

FY25 Operating Budget

June 18, 2024

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Overview: Key Assumptions

- Budget is based on the lowest Commonwealth Transportation Fund (CTF) and Education and Transportation Fund (ETF) among H.2, House, and SWM Budgets
- Budget assumes a CTF transfer of \$538M in FY25, which would be an overall increase of \$14M for operations, but funds Snow & Ice at \$35M, \$50M, below FY24's level. While the 5 year average for non-toll snow and ice spending is \$81M, MassDOT has deficiency spending authority for snow and ice up to \$50M and would request a future supplemental filing to cover any shortfall.
- Toll Collection is based on a forecast which is consistent with FY24 actual revenues.
- Builds in collective bargaining agreements and inflation adjustments across MassDOT.
- Sustains RMV funding to continue supporting the Work and Family Mobility Act (WFMA) and anticipated additional Real ID demand due to federal enforcement beginning May 7, 2025.

Commonwealth Transportation Fund

\$ in millions	FY24 GAA	FY25 H.2	FY25 House	FY25 SWM	FY25 SWM vs FY24 GAA Variance \$/%	
Non-Toll						
Operations (1595-6368)						
Non-Snow & Ice	437.0	503.0	503.0	503.0	66.0	15.1%
Snow & Ice	86.9	85.0	35.4	35.0	(51.9)	-59.7%
Total Operations (1595-6368)	523.9	588.0	538.4	538.0	14.1	2.7%
Regional Transit Authorities (1595-6370)	94.0	94.0	94.0	94.0	0.0	0%
Merit Rating Board (1595-6379)	11.7	11.7	11.7	11.7	0.0	0%
Total Non-Toll	629.6	693.7	644.0	643.7	14.1	2.2%
MassDOT Contract Assistance (Toll)	125.0	125.0	125.0	125.0	0.0	0%
MBTA Operating Budget Transfer (1595-6369)	187.0	314.0	315.0	314.0	127.0	68.0%

- Operations, excluding Snow & Ice, to receive a \$66.1M or 15% increase. This will support WFMA and the implementation of REAL ID-related demand, increase for payroll costs to reflect BIL efforts and collective bargaining agreements and various other administrative increases, including fringe and IT costs
 - Compared to H.2, House and SWM funds Snow and Ice at \$35M or a reduction of \$50M and assumes a Snow & Ice supplemental filing, if needed
- All versions of FY25 have doubled operating assistance to MBTA from \$127M to \$254M in FY25 and maintains pay-go capital to MBTA of \$60M

Education and Transportation Fund (Fair Share)

\$ in millions	FY24 GAA	FY25 H.2	FY25 House	FY25 SWM	FY25 H2 vs FY24 GAA Variance \$/%	
MassDOT						
Federal Matching Funds (1596-2401)	25.0	0.0	0.0	0.0	(25.0)	-100.0%
Highway Bridge Preservation (1596-2402)	50.0	0.0	0.0	0.0	(50.0)	-100.0%
Safety, Service, and Sustainability (1596-2409)	0.0	56.0	0.0	0.0	56.0	N/A
Regional Transit Funding and Grants (1596-2406)	90.0	75.0	90.0	120.0	(15.0)	-16.7%
Construction/Reconstruction of Municipal Ways (1596-2428)	100.0	124.0	25.0	125.0	24.0	24.0%
Municipal Owned Bridges and Culverts(1596-2503)	0.0	0.0	0.0	15.0	0.0	0.0%
TOTAL MassDOT	265.0	255.0	115.0	260.0	(10.0)	-3.8%
MBTA						
MBTA Workforce and Safety Reserve (1596-2427)	20.0	0.0	65.0	0.0	(20.0)	-100.0%
MBTA Means Tested Fares Pilot (1596-2405)	5.0	45.0	20.0	23.0	40.0	800.0%
MBTA Capital Investments (1596-2404)	180.8	0.0	75.0	0.0	(180.8)	-100.0%
MBTA Water Transportation (1596-2408)	5.7	0.0	5.0	7.5	(5.7)	-100.0%
MBTA Commuter Rail System Infrastructure (1596-2504)	0.0	0.0	0.0	24.5	0.0	0.0%
MBTA Academy Program (1596-2440)	0.0	0.0	40.0	0.0	0.0	0.0%
MBTA Ride Program (1596-2441)	0.0	0.0	35.0	0.0	0.0	0.0%
Total MBTA	211.5	45.0	240.0	55.0	(166.5)	-78.7%
Surtax Revenue Dedicated to CTF	0.0	250.0	250.0	250.0	250.0	N/A
TOTAL	476.5	550.0	605.0	565.0	73.5	15.4%

