

MassDOT Board Meeting FY 2012 Operating Budget Briefing February 7, 2011



FY 2012 Operating Budget Process

- MassDOT has submitted to Administration and Finance an FY 2012 Operating Budget to be included in the Governor's House 1 Budget Recommendation.
- This request will be reviewed by the Legislature and acted upon by June 30, 2011.
- Once final state funding is determined, MassDOT will seek approval from the Board for the FY 2012 Operating Budget.

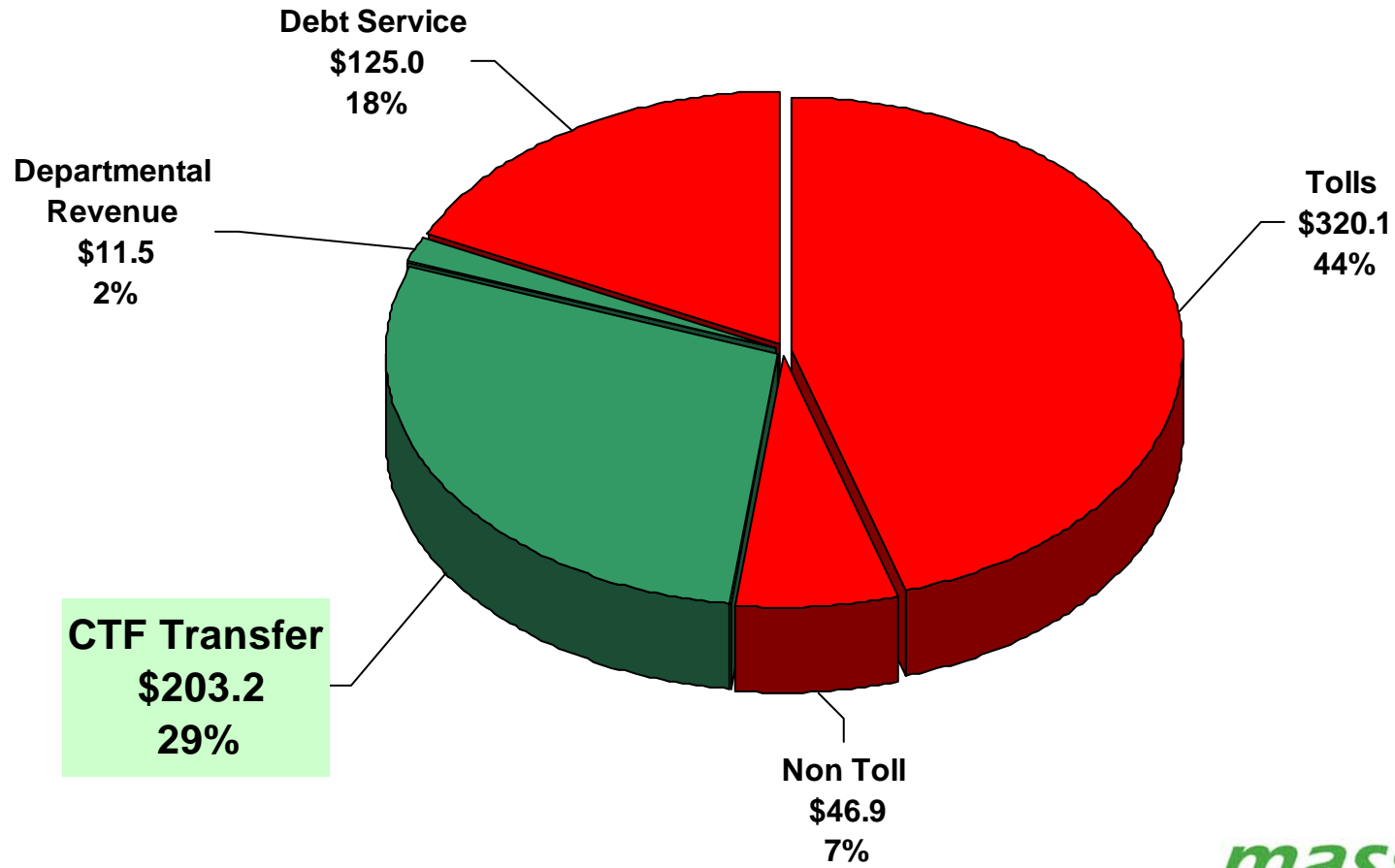


Governor's FY 2012 Proposed Budget

- House 1 is a responsible and balanced plan to fund state programs and services, while recognizing the state must live within the resources available to it
- Difficult choices are necessary; the state simply cannot maintain all programs and services that residents and clients have expected in the past
- House 1 spending will be \$570 million (1.8%) less than FY 11, after accounting for spending this year from non-budgetary funding sources that support the operating budget (e.g. federal stimulus for education aid)
- State agencies will need to manage their operations at reduced funding levels



