

FY26 Operating Budget

June 11, 2025



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Notable Items and Assumptions

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- To take a conservative approach, our proposed Operating Budget is based on the House version of the Commonwealth Transportation Fund (CTF) budget. The lowest among the H.1, House, and Senate proposals. CTF funding accounts for 72% of MassDOT's non-toll operating budget.
- Assumes a \$578 million transfer from the Commonwealth Transportation Fund (CTF) for non-toll operations, including \$55 million from Fair Share revenues. Representing a net increase of \$39 million.
 - Funds Snow & Ice at \$40M, \$5M above FY25's level. While the 5-year average for non-toll snow and ice spending is \$83M, DOT will rely on \$50M in deficiency spending authority to address shortfalls. Final could be as low as \$35M (Senate version).
 - Dedicated funding to increase staffing levels for MassDOT operations and strengthen capital program delivery.
- Assumes a CTF transfer of \$204M for continued investment in Regional Transit Authorities (RTAs) to sustain prior year funding levels, including \$110M from Fair Share revenues to maintain fare equity and service needs.
- Level Funds Merit Rating Board
- \$100M for debt service on new CTF bonds from Fair Share Funding
- Toll Collection Revenue is based on projected forecasts

Commonwealth Transportation Funds

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\$ in millions	FY25 GAA*	FY26 H.1**	FY26 House**	FY26 Senate**	House vs FY25 GAA Variance \$/%	
Non-Toll						
Operations	538.6	617.6	577.8	572.6	39.2	7%
Non-Snow & Ice	503.6	537.6	537.8	537.6	34.2	7%
Snow & Ice	35.0	80.0	40.0	35.0	5.0	14%
Regional Transit Authorities	204.0	204.0	204.0	214.0	0.0	0%
Merit Rating Board	11.7	11.7	11.7	11.7	0.0	0%
Total Non-Toll	754.3	833.3	793.5	798.3	39.2	5%
MassDOT Contract Assistance (Toll)	125.0	125.0	125.0	125.0	0.0	0%
Total MassDOT	879.3	958.3	918.5	923.3	39.2	4%

*FY25 GAA includes \$60M for operations and \$110M for RTAs from Fair Share funding

**FY26 H.1/House Budget includes \$55M for operations and \$110M for RTAs from Fair Share funding; Senate includes \$52M for operations and \$120M for RTAs from Fair Share Funding

Education and Transportation Fund (Fair Share)

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\$ in millions	FY25 GAA	FY25 H.1 Supp	FY25 House Supp	FY25 Senate Supp	FY26 H.1	FY26 House	FY26 Senate	House vs FY25 GAA Variance \$/%
CTF Debt Service	63.0	0.0	0.0	0.0	100.0	100.0	78.0	37.0 59%
MassDOT	215.0	77.5	63.9	275.1	165.0	165.0	172.0	(50.0) -23%
Municipal Bridge	0.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0 0%
MassDOT Service Investments	60.0	17.5	0.0	0.0	55.0	55.0	52.0	(5.0) -8%
MicroTransit and Last Mile Innovation Grants	0.0	10.0	0.0	10.0	0.0	0.0	0.0	0.0 0%
Regional Transit Funding and Grants	110.0	25.0	25.0	75.0	110.0	110.0	120.0	0.0 0%
Local One Time Projects	0.0	0.0	28.9	0.1	0.0	0.0	0.0	0.0 0%
Municipal Unpaved Road Support	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0 0%
Supplemental C90/Rural Road Aid	45.0	0.0	0.0	165.0	0.0	0.0	0.0	(45.0) -100%
Winter Resilience Assistance Program (WRAP)	0.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0 0%
MBTA	260.5	780.0	793.0	395.0	500.0	500.0	350.0	239.5 92%
TOTAL	538.5	857.5	856.9	670.1	765.0	765.0	600.0	226.5 42%

- FY26 Fair Share budget is based on House of \$165M in MassDOT support which is \$50M lower compared to FY25 GAA

