



**MassDOT**  
FY20 Operating Budget  
May 20, 2019

# Overview

- This presentation will walk the Board through projections and key assumptions for the FY20 MassDOT Operating Budget
- Key challenges:
  - Continued management of non-snow and ice overtime
  - Increasing staffing levels to stay ahead of attrition and build workforce up to budgeted level of 3,600 FTEs
  - Appropriate management of modest non-toll operating reserve balance
  - Continuing concern that Commonwealth Transportation Fund transfers are not sufficient to cover snow & ice operations without supplemental funding
- Due to the ongoing state budget process, we have chosen to budget against the House's proposed Commonwealth Transportation Fund Transfer, which is the lower of the House and Senate proposals. The budget will need to be revised once the final budget is passed by the Legislature and signed by the Governor



# FY20 Budget Highlights

- The budget maintains headcount at 3,600 FTEs
- Funds projected payroll and fringe increases and retroactive pay increase for employees using withdrawals from Massachusetts Transportation Trust Fund (MTTF) non-toll operating reserves
- Reduced funding for snow & ice budget, increasing reliance on supplemental funding
- Toll revenues are increased and expenses adjusted to be more aligned with 2 years of All Electronic Tolling (AET) actuals



# MassDOT's Budget

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

Key funding sources for the budget include legislatively-approved transfers from the Commonwealth Transportation Fund 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 (real estate)

