



## MassDOT

FY18 Non-Toll Operating Budget Update  
Based on Governor Vetoes Budget  
September 11, 2017

# Non-Toll Operating Commonwealth Transportation Fund Transfer

(\$ in millions)	FY15	FY16	FY17 GAA	FY18 H1	FY18 Board Approved	FY18 Revised	FY18 Revised vs Board Approved
CTF Operating Transfer	324.4	337.5	329.1	344.3	315.2	302.1	(13.1)

- As discussed previously with the Board, the Governor's H1 budget submission anticipated an increase in Snow and Ice funding to more accurately reflect MassDOT's 5 year average cost and reduce reliance on supplemental budgets
- The budget for FY 2018 approved by the Board at the June meeting was based on the Senate budget figure for the CTF transfer, which was lower than both the H1 and House numbers
- The General Appropriation Act signed by the Governor reduced the CTF operating transfer for DOT operations to \$302.1M, \$13.1M below the amount approved by the Board, which was based on the Senate budget proposal
- The impact of this budget adjustment will be discussed on the next few slides



# Non-Toll Operating FY18 Revenue Updates

(\$ in 000's)	FY18 Budget Board Approved	FY18 Budget Revised	Variance FY18 Revised to Board Approved
<b>REVENUE:</b>			
<b>Operating Revenue:</b>			
Rental/Lease Income	9,716	9,716	0
Federal Reimbursement	0	0	0
Departmental Fees:			0
Real Estate Transactions	24,458	24,458	0
Permits	3,028	3,028	0
Bridge Reimbursement & Misc	4,813	4,813	0
Signs & Outdoor Advertising	1,890	1,890	0
RMV (Registration, Roadtest & Other)	1,923	1,923	0
Total Departmental Fees	36,112	36,112	0
<b>TOTAL OPERATING REVENUE</b>	<b>45,828</b>	<b>45,828</b>	<b>0</b>
<b>Commonwealth Transfers:</b>			
CTF Operating Transfer	315,192	302,096	(13,095)
Merit Rating Board	9,695	9,405	(291)
RTA Contract Assistance	83,000	80,000	(3,000)
<b>TOTAL COMMONWEALTH TRANSFERS</b>	<b>407,887</b>	<b>391,501</b>	<b>(16,386)</b>
<b>Investment Income:</b>	<b>749</b>	<b>749</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>454,464</b>	<b>438,078</b>	<b>(16,386)</b>



# Non-Toll Operating FY18 Budget Revenue Updates cont.

- The final CTF Operating Transfer present two challenges. First, the \$13.1M reduction will be partly addressed by 7.9M in budget adjustments across divisions, and a reduction in earmarks of \$730k (leaving approximately \$4.5M in reserve draw). Further, based on experience in FY17, we recommend an additional \$10.9M in reserves be allocated for Snow and Ice expenses, resulting in a total of \$15.4M in reserve draw.
- In addition to the CTF Operating Transfer reduction, the Merit Rating Board was decreased by \$300K from \$9.7M to \$9.4M and RTA Contract Assistance was decreased by \$3.0M, to \$80M from \$83M, from the FY18 Board approved budget.



# Non-Toll Operating FY18 Budget Expense Updates

(\$ in 000's)	FY18 Budget Board		Variance FY18
	Approved	FY18 Budget Revised	Revised to Board Approved
<b>EXPENDITURES:</b>			
<b>Operating</b>			
Employee Payroll, Fringe and Other Benefits			
Payroll	182,684	181,184	(1,500)
Overtime	10,090	10,090	0
Fringe and Other Benefits	72,460	72,460	0
Total Employee Payroll, Fringe and Other Benefits	265,234	263,734	(1,500)
Materials, Supplies, Services	35,930	33,968	(1,961)
Office and Administrative Expenses	55,055	51,263	(3,792)
Construction and Maintenance	75,337	74,690	(647)
<b>Total Operating</b>	<b>431,556</b>	<b>423,656</b>	<b>(7,900)</b>
Earmarks	780	50	(730)
<b>Total Operating</b>	<b>432,336</b>	<b>423,706</b>	<b>(8,630)</b>
Merit Rating Board	9,695	9,405	(291)
RTA Contract Assistance	83,000	80,000	(3,000)
<b>TOTAL EXPENDITURES</b>	<b>525,031</b>	<b>513,110</b>	<b>(11,921)</b>
<b>Excess (deficit) Revenue over Expenditures before OFS</b>	<b>(70,567)</b>	<b>(75,032)</b>	<b>(4,465)</b>
<b>Other Financing Sources (OFS):</b>			
Transfer In / (Out)	40,567	40,567	0
MTTF Reserves	0	4,465	4,465
Supplemental Funding	30,000	30,000	0
<b>Total Other Financing Sources</b>	<b>70,567</b>	<b>75,032</b>	<b>4,465</b>
<b>Net Revenue (Expense)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>



# Non-Toll Operating FY18 Budget Expense Updates cont.

- (\$7.9M) Expense reduction allocated by division
  - HIGHWAY – (\$3.7M) reduction
    - (\$1.5M) Payroll
    - (\$0.6M) Construction and Maintenance
    - (\$0.4M) Materials, Supplies, Services
    - (\$1.2M) Office and Administrative Expenses
  - REGISTRY OF MOTOR VEHICLE – (\$1.4M) reduction
    - (\$0.8M) EQE ISA renewing in October 2017
    - (\$0.4M) Leases due to timing of implementation
    - (\$0.2M) State Contract Adjustment
  - PLANNING & ENTERPRISE SERVICES – (\$2.8M) reduction
    - (\$0.6M) Security, Financial & Legal Services
    - (\$2.0M) IT and (\$0.2M) net other



# Outside Section on Capital Positions

- Delivering our growing capital program requires sufficient personnel
- House 1 proposed, and the GAA includes, language that allows capital dollars to be used to match 80% federally-funded capital positions
- The already-approved FY18 budget assumed passage of this outside section and therefore moves a limited set of capital-related payroll expenses to the capital budget and uses capital dollars to pay for positions that support execution of the capital plan
- The Board asked staff to track the results of this outside section and the Conference Committee language similarly requires specific reporting



# Outside Section Language

- The following language was added to the proposed section authorizing the use of capital funds to match 80% federally-funded positions used for capital delivery:
- “provided, however, that the department shall report annually, on or before February 1, to the house and senate chairs of the joint committee on transportation, on the following: (i) the amount of capital expenditures used as the state match to federally-eligible capital projects; (ii) the total number of department employee salaries included in capital expenditures, including a breakdown by division of the position titles and accompanying salaries; (iii) the total number of employees of the division of highways assigned to capital projects; (iv) a schedule of transportation capital projects where employee salaries are included in capital expenditures; (v) the status of said projects; (vi) any projected cost savings; and (vii) the impact of including department employee salaries in capital expenditures on the ability of the division of highways to plan, design, construct and complete transportation capital projects.”

