



MBTA Operating & Capital Budget

Governor's Special Panel to Review the MBTA

Operating Budget

- **Budget Trends**
- **Revenue Trends**
- **Expense Trends**
- **Operating Labor Costs**
- **Fringe Benefits**
- **Health Insurance**
- **Pension Snapshot**
- **Purchased Services**
- **Debt Profile**

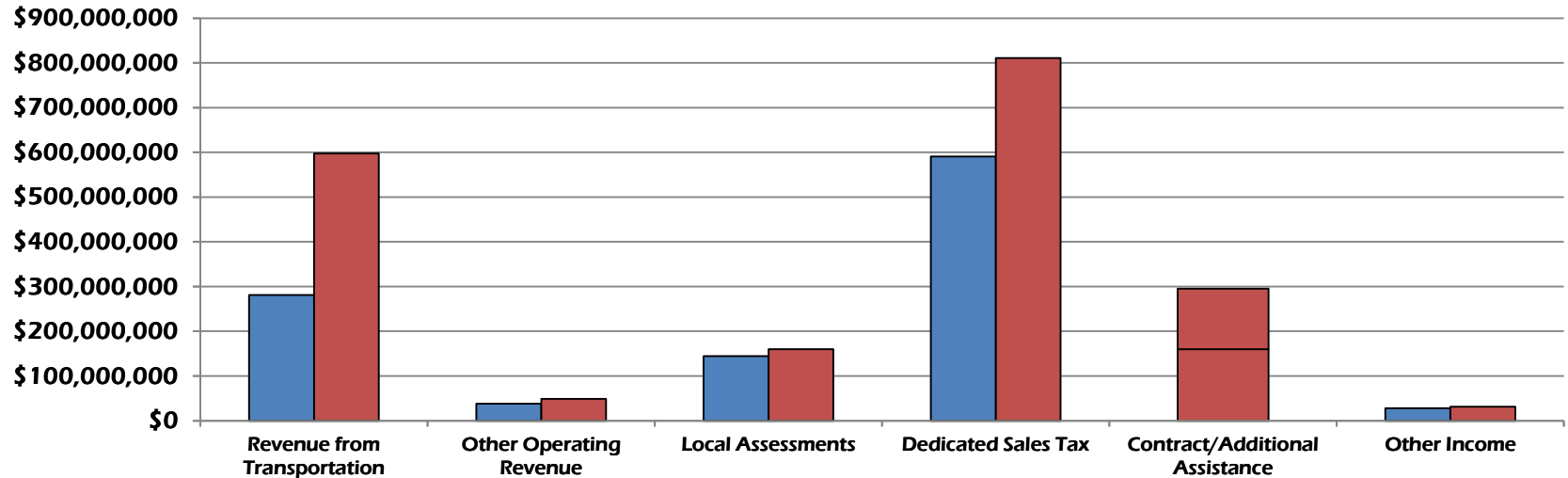
Budget Trends

	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Total Revenue	\$1,081,770,908	\$1,943,092,703	\$861,321,794	4.1%
Expenses				
Labor Costs	\$412,881,416	\$742,029,261	\$329,147,845	4.1%
Materials, Supplies & Services	\$110,677,687	\$237,872,565	\$127,194,878	5.2%
Casualty & Liability	\$10,239,156	\$16,566,513	\$6,327,357	3.4%
Purchased Services	\$201,537,079	\$506,463,071	\$304,925,992	6.2%
Financial Services	\$1,504,828	\$5,990,000	\$4,485,172	8.5%
Debt Service	\$291,540,129	\$423,938,425	\$132,398,296	2.6%
Total Expenses	\$1,028,380,295	\$1,932,859,835	\$904,479,540	4.4%
Transfers & Surplus				
Surplus	\$53,390,613	\$10,232,867	Deficiency Fund Balance \$19,460,716 Capital Maintenance Fund Balance \$30,652,729	
Transfer to Deficiency Fund	(\$13,130,183)	-		
Transfer to Capital Maintenance Fund	(\$36,583,800)	-		
Net Surplus	\$3,676,630	\$10,232,867		