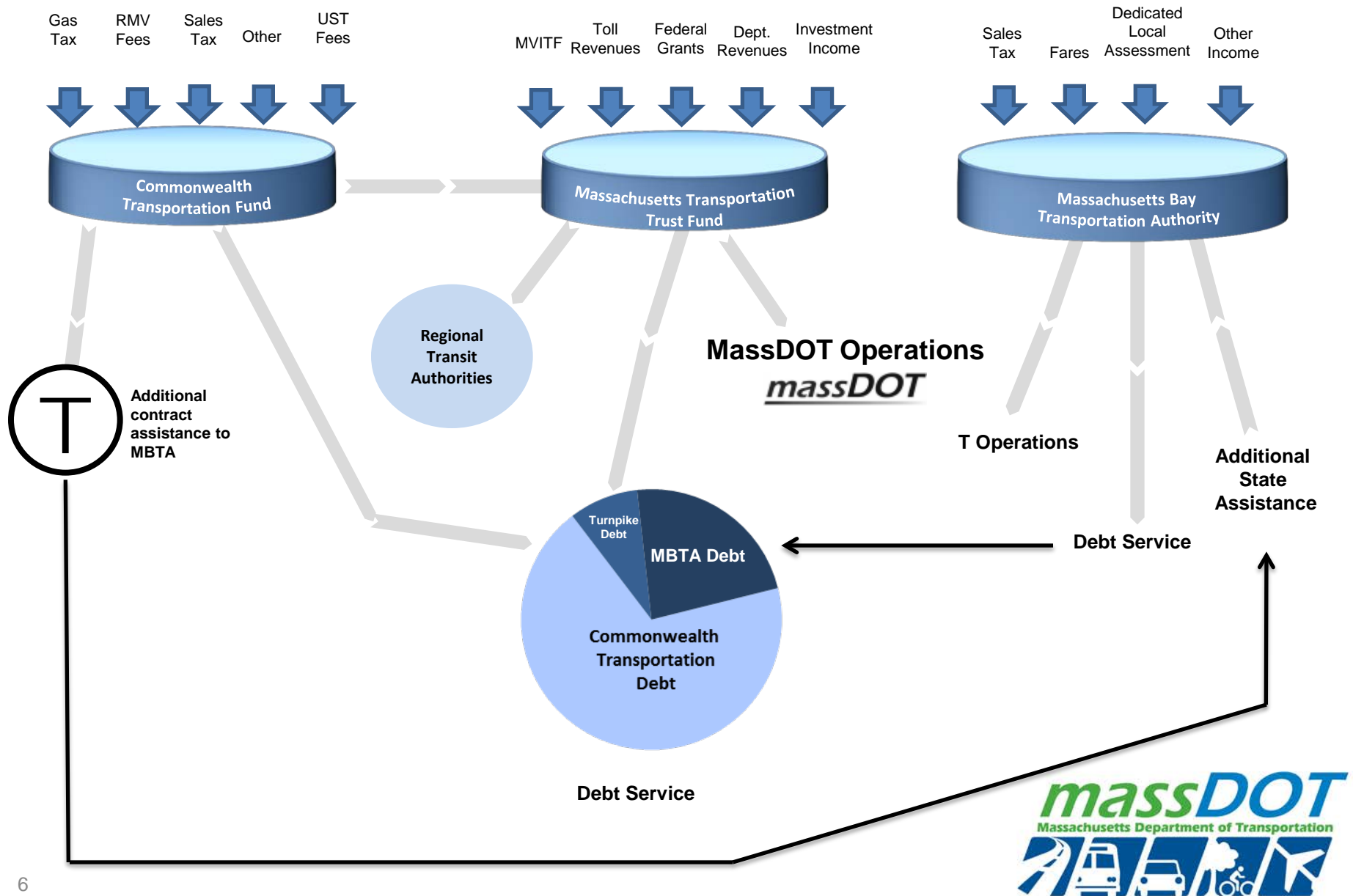


# Commonwealth Transportation Fund

- Revenues primarily flow into the fund from the gas tax, Registry fees and sales tax on motor vehicles
- CTF is used to meet operating needs:
  - Support all non-toll road operations and personnel at MassDOT, including maintenance, planning and project management, Registry of Motor Vehicles, Aeronautics, as well as department-wide “enterprise services” (legal, human resources, procurement) that support MassDOT
  - Provides operating support to 15 Regional Transit Authorities (RTA’s) through a separate transfer, which may not be used for MassDOT operations
  - Support operations of the Merit Rating Board (MRB) through a separate transfer, which may not be used for MassDOT operations



# Transportation Funding in Massachusetts



# MassDOT's Budget: Non-Toll Operating Budget

- Funding is provided in the form of transfers from the Commonwealth Transportation Fund (CTF) into the Massachusetts Transportation Trust Fund (MTTF) as well as departmental revenues, such as leases, real estate transactions and fee income
- The balance in the MTTF is available to the Department 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 state 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 have been covered are available to fund paygo capital projects on the toll roads





# Commonwealth Transportation Fund Transfers

							vs GAA FY 19		
\$ in millions	FY17 Actual	FY18 Actual	GAA FY 19	H.2 FY 20	HWM FY 20	SWM FY 20	Lower HWM/ SWM	\$	%
							FY20	Variance	Change
Operations									
Non Snow & Ice	267.0	241.6	285.5	288.9	289.9	288.9	288.9	3.3	1.2%
Snow & Ice	62.1	61.7	73.0	105.0	55.0	55.0	55.0	(18.0)	(24.7%)
Snow & Ice Supplement	63.8	50.2	37.0	0.0	0.0	0.0	0.0	(37.0)	(100.0%)
Total Operations	392.9	353.6	395.5	393.9	344.9	343.9	343.9	(51.7)	(13.1%)
RTAs	82.0	80.4	88.0	86.0	87.0	90.5	87.0	(1.0)	(1.1%)
MRB	9.7	9.4	9.8	9.8	10.2	9.8	9.8	0.0	0.0%
Total MassDOT	484.6	443.4	493.3	489.6	442.1	444.1	440.6	(52.7)	(10.7%)

## ➤ FY20 Lower HWM/SWM recommendation:

- \$3.3 million, or 1.2% increase for MassDOT non-Snow and Ice operations
- \$18.0 million, or 24.7% decrease in Snow and Ice funding below FY19 GAA and increased reliance on supplemental funding
- \$1.0 million decrease in RTA contract assistance, related to one time assistance to support elimination of unfunded deficits in FY19