FY25 Non-Toll Operating

\$ in millions	General	MRB	MVITF	Federal Grants	Total FY25 Budget	FY24 Budget	vs FY24 Budget
REVENUE:							
Operating Revenue	34.5	0.0	0.0	0.0	34.5	34.1	0.4
Commonwealth Transportation Fund	632.0	11.7	0.0	0.0	643.7	629.6	14.1
Federal Grants	0.0	0.0	0.0	32.0	32.0	30.1	2.0
Motor Vehicle Inspection Trust Fund	0.0	0.0	58.9	0.0	58.9	57.3	1.7
Investment Income	6.6	0.0	0.5	0.0	7.1	6.8	0.4
Total Revenue	673.1	11.7	59.4	32.0	776.3	757.7	18.5
EXPENDITURES:							
Employee Compensation and Benefits	412.9	5.6	5.7	1.7	425.9	373.8	52.1
Office and Administrative Expenses	39.4	0.5	0.1	0.0	39.9	39.0	1.0
Professional Services	54.5	0.0	7.0	1.1	62.7	58.4	4.3
Construction and Maintenance	39.6	0.0	0.0	0.0	39.6	96.3	(56.7)
IT Services and Equipment	38.8	6.8	0.0	1.2	46.8	39.7	7.0
Materials, Supplies, and Equipment	7.0	0.1	0.0	0.0	7.1	6.4	0.7
Grants, Subsidies, and ISA	95.6	0.0	2.5	12.2	110.4	118.2	(7.8)
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditures	687.8	12.9	15.3	16.2	732.3	731.8	0.5
Excess (deficit) Revenue over Expenditures	(14.7)	(1.3)	44.1	15.9	44.0	25.9	18.1
Other Financing Sources/Uses:							
Interfund Transfer In / (Out)	44.1	0.0	(44.1)	0.0	0.0	0.0	0.0
DOT/ANF Reserve	20.6	1.3	0.0	0.0	21.9	28.0	(6.1)
Transfer out to Capital	(50.0)	0.0	0.0	(15.9)	(65.9)	(53.9)	(11.9)
Total Other Financing Sources	14.7	1.3	(44.1)	(15.9)	(43.9)	(26.0)	(18.0)
Net Revenue (Expense)	0.0	0.0	(0.0)	(0.0)	0.0	(0.0)	0.1

FY25 Toll Operating

\$ in millions	MHS	WT	Tobin	FY25 Budget	FY 24 Budget	vs FY24 Budget
REVENUE:						
Operating Revenue	21.2	37.3	0.1	58.6	54.7	3.8
Toll Collections	225.9	166.5	48.5	440.9	423.6	17.3
Total Toll Revenue	247.1	203.8	48.5	499.5	478.3	21.1
Commonwealth Transfers	125.0	0	0	125.0	125.0	0.0
Investment Income*	23.9	13.7	7.5	45.1	36.8	8.3
Total Revenue	396.0	217.5	56.1	669.6	640.1	29.5
EXPENDITURES:						
Employee Compensation and Benefits	57.0	44.3	9.1	110.5	102.6	7.8
Office and Administrative Expenses	25.7	7.9	2.8	36.4	34.6	1.8
Professional Services	35.4	27.9	5.8	69.1	65.4	3.7
Construction and Maintenance	9.7	6.8	0.4	17.0	16.4	0.6
IT Services and Equipment	7.1	6.0	0.0	13.2	11.7	1.5
Materials, Supplies, and Equipment	5.6	4.9	0.2	10.8	10.8	0.0
Grants, Subsidies, and ISA	1.6	0.1	0.0	1.7	1.7	0.1
Debt Service	145.5	0.0	0.0	145.5	144.8	0.7
Total Expenditures	287.7	98.0	18.4	404.2	387.9	16.3
Excess (deficit) Revenue over Expenditures/Available for Capital	108.3	119.5	37.7	265.4	252.2	13.2

Request of the MassDOT Board

It is requested that the Board of Directors approve the FY25 Operating Budget as presented and authorize the Chief Financial Officer to forward it to the Executive Office for Administration and Finance in compliance with MassDOT's enabling legislation.

Thank You



Appendix

Overview: Key Priorities

- Invest in all modes of transportation to ensure every resident throughout the Commonwealth has access to safe and reliable transportation.
- Continue investment in customer service and Registry of Motor Vehicles workforce.
- Include funding for ongoing operations and support of our Highway, Rail & Transit and Aeronautics Divisions and the Registry of Motor Vehicles.
- Continue focus on implementation of Bipartisan Infrastructure Law (BIL) and competitiveness for federal funds.
- Support climate resiliency and an increased emphasis on water transportation.
- Continue support for all 15 Regional Transit Authorities and fare equity programs.
- Increase Commonwealth Transportation Fund borrowing capacity by leveraging Fair Share revenues.
- Comply with employee safety regulations.