Revenue Trends

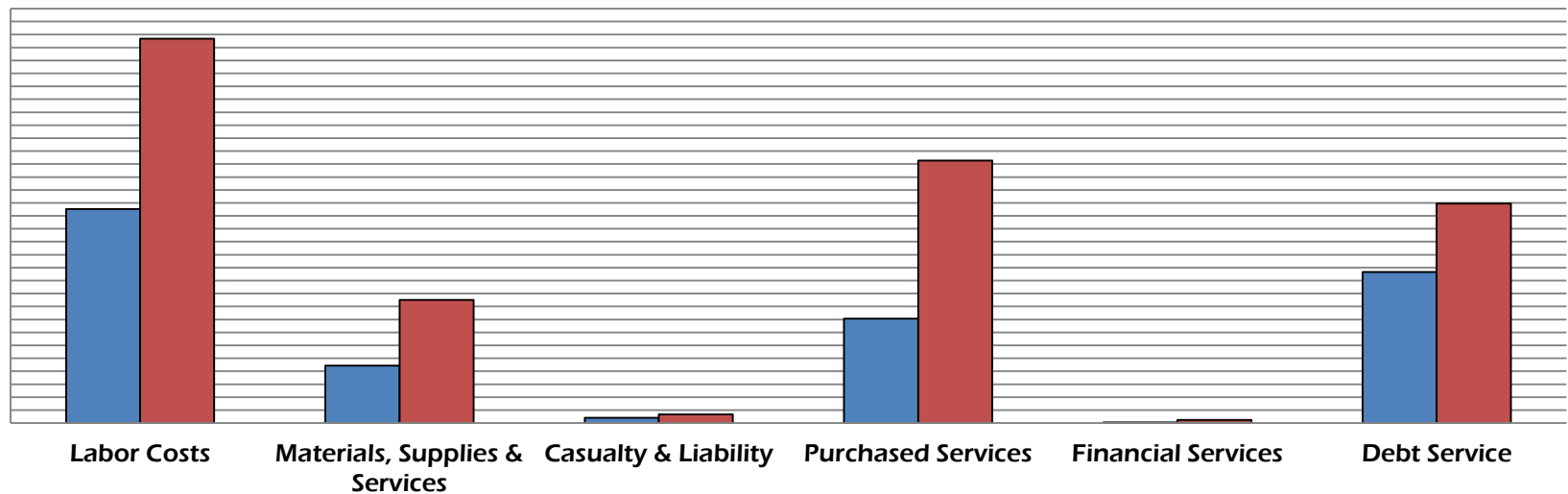
Own Source Targets

Year	Target	Actual
FY2015	33.00%	35.00%
FY2016	33.25%	33.29%



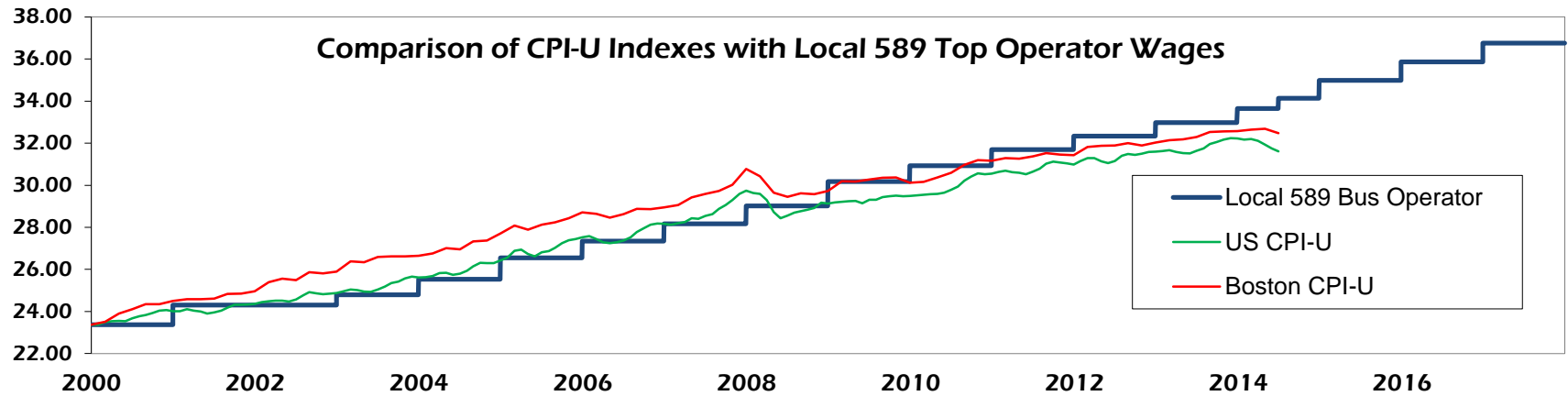
Revenue Source	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Revenue from Transportation	\$280,982,907	\$597,647,752	\$316,664,845	5.1%
Other Operating Revenue	\$37,721,851	\$48,527,035	\$10,805,184	1.8%
Local Assessments	\$144,553,734	\$160,135,712	\$15,581,978	0.7%
Dedicated Sales Tax	\$590,772,447	\$810,637,174	\$219,864,727	2.2%
Contract Assistance	\$0	\$160,000,000	\$160,000,000	14.3%
Other Income	\$27,739,969	\$31,045,029	\$3,305,060	0.8%
Subtotal	\$1,081,770,908	\$1,087,992,702	\$726,221,794	
Additional Assistance	\$0	\$135,100,000	\$135,100,000	14.3%
Total Revenue	\$1,081,770,908	\$1,943,092,702	\$861,321,794	4.1%

Expense Trends



Expense	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Labor Costs	\$412,881,416	\$742,029,261	\$329,147,845	4.1%
Energy, Materials, Supplies & Services	\$110,677,687	\$237,872,565	\$127,194,878	5.2%
Casualty & Liability	\$10,239,156	\$16,566,513	\$6,327,357	3.4%
Purchased Services	\$201,537,079	\$506,463,071	\$304,925,992	6.2%
Financial Services	\$1,504,828	\$5,990,000	\$4,485,172	8.5%
Subtotal	\$736,840,166	\$1,508,921,410	\$772,081,244	
Debt Service	\$291,540,129	\$423,938,425	\$132,398,296	2.6%
Total Expenses	\$1,028,380,295	\$1,932,859,835	\$904,479,540	4.4%