# FY20 Draft Consolidated Budget

(\$ in millions)	Non-Toll	Toll	Federal Grants	MVITF	MRB	Total
<b>REVENUE:</b>						
Toll Revenue		459.8				459.8
Operating Revenue	27.4					27.4
Commonwealth Transfers (Operating)	375.9	125.0			9.8	510.7
Commonwealth Transfers (Snow & Ice)	55.0					55.0
Federal Grants			19.6			19.6
Motor Vehicle Inspection Trust Fund				57.3		57.3
Investment Income	0.8	20.2		0.4		21.4
<b>Total Revenue</b>	<b>459.1</b>	<b>605.0</b>	<b>19.6</b>	<b>57.7</b>	<b>9.8</b>	<b>1,151.1</b>
<b>EXPENDITURES:</b>						
Employee Compensation and Benefits	277.1	90.8	1.3	4.5	4.5	378.3
Office and Administrative Expenses	28.8	38.2	0.0	0.1	0.4	67.6
Professional Services	23.7	69.0	0.7	6.0	0.1	99.5
Construction and Maintenance	51.8	15.4	1.9		0.0	69.2
IT Services and Equipment	26.4	10.7	0.3	0.4	5.1	42.9
Materials, Supplies, and Equipment	4.2	11.5	4.2		0.1	19.9
Grants, Subsidies, and ISA	93.3	3.3	11.2	2.5		110.3
Debt Service	0.0	151.0				151.0
<b>Total Expenditures</b>	<b>505.4</b>	<b>390.0</b>	<b>19.6</b>	<b>13.5</b>	<b>10.3</b>	<b>938.7</b>
<b>Excess (deficit) Revenue over Expenditures</b>	<b>(46.3)</b>	<b>215.0</b>	<b>(0.0)</b>	<b>44.2</b>	<b>(0.5)</b>	<b>212.4</b>
<b>Other Financing Sources/Uses (OFSU):</b>						
Interfund Transfer In / (Out)	44.2			(44.2)		0.0
Reserves	37.1				0.5	37.6
Available for Capital	(35.0)	(215.0)				(250.0)
<b>Total Other Financing Sources</b>	<b>46.3</b>	<b>(215.0)</b>	<b>0.0</b>	<b>(44.2)</b>	<b>0.5</b>	<b>(212.4)</b>
<b>Net Revenue (Expense)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>



## Non-Toll Operating (excluding snow & ice)

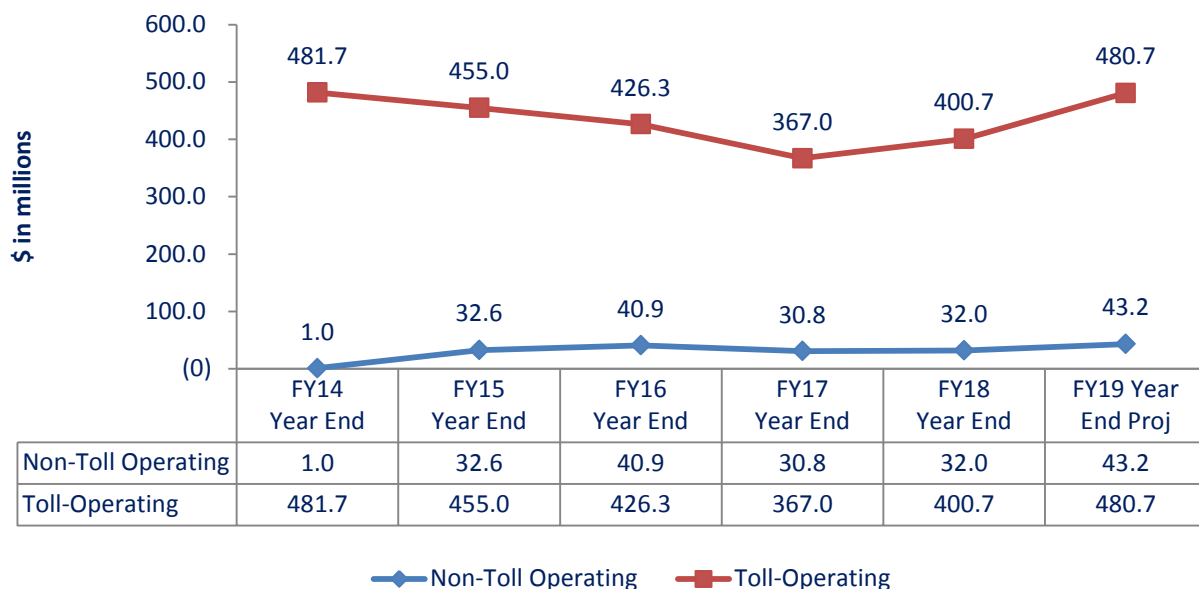
\$ in millions	FY19 Budget	FY20 Budget	\$ Variance	% Variance	Comments
<b>REVENUE:</b>					
Operating Revenue	26.6	27.4	0.8	3%	
Commonwealth Transfers (Operating)	285.5	288.9	3.3	1%	
Commonwealth Transfers (RTAs)	88.0	87.0	(1.0)	-1%	RTA contract assistance reduction
Investment Income	1.6	0.8	(0.8)	-49%	
<b>Total Revenue</b>	<b>401.7</b>	<b>404.1</b>	<b>2.4</b>	<b>1%</b>	
<b>EXPENDITURES:</b>					
Employee Compensation and Benefits	222.4	270.1	47.6	21%	Primarily FY18 - FY20 payroll and fringe increases, including bargaining unit retroactive
Office and Administrative Expenses	30.4	28.8	(1.5)	-5%	Energy and Service Plaza management savings
Professional Services	23.6	23.6	(0.0)	0%	
Construction and Maintenance	4.2	5.2	0.9	22%	
IT Services and Equipment	24.3	26.1	1.7	7%	IT Atlas Software
Materials, Supplies, and Equipment	3.5	3.4	(0.1)	-3%	
Grants, Subsidies, and ISA	96.1	93.3	(2.8)	-3%	EQE ISA & Earmark elimination and One-time RTA cost
<b>Total Expenditures</b>	<b>404.6</b>	<b>450.4</b>	<b>45.8</b>	<b>11%</b>	
<b>Excess (deficit) Revenue over Expenditures</b>	<b>(2.9)</b>	<b>(46.3)</b>	<b>(43.4)</b>		
<b>Other Financing Sources/Uses:</b>					
Interfund Transfer In / (Out)	40.5	44.2	3.7	9%	MVITF transfer
Reserves	0.0	37.1	37.1	0%	FY18 - FY20 payroll and fringe increases, including bargaining unit retroactive
Available for Capital	(37.6)	(35.0)	2.6	-7%	
<b>Total Other Financing Sources</b>	<b>2.9</b>	<b>46.3</b>	<b>43.4</b>		
<b>Net Revenue (Expense)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		



