economic balance to achieve meaningful impact across diverse communities
 - Focusing across multi-modal methods of delivery: roadways, bikes, transit, rail, aviation, others



Education and Transportation Funds for DOT

\$ in millions	FY 2024 H.1	FY 2024 House	FY 2024 SWM
Municipal Partnership Programs (1596-2400)	100.0	0.0	0.0
Federal Matching Funds (1596-2401)	50.0	0.0	50.0
Highway Bridge Preservation (1596-2402)	100.0	100.0	50.0
Roadside Maintenance and Beautification (1596-2403)	14.0	0.0	0.0
Regional Transit Funding and Grants (1596-2406)	25.0	70.0	100.0
Palmer and Pittsfield Rail Projects (1596-2407)	12.5	0.0	0.0
Water Transportation (1596-2408)	2.5	10.0	5.0
Construction and Reconstruction of Municipal Ways (1596-2428)	0.0	0.0	100.0
TOTAL	304.0	180.0	305.0

Fair Share allocation for ETF is based on the House, the lowest among H.1 and SWM, a total of \$180M as the following or highlighted above:

- \$100M Highway Bridge Preservation for construction, preservation, reconstruction, and repair improvements of bridges, approaches and related infrastructure, including all elements that improve access for all modes of transportation
- \$70M RTAs for operating assistance and Grants
- \$10M Water Transportation for a pilot project including grants for operational assistance to ferry services
- The above table does not include ETF support of the MBTA



CTF Fund transfers

					\$ FY 2024 House vs		
Commonwealth Transfer Fund	FY 2023 Final	FY 2024 H.1	FY 2024 House	FY 2024 SWM	FY 2023 Final	FY 2024 H.1	FY 2024 SWM
MassDOT Operations (1595-6368)							
GAA:							
Non-Snow & Ice	362.1	433.9	434.9	433.9	72.8	1.0	1.0
Snow & Ice	95.0	95.0	45.0	95.0	(50.0)	(50.0)	(50.0)
Total GAA	457.1	528.9	479.9	528.9	22.8	(49.0)	(49.0)
Additional ANF Transfer	14.9	13.5	13.5	13.5	(1.4)	0.0	0.0
Total MassDOT Operations (1595-6368)	472.1	542.4	493.4	542.4	21.4	(49.0)	(49.0)
Regional Transit Authorities (1595-6370)	96.5	96.8	94.0	94.0	(2.5)	(2.8)	0.0
Merit Rating Board (1595-6379)	11.6	11.7	11.7	11.7	0.1	0.0	0.0
MassDOT Contract Assistance (Toll)	125.0	125.0	125.0	125.0	0.0	0.0	0.0

- CTF is based on the House release, which is the lower than H.1 and SWM
 - MassDOT non-snow and ice operations to receive a \$72.8M increase vs. FY23 Final
 - House funds Snow & Ice at \$45M, a decrease of \$50M compared to FY23 Final and assumes \$50M in Snow and Ice supplemental funding if needed
 - RTAs have a decrease of \$2.5M compared to FY23 Final. However additional funding is funded through ETF transfers. Please see ETF details on slide 5

Work and Family Mobility Act

- The WFMA allows all qualified residents of Massachusetts to apply for a Standard Driver's License, regardless of immigration status
- WFMA goes into effect on July 1st, 2023. Beginning on Monday, July 3, newly eligible individuals will be able to be served at appointments at RMV service centers
- The RMV anticipates ~105,000 unique applicants in the first 6 months, and ~280,000 unique applicants in the first 4 years. RMV expects high demand in the first 6 months
- The RMV has proactively updated their implementation plan to add several new elements. The plan benefits both existing eligible customers and new WFMA customers.
- In FY24 MassDOT has budgeted the RMV to spend \$28M, and if needed, authorizes RMV to spend up to an extra \$32M
 - The original estimated \$28M included additional hiring for service centers, contact center, and road test exams, technology costs, some facilities costs, Service Center lease amendments for extended hours, and translation/interpreter services
 - The updated estimated is to add \$32M to increase staff and salaries, create more road test exam sites, add a temporary helpline to augment their contact center, more finely account for vendor costs and hire third-party providers to temporarily administer road test exams
 - MassDOT has discussed with A&F the additional funding. Factors influencing the range in potential costs include:
 - The amount and duration of customer demand
 - The extent to which the RMV can hire to increased FTE levels and maintain those levels throughout the full fiscal year