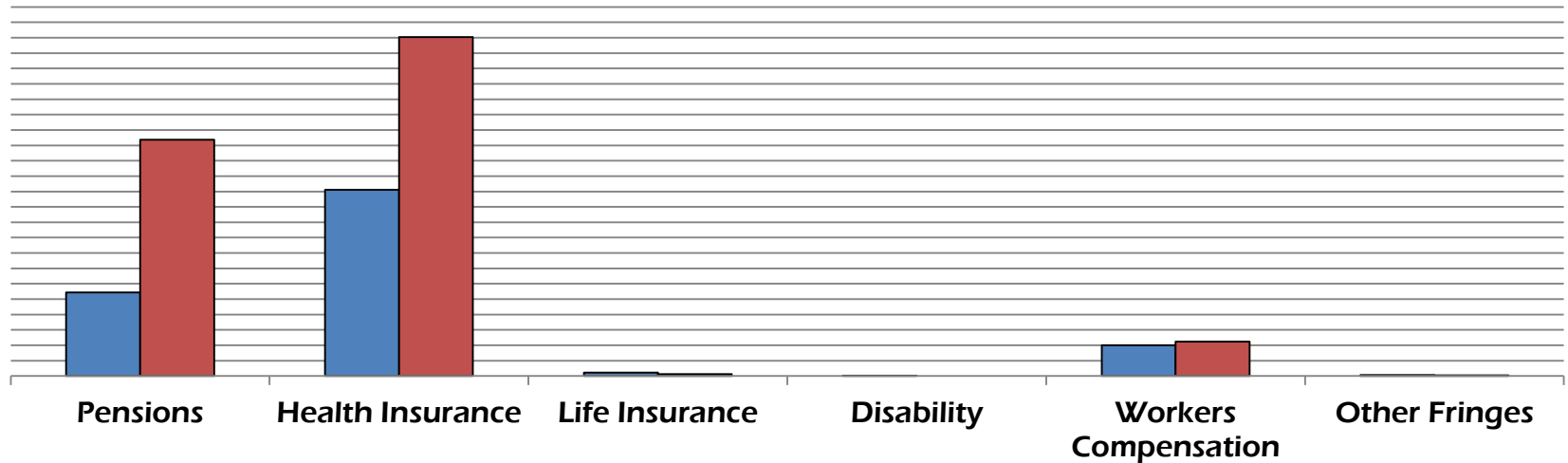
Operating Labor Costs



Labor Costs	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Wages	\$291,092,991	\$493,470,467	\$202,377,476	3.7%
Fringe Benefits	\$99,401,191	\$199,051,351	\$99,650,160	4.8%
Health & Welfare Fund	\$0	\$10,436,865	\$10,436,865	N/A
Payroll Taxes	\$22,387,234	\$39,070,578	\$16,683,344	3.9%
Total Labor Costs	\$412,881,416	\$742,029,261	\$329,147,845	4.1%

Headcount	FY 2001	FY 2015 Budget	Increase	Average Annual % Increase
Budgeted Operating Headcount	5,694	6,046	352	0.4%
Average Paid Operating Headcount	5,528	5,688	160	0.2%