FY 12 MassDOT Revenues – Total \$706.8 Million Restricted (69%) vs. Unrestricted (31%)



FY 2012 New Funding and Programs

- The Merit Rating Board (MRB) will be transferred to MassDOT and consolidated with the Registry Division.
 - The MRB maintains operator driver records and provides information to Massachusetts auto insurers and other government agencies.
 - The MRB currently resides in the Executive Office of Public Safety.
- Regional Transit Authority (RTA) Contract Assistance of \$15 million previously appropriated directly to the RTAs will now be funded out of MassDOT.



Preliminary MassDOT Reductions to Commonwealth Funding

- Reduction of \$15 million in the operating transfer from the Commonwealth Transportation Fund will impact the following Divisions:
 - Preliminary Reductions:
 - Highway - \$10.8 million
 - Regional Transit Authorities - \$3.4 million
 - Office of Programming and Planning - \$.800k

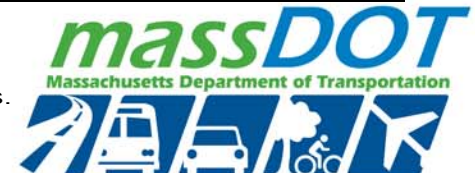


FY 2012 Consolidated Budget

	FY 2011 Budget	FY 2012 Budget	% incr/ (decr)	\$ incr/ decr
OPERATING REVENUES:				
<i>Operating Revenue</i>				
Toll Revenue - Western Turnpike and Metropolitan Highway System ^{1 & 2}	313,358,675	319,625,849	2.0%	6,267,174
Investment Income	500,000	500,000	0.0%	0
Non Toll Revenue - Western Turnpike and Metropolitan Highway System	46,051,707	46,972,741	2.0%	921,034
Departmental Revenue ³	10,399,811	11,500,000	10.6%	1,100,189
Subtotal: Operating Revenue	370,310,193	378,598,590	2.2%	8,288,397
<i>Commonwealth Fund Transfer:</i>				
Operating Transfer (Commonwealth Transportation Fund)	195,126,756	180,126,756	-7.7%	(15,000,000)
Merit Rating Board	-	8,106,972	100.0%	8,106,972
RTA Contract Assistance	-	15,000,000	100.0%	15,000,000
Contract Assistance Pledged to Metropolitan Highway System	100,000,000	100,000,000	0.0%	0
Contract Assistance for Central Artery O&M	25,000,000	25,000,000	0.0%	0
Subtotal: Commonwealth Fund Transfer	320,126,756	328,233,728	2.5%	8,106,972
Total Revenues	690,436,949	706,832,318	2.4%	16,395,369
EXPENDITURES:				
<i>Operating Expenditures</i>				
Employee Payroll and Benefits	187,250,955	178,400,956	-4.7%	(8,849,999)
Rent and Utilities	27,953,301	28,017,387	0.2%	64,086
Other Contracted Highway Maintenance	5,562,630	5,153,764	-7.4%	(408,866)
Consultant/Contract Services	21,129,602	21,095,228	-0.2%	(34,374)
Fuel for Vehicles	4,122,248	4,122,748	0.0%	500
Facility, Fleet and Equipment Maintenance	6,115,452	6,307,471	3.1%	192,019
Contract Assistance	44,255,055	55,855,055	26.2%	11,600,000
Information Technology	7,267,938	7,267,938	0.0%	0
Office and Administrative Expenditures	26,108,377	26,182,357	0.3%	73,980
State Police	29,275,224	29,275,224	0.0%	0
Snow and Ice Removal Contracts & Materials	59,024,597	59,024,597	0.0%	0
Merit Rating Board	-	8,106,972	100.0%	8,106,972
Subtotal Operating Expenditures	418,065,379	428,809,697	2.6%	10,744,318
General Fund Expenses	10,404,648	11,400,000	9.6%	995,352
Debt Service - Toll Revenue Bonds:				
Principal and Interest Net of Interest Earnings	147,606,820	157,847,329	6.9%	10,240,509
Subtotal Debt Service	147,606,820	157,847,329	6.9%	10,240,509
Pay Go Capital:				
Toll Road - WT, MHS, Tobin	114,360,102	108,775,292	-4.9%	(5,584,810)
Subtotal Pay Go Capital	114,360,102	108,775,292	-4.9%	(5,584,810)
Total Expenditures	690,436,949	706,832,318	2.4%	16,395,369

Footnotes:

- (1) All toll and non-toll revenues on the Western Turnpike are restricted to use on the Western Turnpike.
- (2) All toll and non-toll revenues on the Metropolitan Highway System (MHS) are restricted to use to the MHS. Tobin Bridge revenues are restricted to use on the MHS, which includes the Tobin Bridge.
- (3) Departmental revenue is unrestricted.