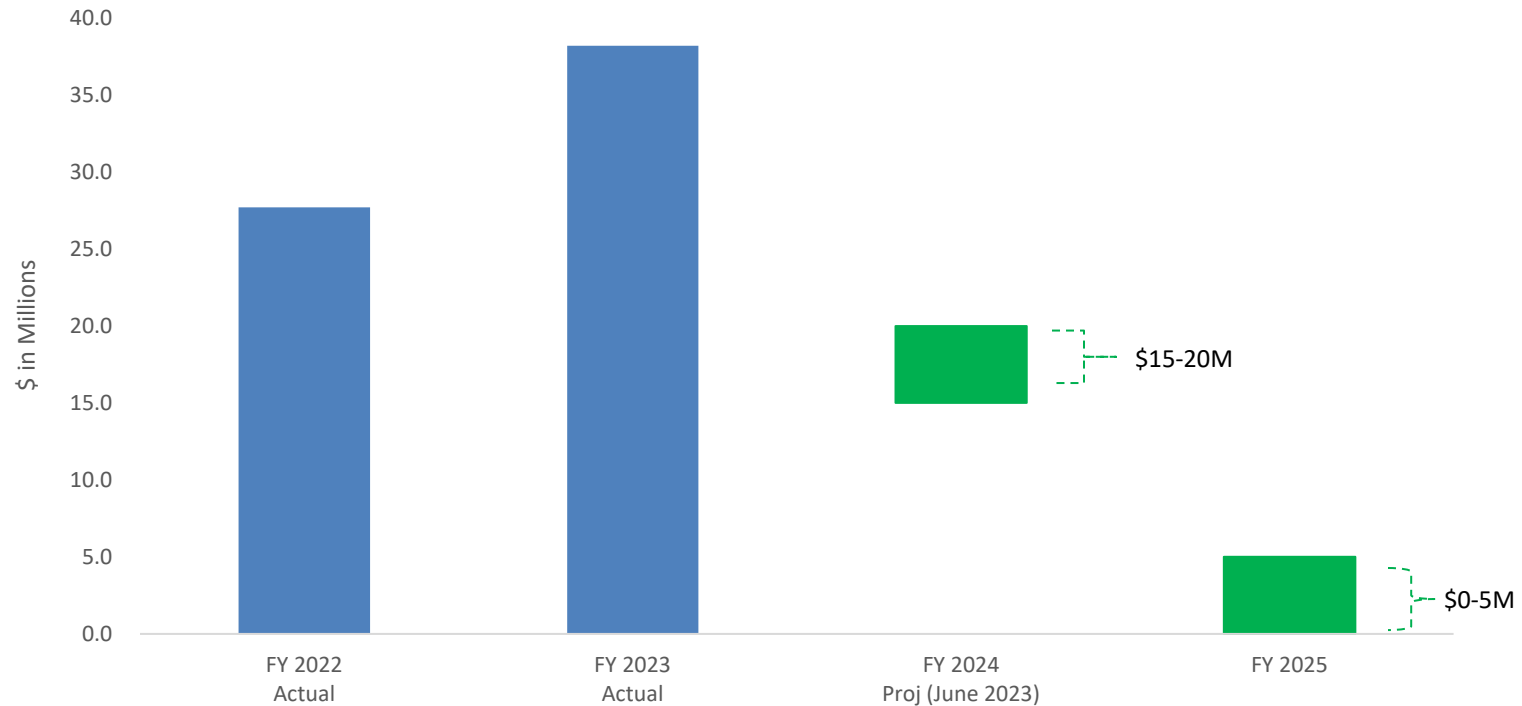


Non-Toll Operating

Non-Toll Operating

\$ in millions	FY 23 Budget	FY24 Budget	\$ Inc/Dec	Comments
REVENUE:				
Operating Revenue	31.9	34.1	2.2	Anticipated real estate sale transactions
Commonwealth Transportation Fund	565.2	585.6	20.4	Described on CTF slide# 6
Education and Transportation Fund	0.0	180.0	180.0	Described on ETF slide# 5
Federal Grants	24.0	30.1	6.1	Increase in Build Grant, Springfield Track Reconfiguration and East Deerfield Intermodal Grant
Motor Vehicle Inspection Trust Fund	57.4	57.3	(0.2)	
Investment Income	0.3	6.8	6.5	Reflects higher rate on investments
Total Revenue	678.8	893.8	215.0	
EXPENDITURES:				
Employee Compensation and Benefits	322.6	371.9	49.3	WFMA increase and BIL FTEs, COLA and Fringe increases
Office and Administrative Expenses	36.0	39.0	2.9	Energy costs, lease and postage increases
Professional Services	43.0	68.4	25.4	WFMA, Climate and water transportation and security rate contract increase
