



MBTA Fiscal Year 2016 Preliminary Budget Update

MassDOT Board of Directors

March 11, 2015

Agenda

- **FY 2016 Statement of Revenue & Expenses (SORE)**
- **Changes Since February 5, 2015**
- **Weather Resiliency Fund**
- **FY 2016 Preliminary Budget Vote**

MBTA FY16 Statement of Revenue & Expenses				
REVENUE	FY15 Budget	FY16 Budget	FY16 % Incr/Decr over FY15 Budget	FY16 \$ Incr/Decr over FY15 Budget
Operating Revenues				
Revenue from Transportation	597,647,752	617,848,214	3.4%	20,200,462
Other Operating Revenue	48,527,035	49,659,634	2.3%	1,132,599
Total Operating Revenue	646,174,787	667,507,848	3.3%	21,333,061
Non-Operating Revenues				
Dedicated Local Assessments	160,135,712	162,858,019	1.7%	2,722,307
Dedicated Sales Tax	970,637,174	985,077,246	1.5%	14,440,072
Other Income	31,045,029	34,767,700	12.0%	3,722,671
Total Non-Operating	1,161,817,915	1,182,702,965	1.8%	20,885,050
TOTAL REVENUES	1,807,992,703	1,850,210,813	2.3%	42,218,111
EXPENSES				
Operating Expenses				
Wages	493,470,467	510,001,739	3.4%	16,531,272
Fringe Benefits				
Pensions	76,874,711	82,273,069	7.0%	5,398,358
Healthcare	110,187,626	108,663,780	-1.4%	(1,523,846)
Group Life	584,316	600,679	2.8%	16,363
Disability Insurance	0	0	0.0%	0
Workers' Comp	11,170,527	11,077,679	-0.8%	(92,848)
Other Fringe Benefits	234,171	237,069	1.2%	2,898
Total Fringe Benefits	199,051,351	202,852,276	1.9%	3,800,925
Health & Welfare Fund	10,436,865	11,474,924	9.9%	1,038,059
Payroll Taxes				
FICA	37,750,491	38,810,433	2.8%	1,059,942
Unemployment	1,320,087	1,339,665	1.5%	19,578
Total Payroll Taxes	39,070,578	40,150,098	2.8%	1,079,520
Materials, Supplies and Services	237,872,565	268,329,515	12.8%	30,456,950
Casualty and Liability	16,566,513	15,110,409	-8.8%	(1,456,104)
Purchased Commuter Rail Service	384,346,300	386,736,497	0.6%	2,390,197
Purchased Local Service Subsidy	122,116,771	126,512,940	3.6%	4,396,169
Financial Service Charges	5,990,000	6,490,000	8.3%	500,000
Total Operating Expenses	1,508,921,410	1,567,658,398	3.9%	58,736,988
Debt Service Expenses				
Interest	240,945,845	238,256,615	-1.1%	(2,689,230)
Principal Payments	178,695,803	209,277,065	17.1%	30,581,262
Lease Payments	4,296,777	4,575,488	6.5%	278,711
Total Debt Service Expenses	423,938,425	452,109,168	6.6%	28,170,743
TOTAL EXPENSES	1,932,859,835	2,019,767,566	4.5%	86,907,731
Net Revenue	(124,867,132)	(169,556,753)	35.8%	(44,689,621)
Additional Assistance	135,100,000	187,000,000	38.4%	51,900,000
NET Revenue after Additional Assistance	10,232,868	17,443,247	70.5%	7,210,379
Transfer (Weather Resiliency Fund)	0	(11,703,571)	-	(11,703,571)
NET Revenue in Excess of Expenses	10,232,868	5,739,676	-43.9%	(4,493,192)

Headcount			
FY	Operating	Capital	Total
FY15 Budget	6,046	532	6,578
FY16 Request	6,145	532	6,677
Headcount inc/(dec)	99	0	99
% Headcount inc/(dec)	1.6%	0.0%	1.5%

Recovery Ratios	With Debt Included
Revenue	34.77%
Fare	30.59%
FY 16 MassDOT Funded Projects	33.25%