Non-Toll Operating

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\$ in millions	General*	MRB	MVITF	Federal Grants	FY 26 Budget Proposed	FY25 Budget	vs FY25 Budget
REVENUE:							
Operating Revenue	37.4	0.0	0.0	0.0	37.4	34.5	2.9
Commonwealth Transportation Fund	781.8	11.7	0.0	0.0	793.5	754.3	39.2
Federal Grants	0.0	0.0	0.0	35.2	35.2	32.0	3.1
Motor Vehicle Inspection Trust Fund	0.0	0.0	59.2	0.0	59.2	58.9	0.3
Investment Income	5.2	0.0	0.5	0.0	5.7	7.1	(1.4)
Total Revenue	824.5	11.7	59.7	35.2	931.0	886.9	44.2
EXPENDITURES:							
Employee Compensation and Benefits	438.2	6.2	5.7	1.7	451.8	425.9	25.9
Office and Administrative Expenses	42.8	0.5	0.1	0.0	43.4	39.9	3.5
Professional Services	52.4	0.0	7.8	1.2	61.5	62.9	(1.4)
Construction and Maintenance	45.1	0.0	0.0	0.0	45.1	39.6	5.5
IT Services and Equipment	44.9	6.9	0.0	1.0	52.8	46.8	6.0
Materials, Supplies, and Equipment	6.4	0.1	0.0	0.0	6.5	6.5	(0.0)
Grants, Subsidies, ISA and Debt Service	207.2	0.0	2.9	15.7	225.8	221.3	4.5
Total Expenditures	837.1	13.7	16.5	19.6	886.9	842.8	44.1
Excess (deficit) Revenue over Expenditures	(12.7)	(2.0)	43.2	15.6	44.1	44.0	0.1
Other Financing Sources	12.7	2.0	(43.2)	(15.6)	(44.1)	(44.0)	(0.2)
Net Revenue (Expense)	0.0	0.0	0.0	(0.0)	0.0	0.0	(0.0)

Toll Operating

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\$ in millions	MHS	WT	Tobin	FY26 Proposed Budget	FY 25 Budget	vs FY25 Budget
REVENUE:						
Operating Revenue	19.6	38.9	0.1	58.5	58.6	(0.1)
Toll Collections	226.9	164.3	46.7	437.9	440.9	(3.0)
Total Toll Revenue	246.4	203.2	46.8	496.4	499.5	(3.1)
Commonwealth Transfers	125.0			125.0	125.0	0.0
Investment Income	22.3	12.5	6.9	41.7	45.1	(3.5)
Total Revenue	393.7	215.7	53.6	663.0	669.6	(6.6)
EXPENDITURES:						
Employee Compensation and Benefits	59.8	46.9	5.4	112.0	110.5	1.6
Office and Administrative Expenses	25.7	8.0	2.9	36.6	36.4	0.3
Professional Services	34.6	26.4	4.5	65.4	69.1	(3.7)
Construction and Maintenance	11.2	7.7	0.5	19.5	17.0	2.5
IT Services and Equipment	8.0	6.9	0.0	14.9	13.2	1.7
Materials, Supplies, and Equipment	6.1	5.1	0.1	11.2	10.8	0.5
Grants, Subsidies, and ISA	1.6	0.1	0.0	1.7	1.7	(0.0)
Debt Service	136.6	0.1	0.0	136.7	145.5	(8.8)
Total Expenditures	283.5	101.2	13.5	398.1	404.2	(6.1)
Available for Capital	110.2	114.5	40.2	264.9	265.4	(0.5)

MHS = Metropolitan Highway System WT = Western Turnpike

Non-Toll & Toll Operating Combined

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(\$ in millions)	Non-Toll	Toll	FY26 Budget	FY 25 Budget	vs FY25 Budget
REVENUE:					
Toll Collection	0.0	437.9	437.9	440.9	(3.0)
Operating Revenue	37.4	58.5	95.9	93.0	2.9
Commonwealth Transfers	793.5	125.0	918.5	879.3	39.2
Federal Grants	35.2	0.0	35.2	32.0	3.1
Motor Vehicle Inspection Trust Fund	59.2	0.0	59.2	58.9	0.3
Investment Income	5.7	41.7	47.4	52.3	(4.9)
Total Revenue	931.0	663.0	1,594.1	1,556.5	37.6
EXPENDITURES:					
Employee Compensation and Benefits	451.8	112.0	563.9	536.4	27.5
Office and Administrative Expenses	43.4	36.6	80.0	76.3	3.7
Professional Services	61.5	65.4	126.9	132.0	(5.1)
Construction and Maintenance	45.1	19.5	64.6	56.5	8.0
IT Services and Equipment	52.8	14.9	67.6	60.0	7.7
Materials, Supplies, and Equipment	6.5	11.2	17.7	17.3	0.5
Grants, Subsidies, ISA and Debt Service	225.8	138.4	364.2	368.6	(4.3)
Total Expenditures	886.9	398.1	1,285.0	1,247.0	38.0
Excess (deficit) Revenue over Expenditures	44.1	264.9	309.1	309.4	(0.4)
Other Financing Sources	(44.1)	(264.9)	(309.1)	(309.4)	0.3
Net Revenue (Expense)	0.0	0.0	0.0	0.0	(0.0)