## Toll Operating (excluding snow & ice)

\$ in millions	FY19 Budget	FY20 Budget	\$ Variance	% Variance	Comments
<b>REVENUE:</b>					
Toll Revenue	441.3	459.8	18.5	4%	In line with historical AET actuals
Commonwealth Transfers	125.0	125.0	0.0	0%	
Investment Income	7.0	20.2	13.2	190%	Higher yield and balances
<b>Total Revenue</b>	<b>573.2</b>	<b>605.0</b>	<b>31.8</b>	<b>6%</b>	
<b>EXPENDITURES:</b>					
Employee Compensation and Benefits	89.5	87.8	(1.6)	-2%	Cost Allocation Plan, flexible hirings
Office and Administrative Expenses	43.9	38.2	(5.6)	-13%	Energy, Credit Card and Chargeback
Professional Services	76.1	69.0	(7.1)	-9%	Mainly related to toll collections (Transcore, credit card fees)
Construction and Maintenance	10.7	10.6	(0.1)	-1%	
IT Services and Equipment	10.5	10.7	0.2	2%	
Materials, Supplies, and Equipment	12.5	11.4	(1.1)	-9%	Transponder
Grants, Subsidies, and ISA	2.4	3.3	0.8	35%	
Debt Service	147.6	151.0	3.4	2%	Refunding; saving in outer years
<b>Total Expenditures</b>	<b>393.2</b>	<b>382.1</b>	<b>(11.1)</b>	<b>-3%</b>	
<b>Excess (deficit) Revenue over Expenditures</b>	<b>180.0</b>	<b>222.9</b>	<b>42.8</b>	<b>24%</b>	
<b>Available for Capital</b>	<b>171.5</b>	<b>215.0</b>	<b>42.8</b>	<b>25.0%</b>	