Construction and Maintenance	100.8	56.3	(44.5)	Net of reduction in snow and ice (\$50M) and increase in Federal Grants & WFMA
IT Services and Equipment	40.8	39.7	(1.1)	One-time timing payment in FY23
Materials, Supplies, and Equipment	5.6	6.4	0.7	
Grants, Subsidies, and ISA	118.3	186.1	67.8	ETF for RTA for operating assistance and grants
Total Expenditures	667.1	767.8	100.7	
Excess (deficit) Revenue over Expenditures	11.6	125.9	114.3	
Other Financing Sources/Uses:				
ANF/DOT Reserve	40.8	28.0	(12.9)	\$13.5M ANF COLA Reserve & \$14.5 DOT Reserve including \$9.9M fringe increase
Transfer out to Capital	(52.5)	(153.9)	(101.5)	ETF for capital projects
Total Other Financing Sources	(11.6)	(126.0)	(114.3)	
Net Revenue (Expense)	0.0	(0.0)	(0.0)	

Non-Toll Operating Reserve



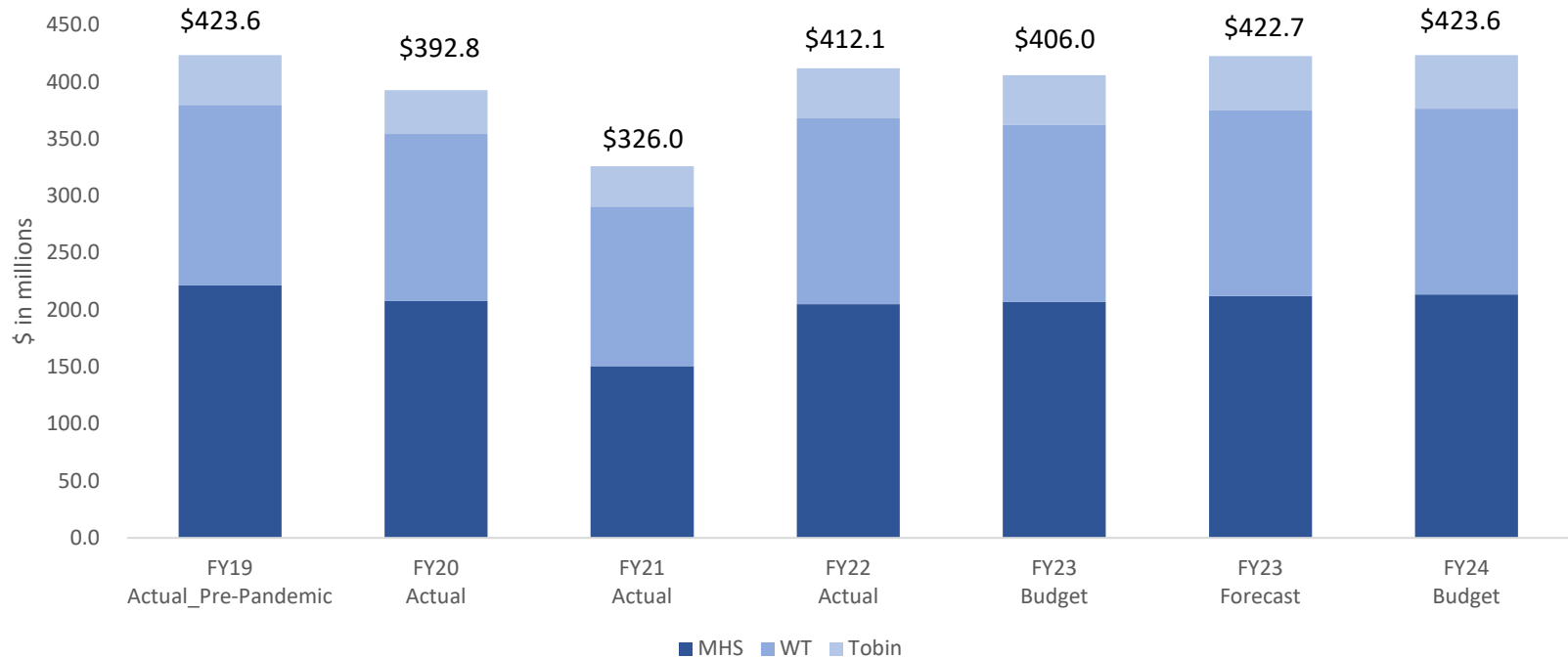
- FY24 projected beginning balance is \$15-20M
- FY24 Budget assumes a reserve draw of \$14M. The available balance beginning of FY25 is projected to be \$0-5M
- MassDOT budgets conservatively which frequently produces a larger year-end budget reserve than initially forecasted