Request of the MassDOT Board of Directors

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Staff requests that the Finance and Audit Committee recommend the MassDOT Board of Directors approve the FY26 Budget as presented.

Thank You



Appendix

MassDOT's Budget

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

Key funding sources for the budget include legislatively 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

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- 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

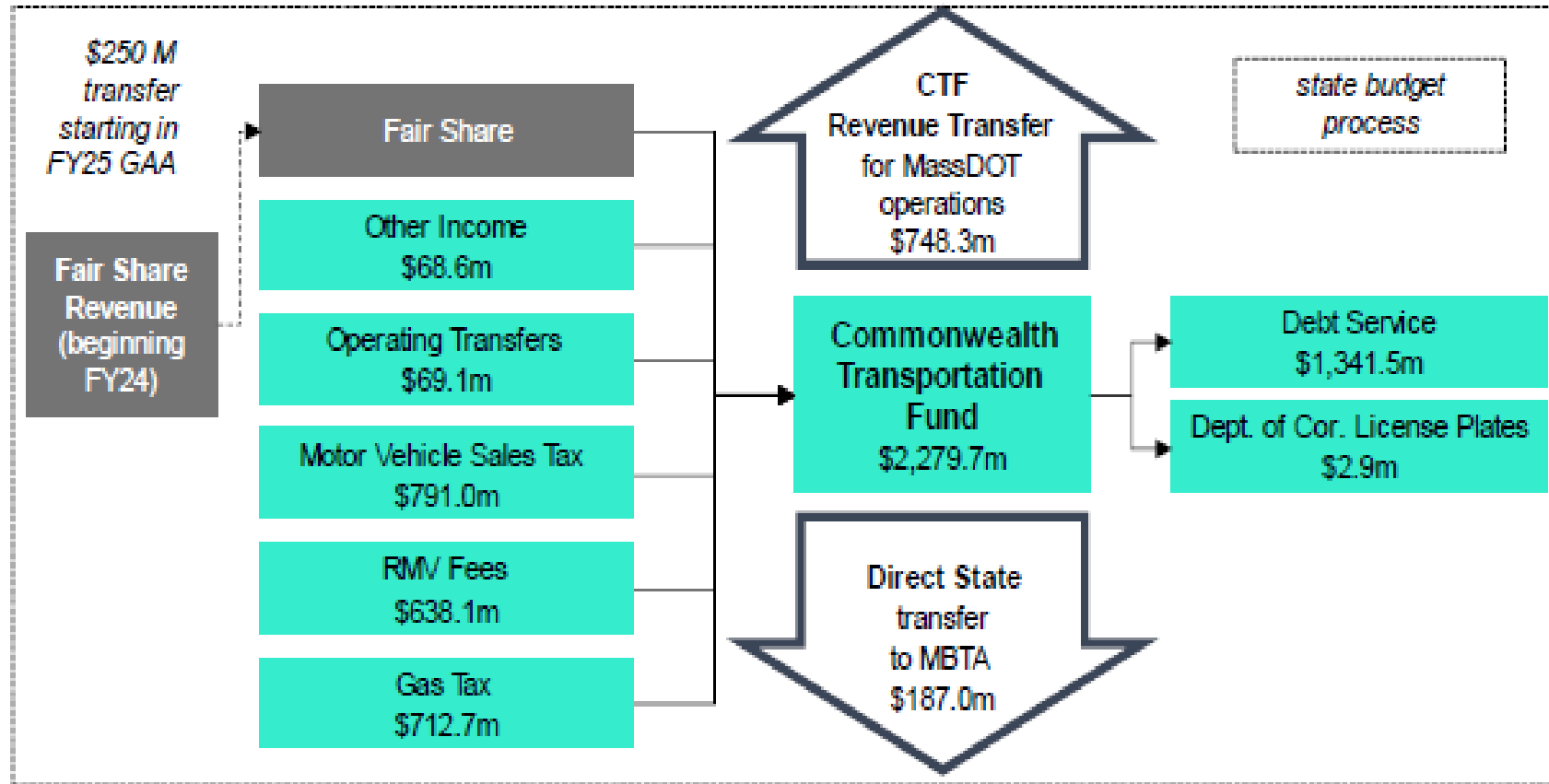
Operating Revenue Assumptions

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- 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

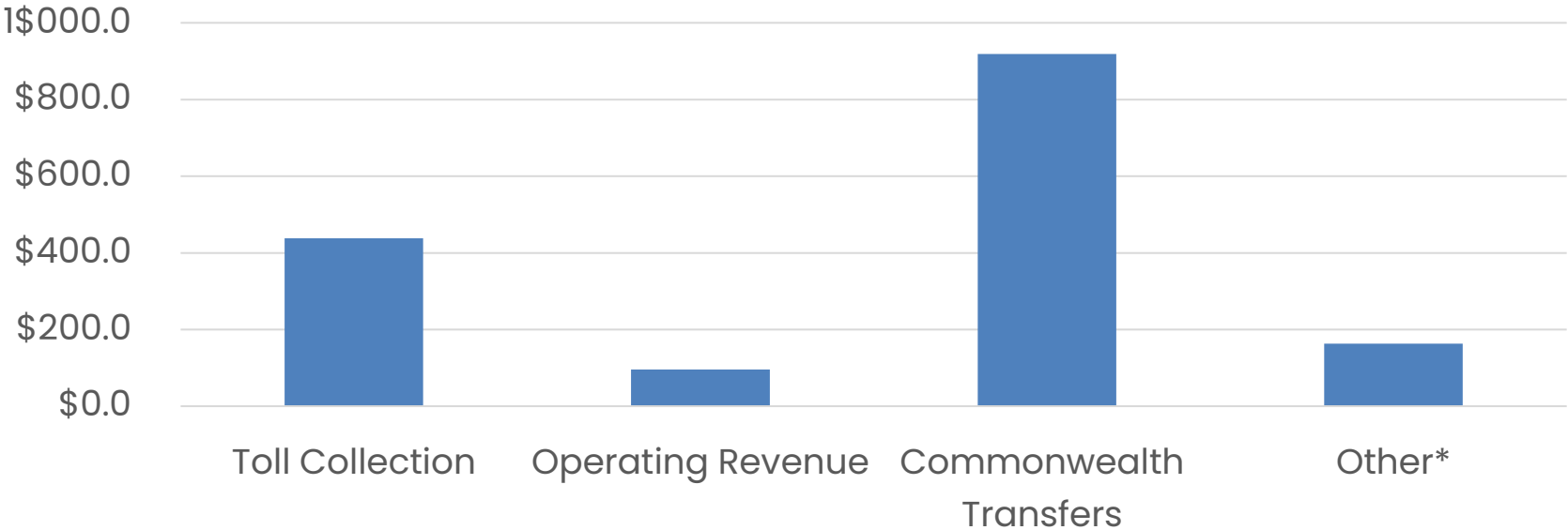
Transportation Operating Funding Structure*

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*Reflects FY24 Actuals

FY26 Toll & Non-Toll Funding Sources (page 1)