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 Fund (MVITF)
- Federal Grants
- Own source revenues (primarily real estate)

MassDOT's Budget: Non-Toll Operating Budget

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- 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 MassDOT 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

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

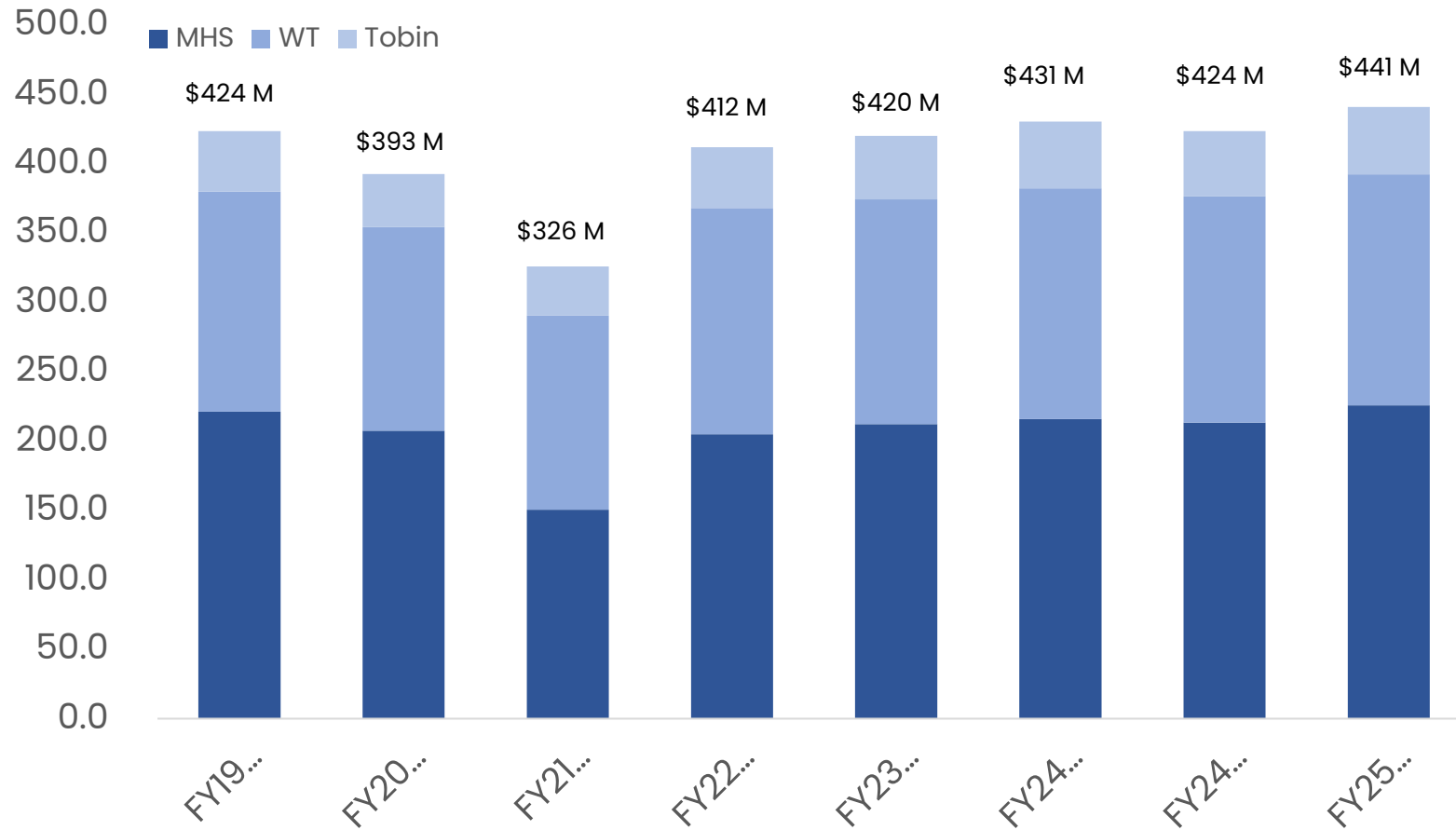
FY25 Non-Toll Operating

- Overall, revenues are \$18M higher compared to FY24 Budget
 - As described on Slide #4, CTF revenue increased by \$66M for Non-Snow & Ice Operations for payroll increases, WFMA, Fringe rate and IT. It is partially offset by the Snow & Ice reduction of \$52M in the House and SWM budget and assumes in supplemental funding, if needed
 - Increase in Federal Grants of \$2M
 - Increase in Motor Vehicle Inspection Trust Fund (MVITF) of \$2M to be consistent with prior year actuals
- Overall, expenses are level funded
 - Operations increase by \$56M primarily for payroll increases including collective bargaining agreements and steps increases, WFMA, IT and earmarks. It's partially offset in net Snow & Ice reduction of \$52M and assumes higher federal reimbursement for payroll on capital federal project