Note: FY19 – FY25 reflects beginning balance
Non-Toll operating reserve not including MRB/RTAs



Toll Operating

Toll Collection

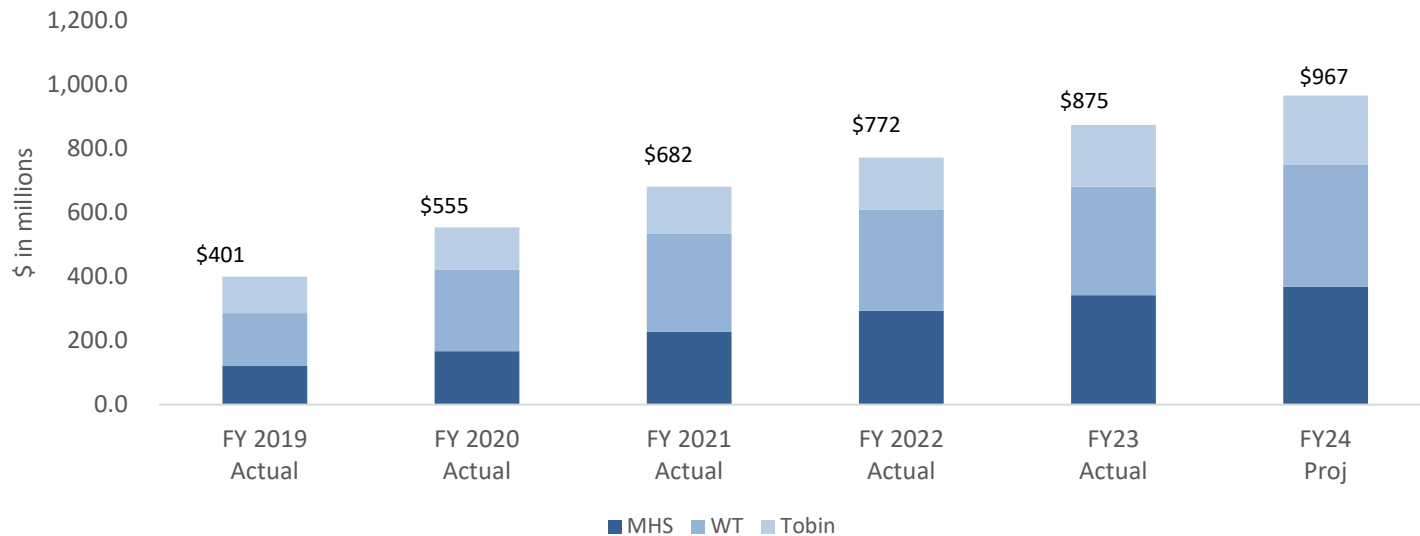


- FY24 budget is \$423.6M to be consistent with FY23 Forecast and at pre-pandemic levels
- MHS – Metropolitan Highway System, WT – Western Turnpike, Tobin – Tobin Bridge

Toll Operating

\$ in millions	FY 23 Budget	FY24 Budget	vs FY23 Budget	Comments
REVENUE:				
Toll Revenue:				
Operating Revenue	55.2	54.7	(0.5)	
Toll Collections	406.0	423.6	17.7	To be consistent with FY23 Actuals and pre-pandemic
Total Toll Revenue	461.1	478.3	17.2	
Commonwealth Transfers	125.0	125.0	0.0	
Investment Income	3.8	36.1	32.2	Reflects higher rate on investments
Total Revenue	589.9	639.4	49.4	
EXPENDITURES:				
Employee Compensation and Benefits	95.0	102.6	7.6	Primarily BIL FTEs, COLA and Fringe increases
Office and Administrative Expenses	33.5	34.6	1.0	Primarily electricity and fuel increase
Professional Services	58.7	65.4	6.7	Primarily credit card and law enforcement
Construction and Maintenance	16.1	16.4	0.3	
IT Services and Equipment	12.6	11.7	(0.9)	One-time timing payment in FY23
Materials, Supplies, and Equipment	10.8	10.8	0.0	
Grants, Subsidies, and ISA	1.7	1.7	(0.0)	
Debt Service	145.1	144.8	(0.3)	
Total Expenditures	373.4	387.9	14.5	
Excess (deficit) Revenue over Expenditures/Available for Capital	216.6	251.5	34.9	