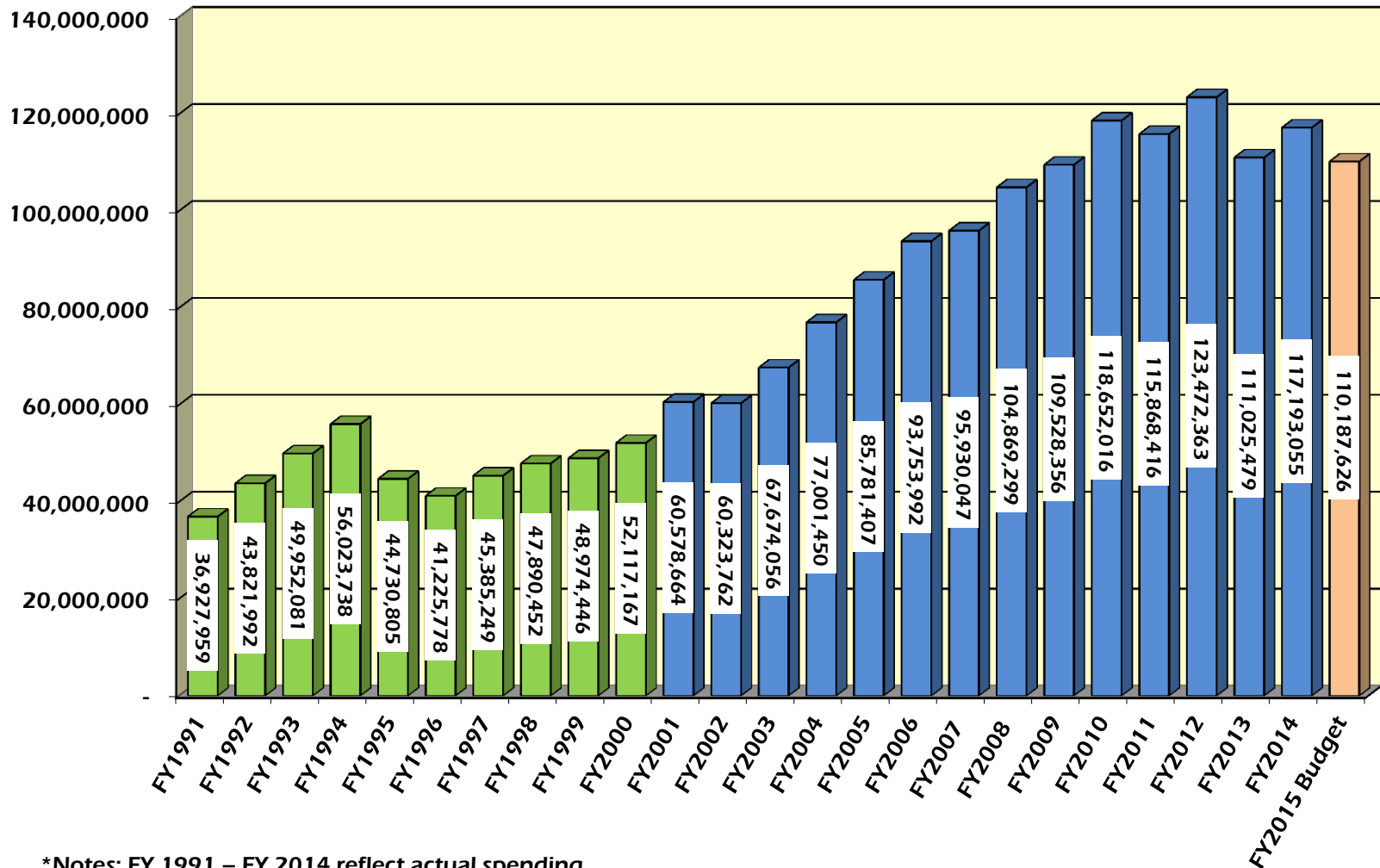
Fringe Benefits



Fringe Benefits	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Pensions	\$27,192,984	\$76,874,710	\$49,681,726	6.8%
Health Insurance	\$60,578,664	\$110,187,626	\$49,608,962	4.2%
Life Insurance	\$1,165,569	\$584,316	-\$581,253	-4.7%
Disability	\$112,429	\$0	-\$112,429	-14.3%
Workers Compensation	\$10,007,115	\$11,170,527	\$1,163,412	0.8%
Other Fringes	\$344,430	\$234,171	-\$110,259	-2.7%
Total Fringes	\$99,401,191	\$199,051,350	\$99,650,159	4.8%

Health Insurance

Massachusetts Bay Transportation Authority
Growth in Net Healthcare FY1991- FY2015 Budget

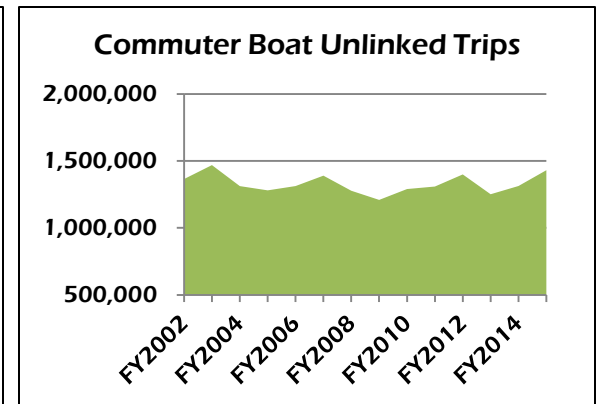
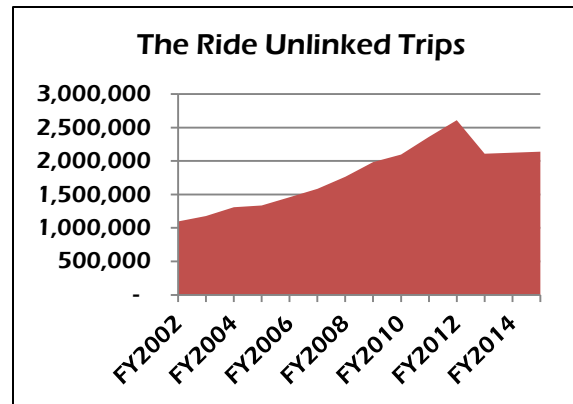
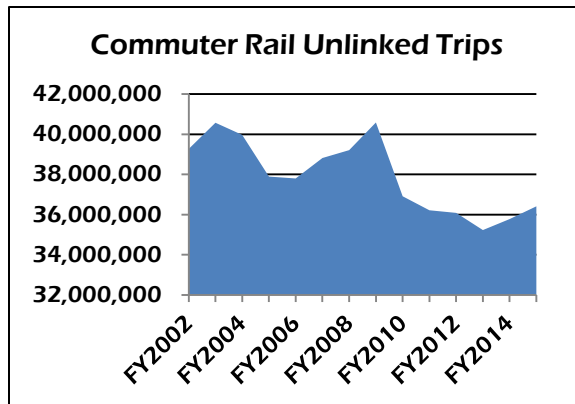


*Notes: FY 1991 – FY 2014 reflect actual spending
Blue represents Authority's finances since Forward Funding

Pension Snapshot

- Employee pension contribution rates
 - MBTA Retirement Fund: 5.79%
 - MBTA Police Fund: 8.51%
- Age benefits at retirement for MBTA Retirement Fund
 - Normal retirement: age 65
 - Early normal retirement: 23 years of service (no age requirement) (now grandfathered)
 - Early normal retirement (new hires post 12/6/12): 25 years of service and age 55
- Age benefits at retirement for MBTA Police Fund
 - Normal retirement: age 65
 - Early normal retirement: 23 years of service and age 52
- Actuarial liability
 - Unfunded accrued liability for MBTA Retirement Fund as of 12/31/13: \$757,448,781
 - Unfunded accrued liability of MBTA Police Fund as of 12/31/13: \$21,263,291
- Other Plans
 - Unfunded liability for the Deferred Compensation Plan: \$56,816,000
 - Deferred Compensation Savings Plan (401B)
 - Employee contribution 5.79%
 - Employer contribution 8.00%

Purchased Services



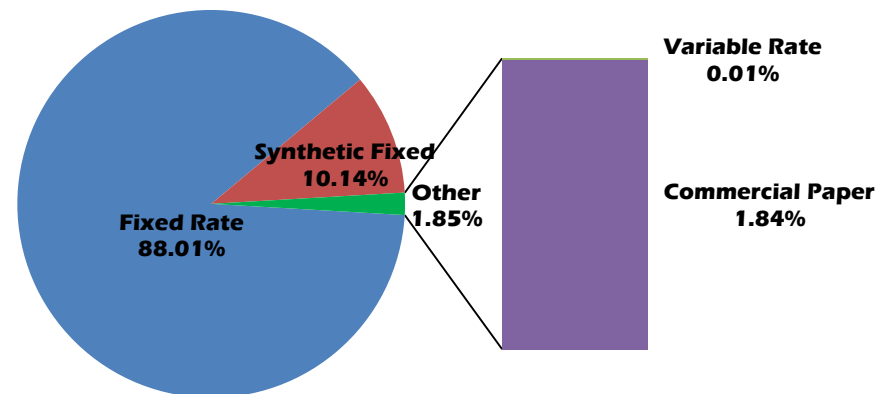
Purchased Services	FY 2001	FY 2015 Budget	\$ Increase	Average Annual % Increase
Commuter Rail	\$172,540,450	\$384,346,300	\$211,805,850	5.4%
The Ride	\$24,996,254	\$105,373,056	\$80,376,802	8.8%
Commuter Boat	\$748,676	\$14,282,703	\$13,534,027	12.9%
Private Carrier Bus	\$955,057	\$2,261,600	\$1,306,543	5.8%
Suburban Bus	\$463,399	\$199,412	-\$263,987	-5.7%
Interdistrict Bus	\$1,833,243	\$0	-\$1,833,243	-14.3%
Total Purchased Services	\$201,537,079	\$506,463,071	\$306,759,235	6.2%