 - Increase in MVITF of \$2M for safety inspection and payroll costs
 - Reduction in Federal Grants operating of \$6M, more fund available for capital projects

FY25 Toll Operating

- Overall, revenues are \$29M higher compared to FY24 Budget
 - Toll Collection Revenue increased by \$17M with the assumption of higher debt collection through Debt Collection Agencies
 - Operating Revenue increased by \$4M for real estate sales transactions and increased Rental/Lease Income
 - Investment Income increased by \$8M for higher interest rates and balances
- Overall, expenses are \$14M higher compared to FY24 Budget primary for payroll, insurance, IT and consultants

FY25 Toll Operating – Toll Collection Revenue

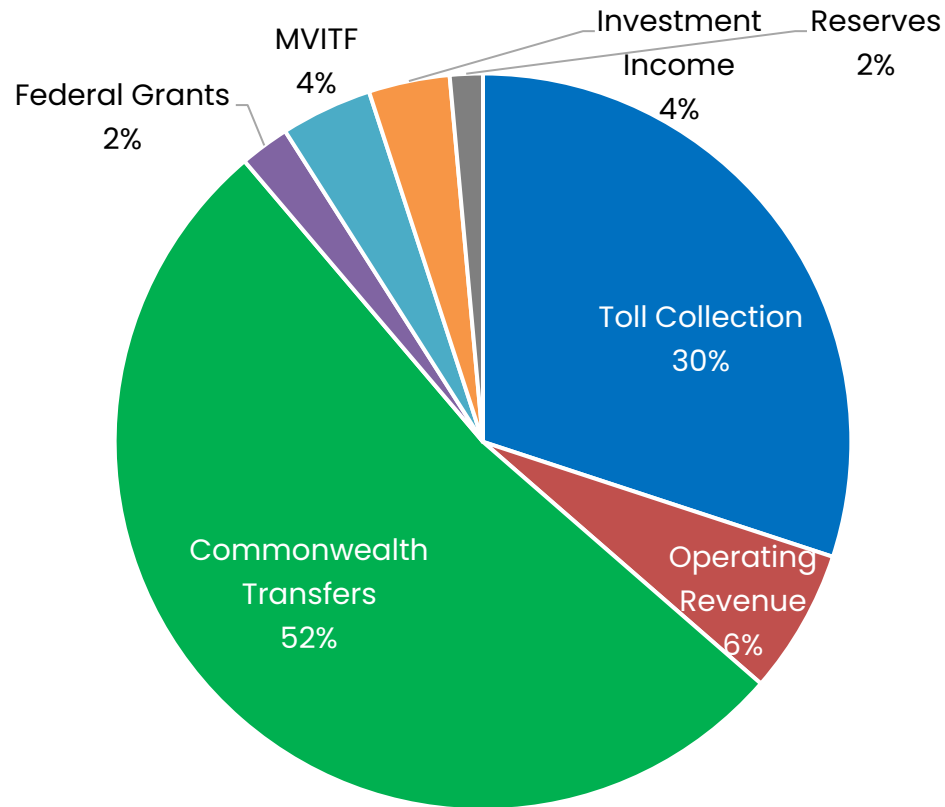


- FY25 Budget is based on the Stantec forecast of \$441M with the anticipation of higher debt collection through Debt Collection Agencies, growth and planned work on closure of the Summer Tunnel
- Per Stantec, Toll traffic has recovered from COVID-19 and a new normal reached in FY23 and has continued to grow