Toll Reserve

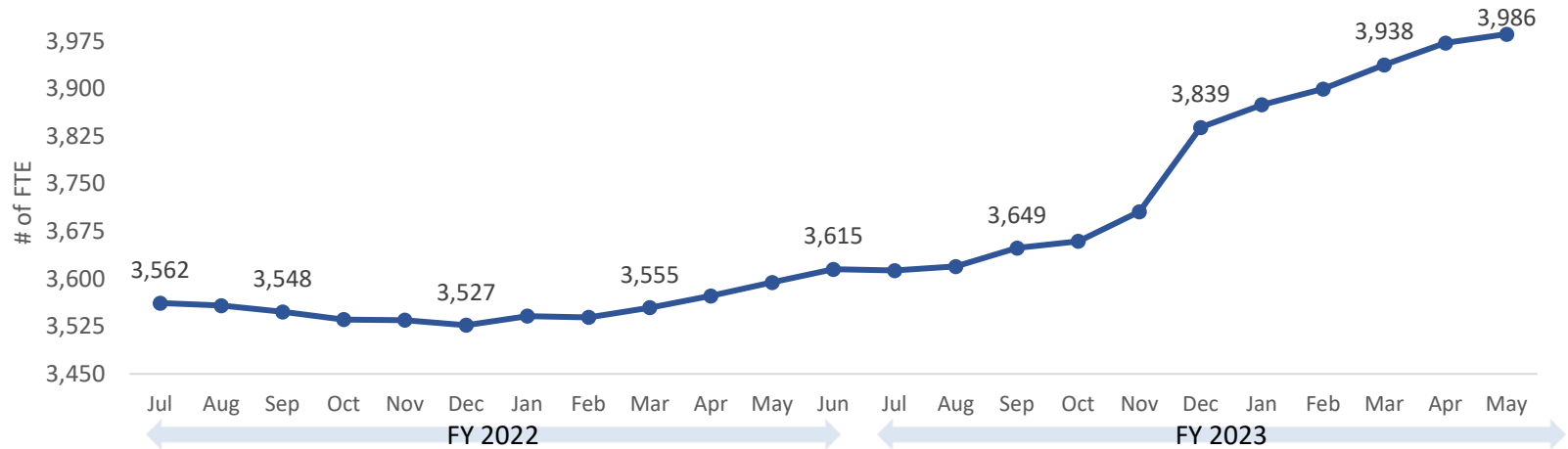


- Toll reserve is available to fund capital projects. Capital anticipates to draw down toll reserve as part of 5 years capital plans as the Highway Division encumbers new projects.
- The reserve balance has been increased in recent years due to increased toll transactions, several large real estate transactions and higher investment returns.
- Total Toll operating reserve balance including MHS, WT and Tobin is anticipated to be \$967M at the beginning of FY24; MHS \$369M, WT \$381M and Tobin \$217M



Note: FY19 – FY24 balance reflects beginning balance

Staffing Levels and FTEs



- Staffing levels continue to increase:
 - MassDOT began FY23 with 3,615 FTEs and are projected to finish FY23 at or above 4,000 FTEs.
- FY24 staffing levels will increase in the following areas:
 - **Highway Division:** Continues towards completing capital delivery hiring in support of BIL. Highway is currently onboarding its summer intern class, and MassDOT plans to make significant offers (contingent on graduation) prior to the end of summer.
 - **Registry Motor Vehicle:** Significant hiring is underway now and will continue throughout FY23 in support of the WFMA. Most of the hiring will focus on Customer Service Representative (CSRs) & Road Test Examiners (RTEs) to support the expected increase in customer volume.

Note: Monthly FTE reflects end of month pay period ending.