# Non-Toll Operating & Toll Operating Reserve

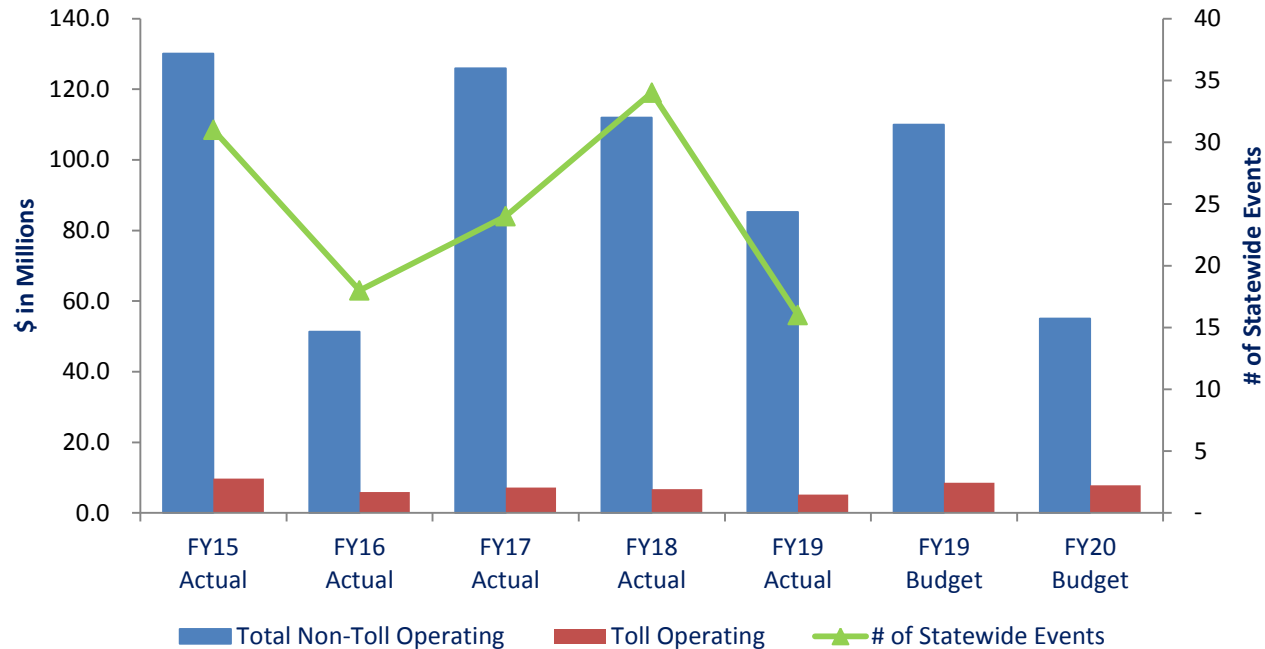


- FY19 Non-Toll Operating Year end projection anticipates \$43.2M reserve available
- FY19 Toll-Operating Year End projection anticipates \$480.7M reserve available

# Snow & Ice

FY20 vs FY19 Budget

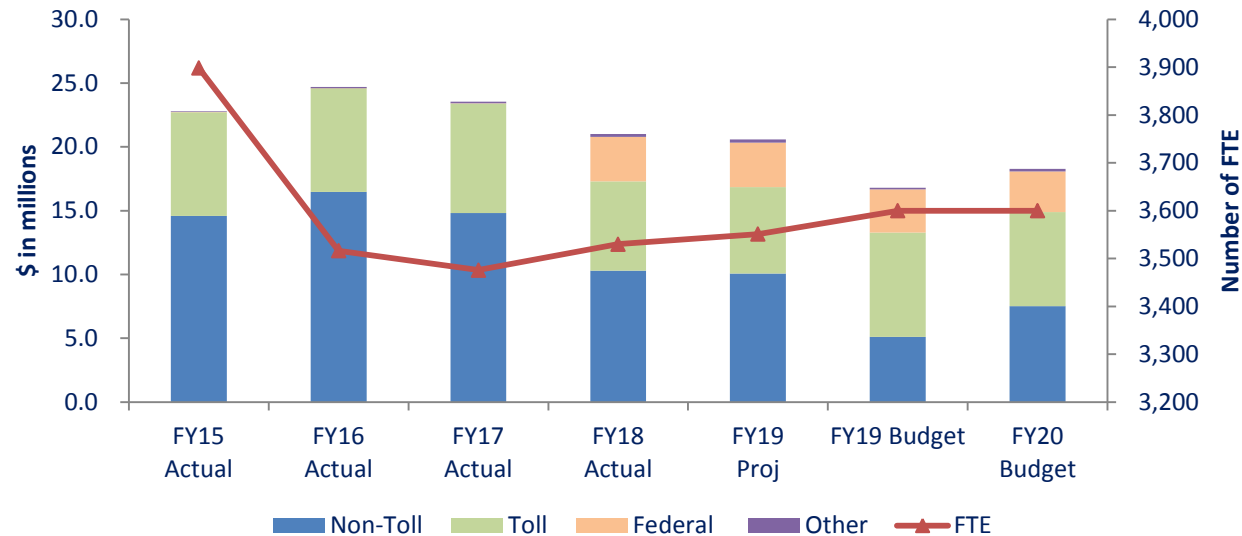
\$ in 000's	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY19 Budget	FY20 Budget	\$ Variance
Non-Toll Operating	48.6	51.3	62.1	61.7	78.3	78.3	55.0	(23.3)
Non-Toll Operating Supplement	81.5	0.0	63.8	50.2	6.9	31.7		(31.7)
Total Non-Toll Operating	130.1	51.3	125.9	111.9	85.2	110.0	55.0	(55.0)
Toll Operating	9.8	5.9	7.2	6.8	5.2	8.5	7.8	7.8
TOTAL SNOW & ICE	139.9	57.2	133.1	118.7	90.4	118.5	62.8	(55.7)
# of Statewide Events	31	18	24	34	16			