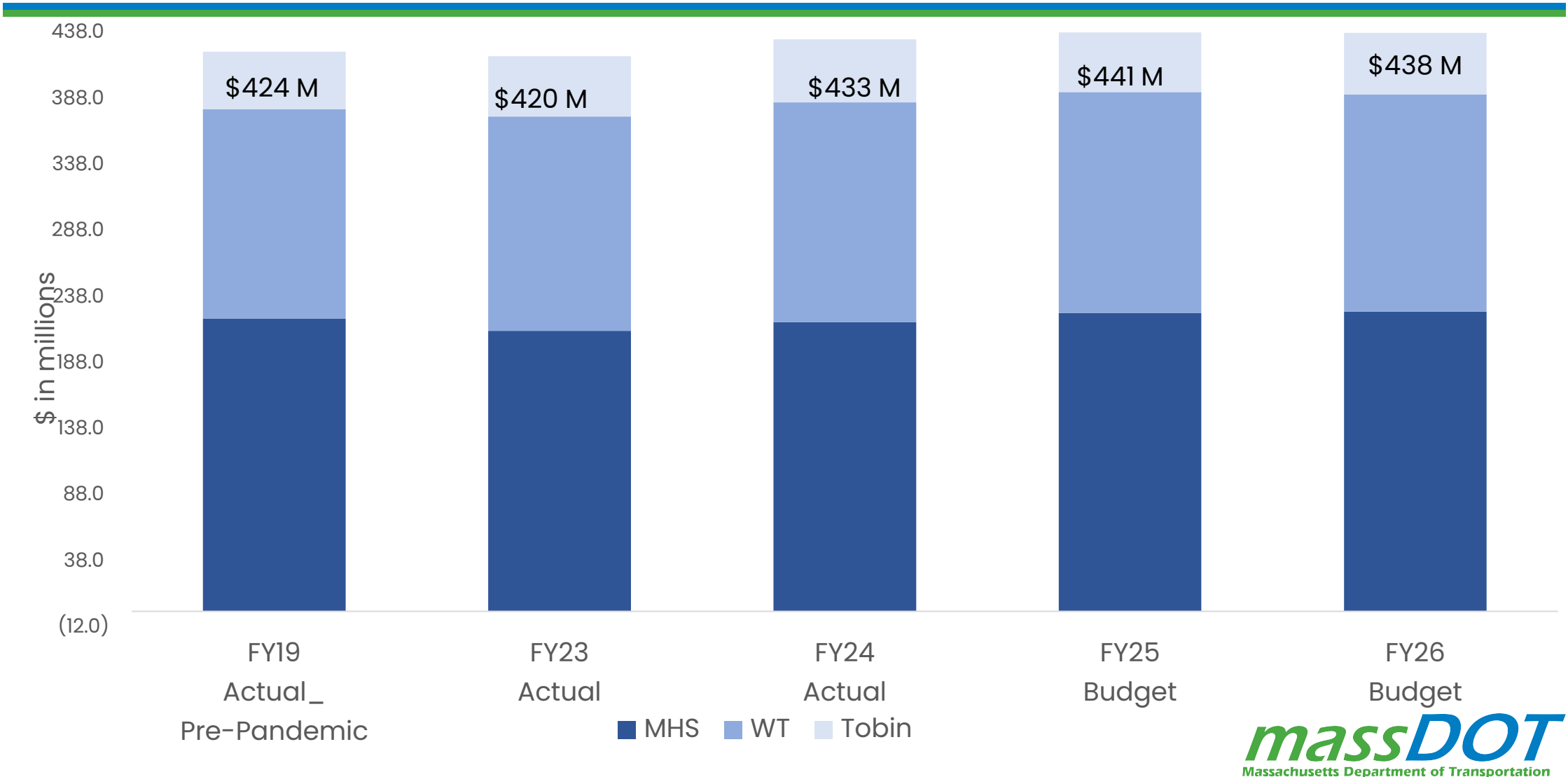
Other includes \$59M Motor Vehicle Inspection Trust Fund, \$47M Investment Income, \$35M Federal Grants and \$22M Reserve

FY26 Toll & Non-Toll Funding Sources (page 2)