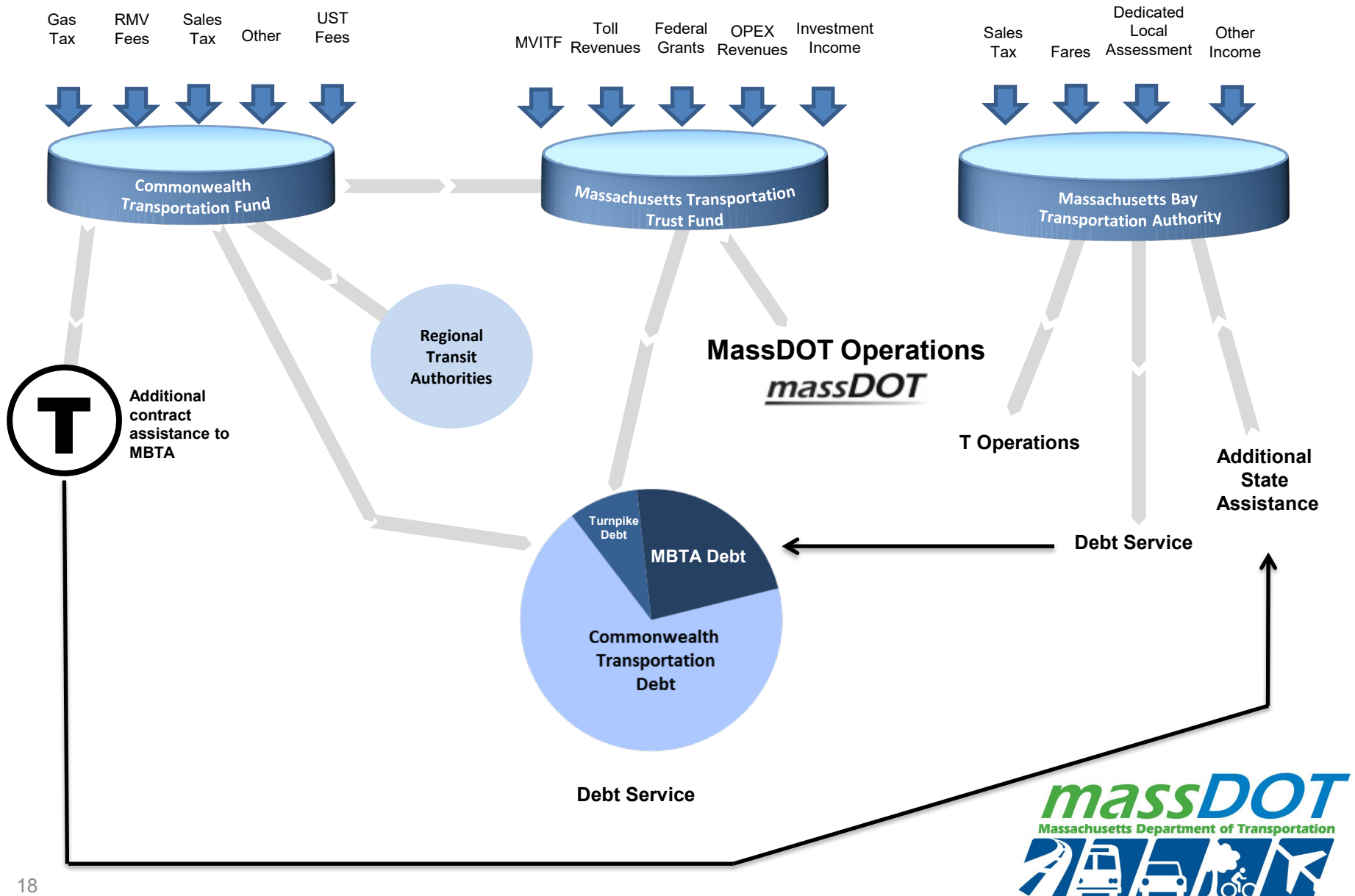
Request of the Board

VOTED:

That the Board of Directors of the Massachusetts Department of Transportation adopts the Fiscal Year 2024 Operating Budget for the Massachusetts Department of Transportation as presented during the June 22nd 2023 meeting of the Board.

Appendix

Transportation Funding in Massachusetts is Complicated



MassDOT's Budget

MassDOT's budget is divided into Toll and Non-Toll components

Key funding sources for the budget include legislative approved transfers from the CTF for:

- Operations (including Snow & Ice)
- Regional Transit Authorities (RTA's)
- Merit Rating Board (MRB)

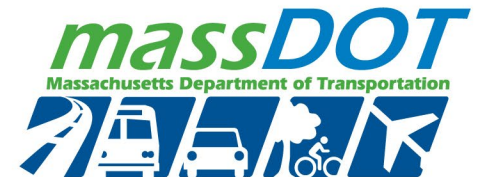
Other revenue sources include:

- Tolls
- Motor Vehicle Inspection Trust (MVITF)
- Federal Grants
- Own source revenues (primarily real estate)



Operating Revenue Assumptions

- Non-Toll and Toll Operating Revenue
 - Budgets for revenue generated through fees, permits, outdoor advertising, and bulk fuel chargeback are based on historical revenue received prior to pandemic and input from the departments
 - Budgets for rentals and property sales are based on input from the Office of Real Estate and Development (OREAD)
 - MVITF Revenue budget is based on the historical revenue received prior to pandemic
- Investment Income
 - Budget is based on average cash balance and Massachusetts Municipal Depository Trust rate



MassDOT's Budget: Non-Toll Operating Budget

- Funding is provided in the form of transfers from the CTF into the Massachusetts Transportation Trust Fund (MTTF) where it is added to departmental revenues, such as leases, real estate transactions and fee income
- The balance in the MTTF is available to DOT without further appropriation by the Legislature
- The Board approves the budget based on resources available in the MTTF but does not control the size of the CTF transfer, which is determined through the Commonwealth's budget process



MassDOT's Budget: Toll Operating Budget

- Funding is provided through toll collections and departmental revenues, such as leases and fees
- Revenues can only be used to fund expenses associated with toll road operations
- Net revenues remaining after all toll operating expenses and debt service obligations are paid are available to fund pay-go capital projects on the toll roads