➤ 5 years snow & ice average is over \$100M. FY20 HWM budget recommends snow and ice of \$55M and more reliance on supplemental funding

## Overtime (excluding snow & ice)

\$ in millions	FY15	FY16	FY17	FY18	FY19	FY19	FY20	\$
Funding Type	Actual	Actual	Actual	Actual	Proj	Budget	Budget	variance
Non-Toll	14.6	16.5	14.8	10.3	10.1	5.1	7.5	2.4
Toll	8.1	8.1	8.6	7.0	6.8	8.2	7.4	(0.8)
Federal	0.0	0.0	0.0	3.5	3.5	3.4	3.2	(0.2)
Other	0.0	0.1	0.1	0.2	0.3	0.1	0.2	0.1
<b>TOTAL Overtime</b>	<b>22.8</b>	<b>24.7</b>	<b>23.6</b>	<b>21.0</b>	<b>20.6</b>	<b>16.8</b>	<b>18.3</b>	<b>1.5</b>
<b>FTE</b>	<b>3,899</b>	<b>3,516</b>	<b>3,476</b>	<b>3,530</b>	<b>3,551</b>	<b>3,600</b>	<b>3,600</b>	<b>-</b>



➤ Non-Toll Operating Funding increased by \$2.4M to be more closer to historical overtime

Note:

- For trending purposes, Funding Type including capital expenses
- FY15-FY17 FTE & expenses excluding toll takers
- FY19 FTE as of 4/27/2019 Pay Period



# MassDOT FTE Through Pay Period 4/27/2019

Division	Apr 18 Actual	May 18 Actual	Jun 18 Actual	Jul 18 Actual	Aug 18 Actual	Sep 18 Actual	Oct 18 Actual	Nov 18 Actual	Dec 18 Actual	Jan 19 Actual	Feb 19 Actual	Mar 19 Actual	Apr 19 Actual
Aeronautics	13	13	13	13	13	13	13	13	13	13	13	12	12
Highway	2,294	2,301	2,311	2,312	2,319	2,335	2,344	2,341	2,340	2,347	2,337	2,328	2,322
Planning and Enterprise Services	424	420	419	423	423	424	423	421	424	435	431	429	430
Rail and Transit	12	11	10	10	10	9	10	10	11	11	11	11	12
Registry of Motor Vehicles	750	748	774	780	780	783	778	781	773	770	763	759	775
<b>Total FTE Actual</b>	<b>3,492</b>	<b>3,493</b>	<b>3,527</b>	<b>3,538</b>	<b>3,545</b>	<b>3,564</b>	<b>3,568</b>	<b>3,566</b>	<b>3,561</b>	<b>3,576</b>	<b>3,555</b>	<b>3,539</b>	<b>3,551</b>
<b>Open FTE Against Budget</b>	<b>98</b>	<b>97</b>	<b>63</b>	<b>62</b>	<b>55</b>	<b>36</b>	<b>32</b>	<b>34</b>	<b>39</b>	<b>24</b>	<b>45</b>	<b>61</b>	<b>49</b>