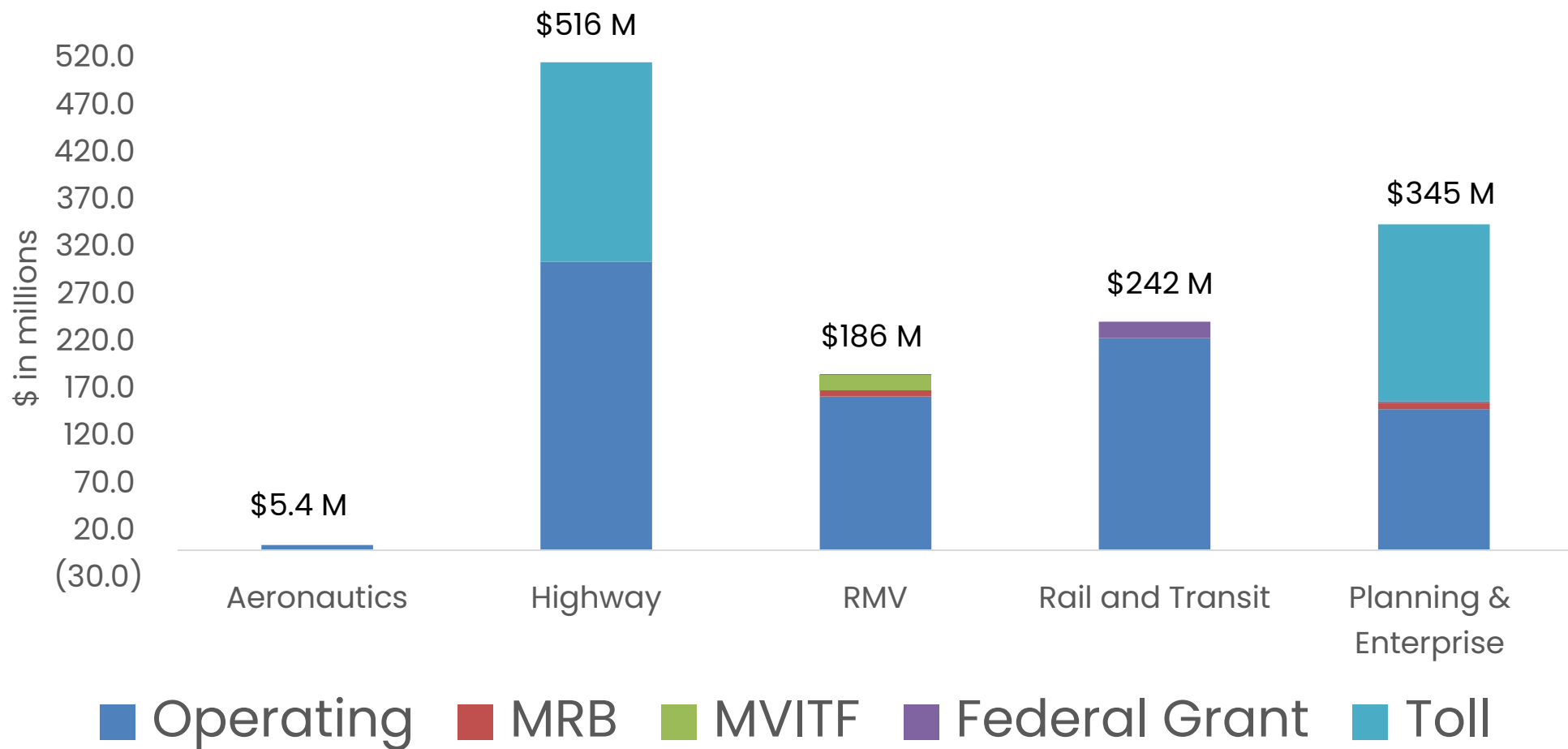
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- **Commonwealth Transfer Fund:** Funds by the state. CTF receives its primary funding from motor fuel taxes, motor vehicle sales taxes, and departmental fees
- **Toll Collection:** Includes revenues generated by Metropolitan Highway System, Tobin Bridge, and Western Turnpike
- **Operating Revenue:** Revenue received mainly from departmental, rental and lease, real estate transactions, outdoor advertising, permits and bulk fuel chargeback
- **Motor Vehicle Inspection Trust Fund (MVITF):** Revenue received from a portion of the motor vehicle inspection fee
- **Investment Income:** Interest earned from the Massachusetts Municipal Depository rate and outstanding cash balances
- **Federal Grants:** Financial awards provided by the Federal government
- **Reserves:** Unspent funds from prior years roll to current year