FY25 Combined Non-Toll & Toll

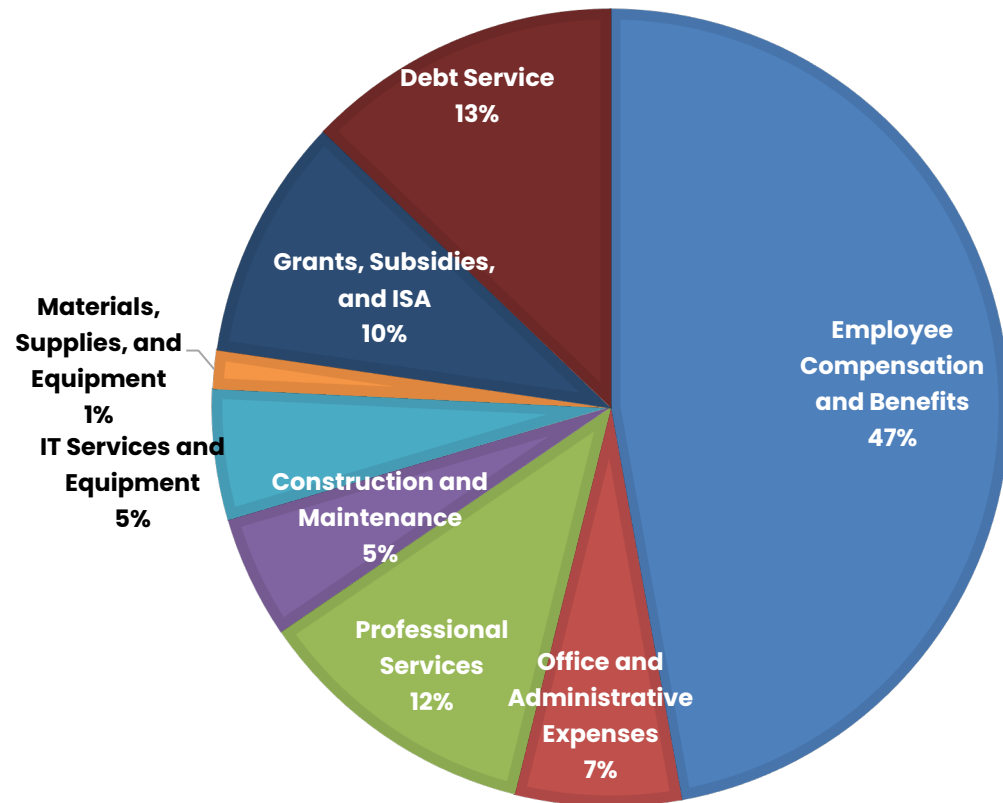
\$ in millions	Non-Toll	Toll	FY 25 Proposed	FY24 Budget	FY25 vs FY24
REVENUE:					
Operating Revenue	34.5	58.6	93.0	88.8	4.2
Toll Collection	0.0	440.9	440.9	423.6	17.3
Commonwealth Transportation Fund	644.0	125.0	769.0	754.6	14.5
Federal Grants	32.0	0.0	32.0	30.1	2.0
Motor Vehicle Inspection Trust Fund	58.9	0.0	58.9	57.3	1.7
Investment Income	7.1	45.1	52.3	43.6	8.7
Total Revenue	776.6	669.6	1,446.2	1,397.9	48.4
EXPENDITURES:					
Operation Non - Snow & Ice	558.5	394.2	952.7	882.5	70.2
Operation Snow & Ice	35.0	7.8	42.8	94.7	(52.0)
Regional Transit Authority	94.0	0.0	94.0	94.0	0.0
Merit Rating Boards	12.9	0.0	12.9	12.5	0.5
Motor Vehicle Inspection Trust Fund	15.3	0.0	15.3	13.4	1.9
Federal Grants	16.2	0.0	16.2	22.6	(6.4)
Total Expenditures	732.0	402.0	1,133.9	1,119.7	14.2
Excess (deficit) Revenue over Expenditures	44.7	267.6	312.3	278.2	34.1
Other Financing Sources/Uses:					
DOT/ANF Reserve	21.2	0.0	21.2	28.0	(6.8)
Transfer out to Capital (payroll)	(65.9)	(267.6)	(333.5)	(306.2)	(27.3)
Total Other Financing Sources	(44.6)	(267.6)	(312.3)	(278.1)	(34.1)
Net Revenue (Expense)	0.0	0.0	0.0	0.0	0.0

FY25 Non-Toll & Toll Revenue Combined Breakdown



- 82% of MassDOT revenues are Commonwealth Transfers and Toll Collections. 12% are others including Own Source revenue, MVITF, Federal Grants, Investment income and Reserves

FY25 Non-Toll & Toll Expense Combined Breakdown



- 47% of MassDOT Expenses are Employee Compensation and Benefits and 53% are Non-Payroll (including Debt Service, Grants, Subsidies, and ISA, Professional Services, Office and Administrative, Construction and Maintenance, IT and Materials, Supplies and Equipment)