FY 2016 Debt Profile

- MBTA currently has approximately \$5.5 Billion in outstanding debt

Outstanding Debt as of June 30, 2014

- \$4.8 Billion fixed rate
- \$659.18 Million variable rate including \$101.03 Commercial Paper
- \$557.55 Million swapped to fixed



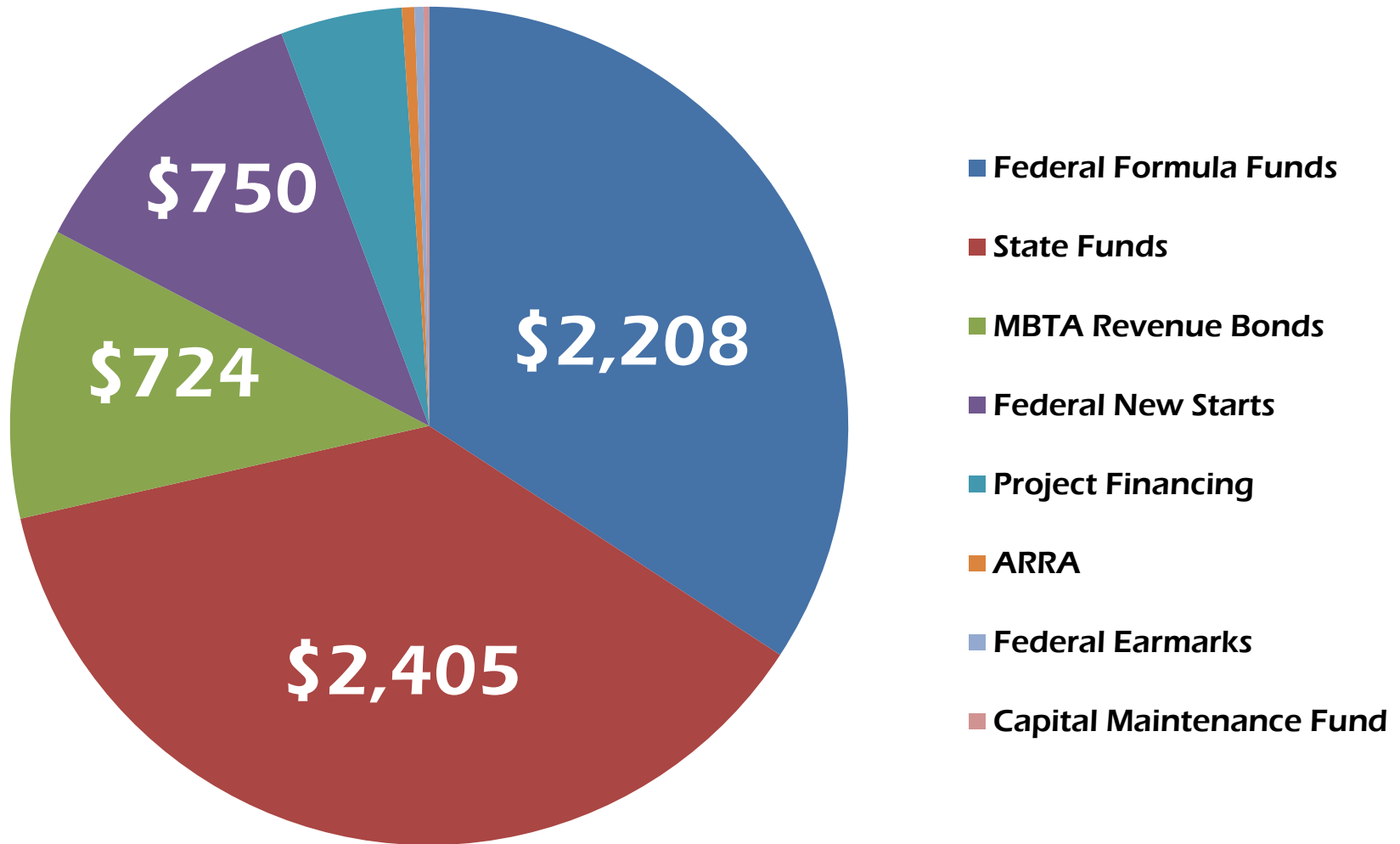
Fiscal Year	Principal Outstanding (in billions)	Additional CIP New Money Bonds (in millions)	Principal Payments (in millions)	CP Amortization Payments (in millions)	FYE 6/30 Principal Outstanding (in billions)	Cumulative Net Change
2014	5,475,648	200,000	177,815	6,350	5,499,989	24,341
2015	5,499,989	-	173,620	6,675	5,319,694	(155,954)
2016	5,319,694	200,000	150,520	7,050	5,362,124	(113,524)