Toll Collection Revenue

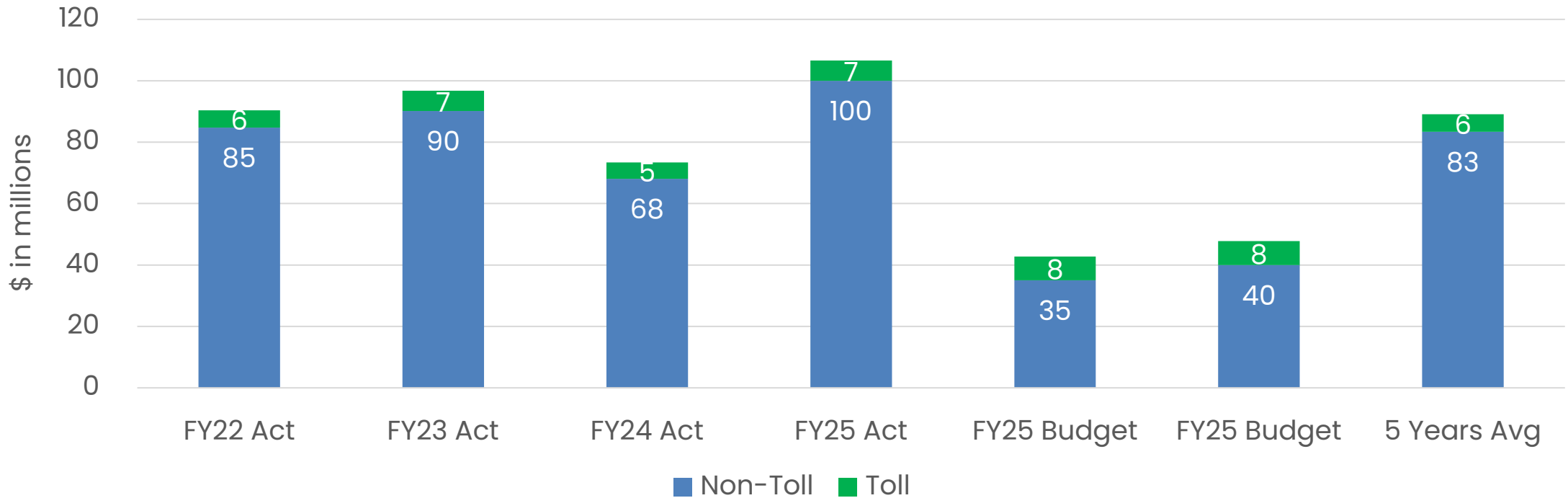


FY26 Expense By Division



Snow and Ice

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- The 5 years average snow and ice is \$83M for non-toll snow and ice
- FY26 Budget snow and ice budget at \$40M for non-toll, relying on \$50M in deficiency spending to address shortfalls

Non-Toll Operating

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- Overall, revenues and expenses are \$44M higher compared to FY25 Budget
- Revenue:
 - Increase Operating Revenue of \$2.9M for rent rate increase
 - As described on Slide #4, CTF revenue increase by \$39M mostly due to payroll costs related to bargaining contract, adding staff and various administrative increases and snow and ice
 - Increase in Federal Grants of \$3M
 - Decrease investment income by \$1.4M due to lower Mass Municipal Depositary Trust (MMDT) return
- Expense:
 - Employee Compensation and Benefits increase by net \$25.9M due to lower fringe rate savings, staffing and bargaining contract agreement increase
 - Office and Admin increase by \$3.5M for space rental, electricity and postage
 - Professional Services decrease by \$1.4M mainly due to savings in security for eliminating RMV service center extended and Saturday hours
 - Construction and Maintenance increase by \$5.5M for Snow and Ice
 - IT Services and Equipment increase by \$6M in vendor costs for software licenses and maintenance
 - Grants, Subsidies, and ISA increase by \$3.5M mostly for federal grants
 - Debt Service increase by \$1M for 10 Park Plaza Comprehensive Energy Project

Toll Operating

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- Overall, revenues are \$6.6M lower compared to FY25 Budget
 - Decrease Toll Collection by \$3.1M to be in line with actual
 - Decrease investment income by \$3.5M due to lower MMDT rate anticipated
- Overall, Expenses are \$6M Lower compared to FY25 Budget
 - Employee Compensation and Benefits increase by net \$1.6M due to staffing and bargaining contract agreement increase offset by lower fringe rate savings
 - Professional Services decrease by \$3.7M mainly due to one-time Service Plaza contract eliminated
 - Construction and Maintenance increase by \$2.5M for maintenance to be in line with actual spending
 - IT Services and Equipment increase by \$1.7M in vendor costs for software licenses and ongoing maintenance support
 - Decrease \$8.8M Debt Service due to bond issuer schedule savings not due until 2028 for Capital Appreciation Bonds