FY 2012 Budget by Division

	Highway	Registry	Aeronautics	Transit	OPP	Total
OPERATING REVENUES:						
Operating Revenue						
Toll Revenue - Western Turnpike and Metropolitan Highway System ^{1 & 2}	319,625,849					319,625,849
Investment Income	500,000					500,000
Non Toll Revenue - Western Turnpike and Metropolitan Highway System	46,972,741					46,972,741
Departmental Revenue ³	11,500,000					11,500,000
Subtotal: Operating Revenue	378,598,590					378,598,590
Commonwealth Fund Transfer:						
Operating Transfer (Commonwealth Transportation Fund)	69,050,896	60,215,569	465,934	40,835,055	9,559,302	180,126,756
Merit Rating Board		8,106,972				8,106,972
Regional Transit Authority Contract Assistance				15,000,000		15,000,000
Contract Assistance Pledged to Metropolitan Highway System	100,000,000					100,000,000
Contract Assistance for Central Artery O&M	25,000,000					25,000,000
Subtotal: Commonwealth Fund Transfer	194,050,896	68,322,541	465,934	55,835,055	9,559,302	328,233,728
Total Revenues	572,649,486	68,322,541	465,934	55,835,055	9,559,302	706,832,318
EXPENDITURES:						
Operating Expenditures						
Employee Payroll and Benefits	128,695,523	41,968,139	381,047		7,356,247	178,400,956
Rent and Utilities	23,083,005	4,933,882	500			28,017,387
Other Contracted Highway Maintenance	5,153,764	-	-			5,153,764
Consultant/Contract Services	12,502,912	8,592,316	-			21,095,228
Fuel for Vehicles	4,119,748	-	3,000			4,122,748
Facility, Fleet and Equipment Maintenance	5,610,145	668,106	29,220			6,307,471
Contract Assistance	-	-	-	55,835,055	20,000	55,855,055
Information Technology	5,135,738	-	-		2,132,200	7,267,938
Office and Administrative Expenditures	22,026,209	4,053,126	52,167			26,131,502
State Police	29,275,224	-	-		50,855	29,326,079
Snow and Ice Removal Contracts & Materials	59,024,597	-	-			59,024,597
Merit Rating Board	-	8,106,972	-			8,106,972
Subtotal Operating Expenditures	294,626,865	68,322,541	465,934	55,835,055	9,559,302	428,809,697
General Fund Expenses	11,400,000					11,400,000
Debt Service - Toll Revenue Bonds:						
Principal and Interest Net of Interest Earnings	157,847,329					157,847,329
Subtotal Debt Service	157,847,329					157,847,329
Pay Go Capital:						
Toll Road - WT, MHS, Tobin	108,775,292					108,775,292
Subtotal Pay Go Capital	108,775,292					108,775,292
Total Expenditures	572,649,486	68,322,541	465,934	55,835,055	9,559,302	706,832,318

Footnotes:

- (1) All toll and non-toll revenues on the Western Turnpike are restricted to use on the Western Turnpike.
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Closing the Budget Gap

- Secretary Mullan has established the Standing Committee on Budget and Efficiency.
- A joint committee of MassDOT and MBTA chaired by the CFOs.
 - Empowering employees to find efficiencies that will result in further savings across all divisions and funding sources.
 - Examples of areas under review include:
 - Procurement including payment discounts, Information Technology, staffing, consulting services, facilities, Paratransit services, administrative services, and Transit services.
 - Savings identified will be incorporated into the final FY 2012 budget proposal.



Next Steps

- Governor Patrick submitted his Budget to the Legislature on January 26.
- MassDOT will work with ANF and the Legislature on their budget recommendations.
- The Legislature will file a final budget by June 30th.
- The Governor will then review and sign the FY 2012 budget.
- Once final funding is known, MassDOT will present the final FY 2012 budget to the Board for approval by August.