Capital Budget

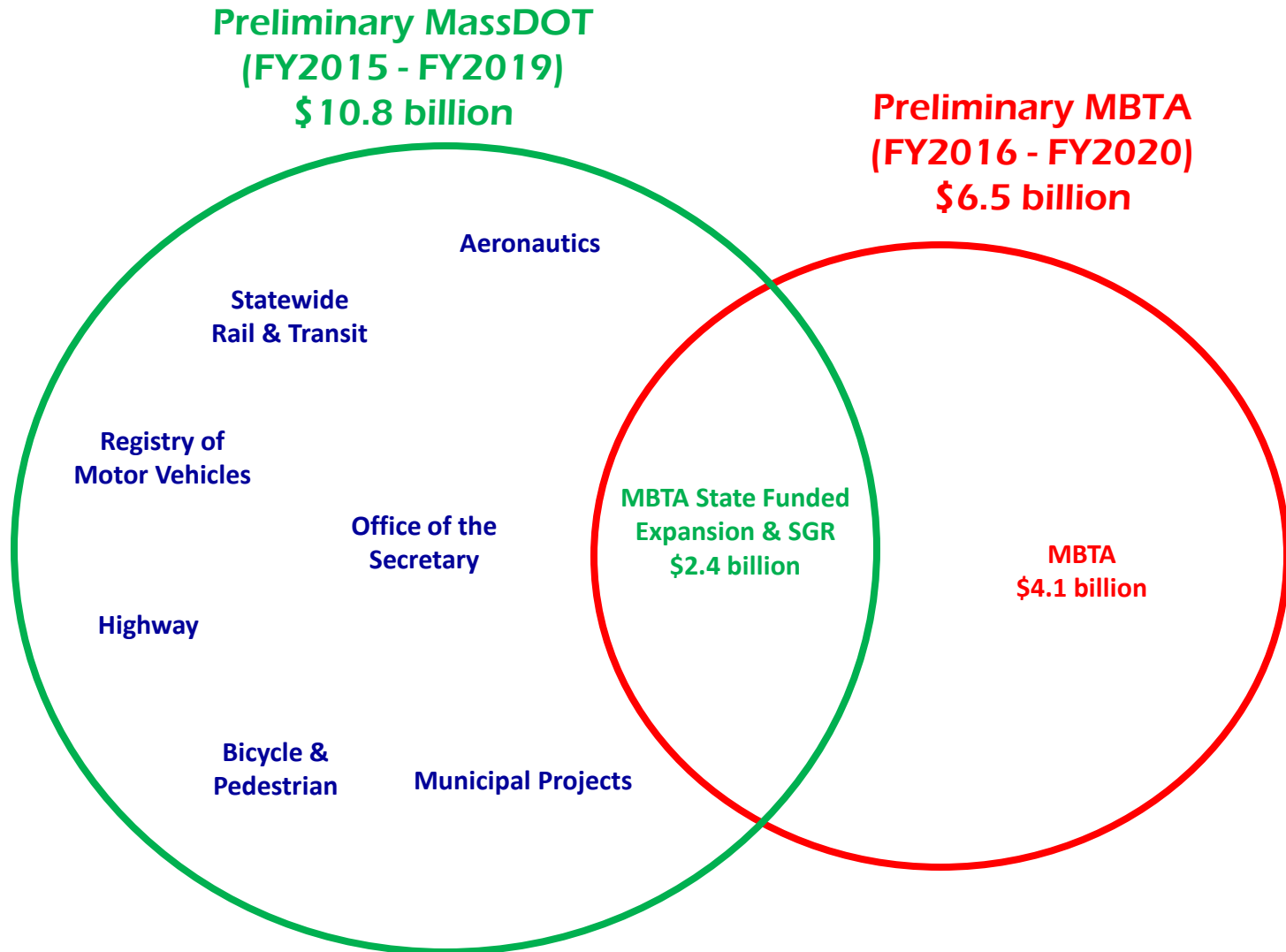
- **FY 2016 – FY 2020 Estimated Funding**
- **Relationship Between MBTA & MassDOT CIPs**
- **Programmed Capital Spending**
- **Planned vs. Actual Capital Expenditures**
- **Capital Spending by Category**
- **Capital Spending by Asset Class**
- **Other Considerations**

FY2016 – FY2020 Estimated Capital Funding

(\$\$ in millions)