Changes from FY16 Proposed Budget Presented 2/5/15

	FY16 Proposed Budget (February 5th)	FY16 Budget	FY16 \$ Incr/Decr over FY16 Proposed Budget	Comments
REVENUE				
Operating Revenues				
Revenue from Transportation	617,848,214	617,848,214	(0)	
Other Operating Revenue	48,908,912	49,659,634	750,722	Updated estimate from Real Estate
Total Operating Revenue	666,757,126	667,507,848	750,722	
Non-Operating Revenues				
Dedicated Local Assessments	162,858,019	162,858,019	0	
Dedicated Sales Tax	985,077,246	985,077,246	0	
Other Income	22,767,700	34,767,700	12,000,000	Federal Preventive Maintenance
Total Non-Operating	1,170,702,965	1,182,702,965	12,000,000	
TOTAL REVENUES	1,837,460,091	1,850,210,813	12,750,722	
EXPENSES				
Operating Expenses				
Wages	514,281,686	510,001,739	(4,279,947)	Level-fund headcount
Fringe Benefits				
Pensions	82,932,266	82,273,069	(659,197)	Calculated based on reduction in headcount
Healthcare	109,027,780	108,663,780	(364,000)	Calculated based on reduction in headcount
Group Life	600,679	600,679	0	
Disability Insurance	0	0	0	
Workers' Comp	11,077,679	11,077,679	(0)	
Other Fringe Benefits	237,069	237,069	0	
Total Fringe Benefits	203,875,473	202,852,276	(1,023,197)	
Health & Welfare Fund	11,474,924	11,474,924	0	
Payroll Taxes				
FICA	39,137,848	38,810,433	(327,415)	Calculated based on reduction in headcount
Unemployment	1,339,665	1,339,665	(0)	
Total Payroll Taxes	40,477,513	40,150,098	(327,415)	
Materials, Supplies and Services	272,860,805	268,329,515	(4,531,290)	Reduction in IT and General Service Contracts
Casualty and Liability	16,810,409	15,110,409	(1,700,000)	Reduction in settlement estimates
Purchased Commuter Rail Service	386,777,200	386,736,497	(40,703)	Reduction in General Service Contracts
Purchased Local Service Subsidy	126,512,940	126,512,940	0	
Financial Service Charges	6,490,000	6,490,000	(0)	
Total Operating Expenses	1,579,560,950	1,567,658,398	(11,902,552)	
Debt Service Expenses				
Interest	238,256,615	238,256,615	(0)	
Principal Payments	209,277,065	209,277,065	(0)	
Lease Payments	4,575,488	4,575,488	0	
Total Debt Service Expenses	452,109,168	452,109,168	0	
TOTAL EXPENSES	2,031,670,118	2,019,767,566	(11,902,552)	
Net Revenue	(194,210,027)	(169,556,753)	24,653,274	
Additional Assistance	202,400,000	187,000,000	(15,400,000)	
NET Revenue after Additional Assistance	8,189,973	17,443,247	9,253,274	
Transfer (Weather Resiliency Fund)	0	(11,703,571)	(11,703,571)	
NET Revenue in Excess of Expenses	8,189,973	5,739,676	(2,450,297)	

Weather Resiliency Fund

The Weather Resiliency Fund was established in an outside section of Governor Baker's FY 2016 budget proposal.

Although the establishment of this fund has not been approved by the Legislature, the MBTA's FY 2016 budget includes a transfer of \$11.7M from net revenue after additional assistance.

Specific equipment, materials and services have not been identified related to the Weather Resiliency Fund but the MBTA anticipates that the APTA peer review will include some direction regarding what programs should be included.



FY 2016 Preliminary Budget Vote

That the Board of Directors approve the Authority's preliminary budget of current operating expenses and debt service costs for a one year period—July 1, 2015 through June 30, 2016—in the amount of \$2,019,767,566;

That the General Manager and Rail & Transit Administrator is hereby authorized and directed to submit the preliminary budget, in the name and on behalf of the Authority, to the MBTA Advisory Board; and

That following the Advisory Board review, a final itemized budget will be submitted to the MBTA Board of Directors no later than April 15, 2015 in accordance with Section 20 of Chapter 161A of the Massachusetts General Laws.