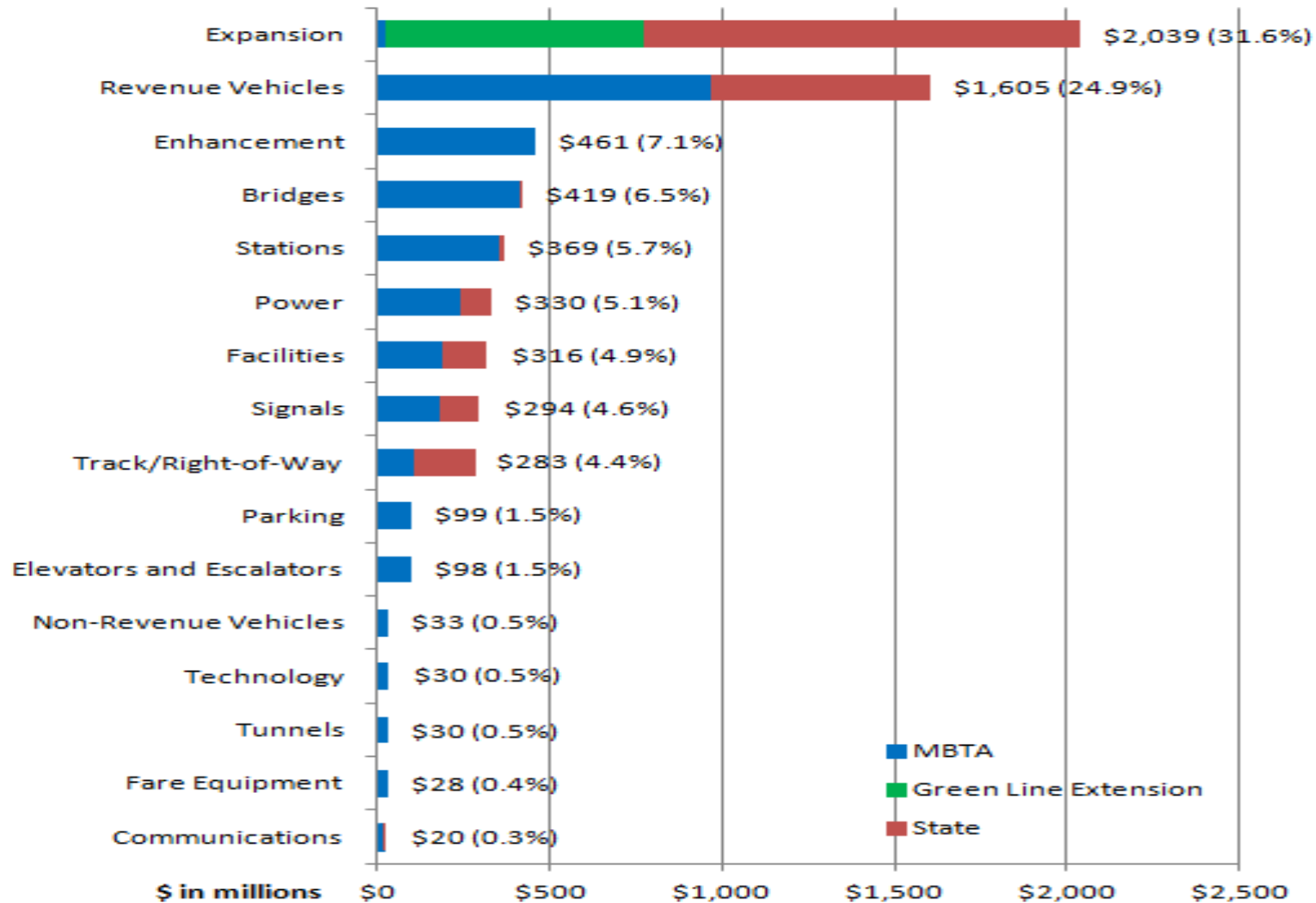


Relationship between MBTA CIP & MassDOT CIP



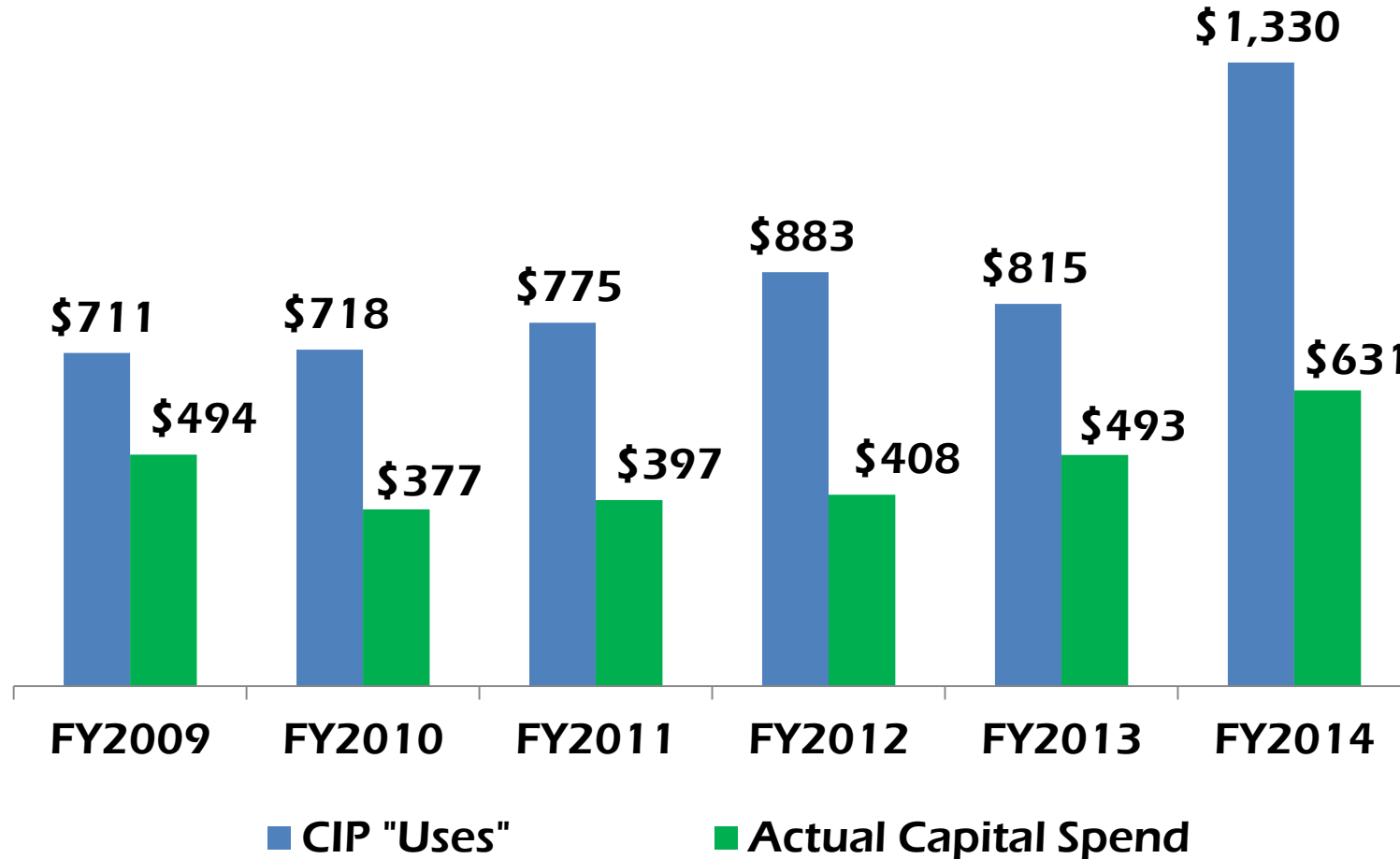
FY2016–FY2020 Programmed Capital Spending by Category

(\$\$ in millions)



“Uses” vs. Actual Capital Expenditures

(\$\$ in millions)



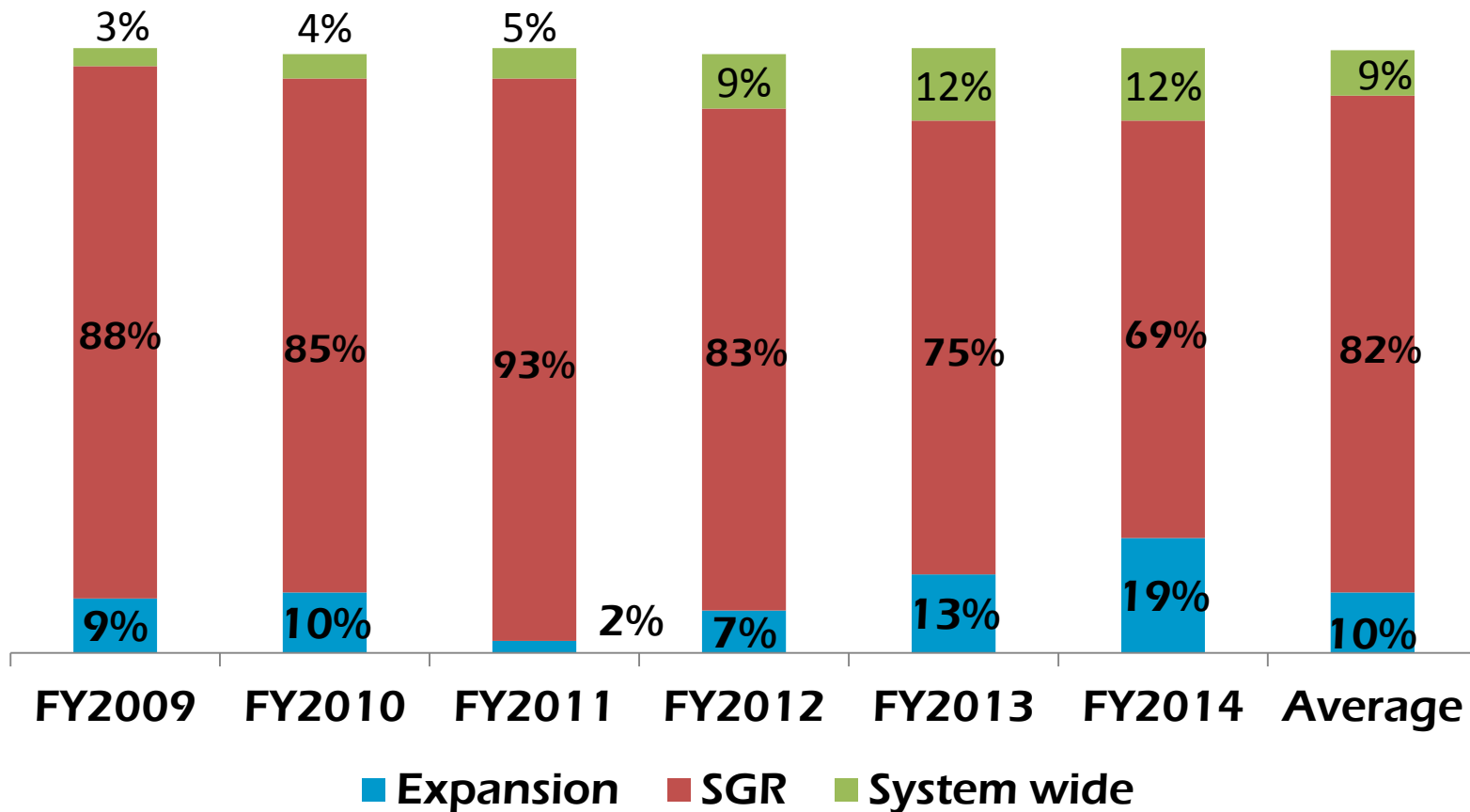
1. CIP “Uses” is based on CIP published for that fiscal year and may include a mixture of project obligations and forecasted cash expenditures.
2. Actual expenditures based on long term projects reported in Capital Management System (CMS)
3. Planned and actual expenditures are fully loaded, including wages, fringe and other administrative costs

Capital Program Parameters

- **MBTA Revenue Bonds**
 - Unused funds roll over annually
 - Use restricted by covenants and Board policies
 - Sales tax is a gross pledge, limited capacity for additional borrowing
- **State**
 - State bond cap policy limits opportunity to roll over funds
 - Policy choice to allocate between programs within bond authorization
 - Policy choice on the ratio of expansion, enhancement and SGR funding
- **Federal**
 - Unobligated funds can roll over from three to five years from apportionment based on the guidelines of the specific program
 - Use is generally restricted to terms of original grant agreement(s)
 - Limited opportunity to de-obligate existing grants for other purposes

FY2009 – FY2014

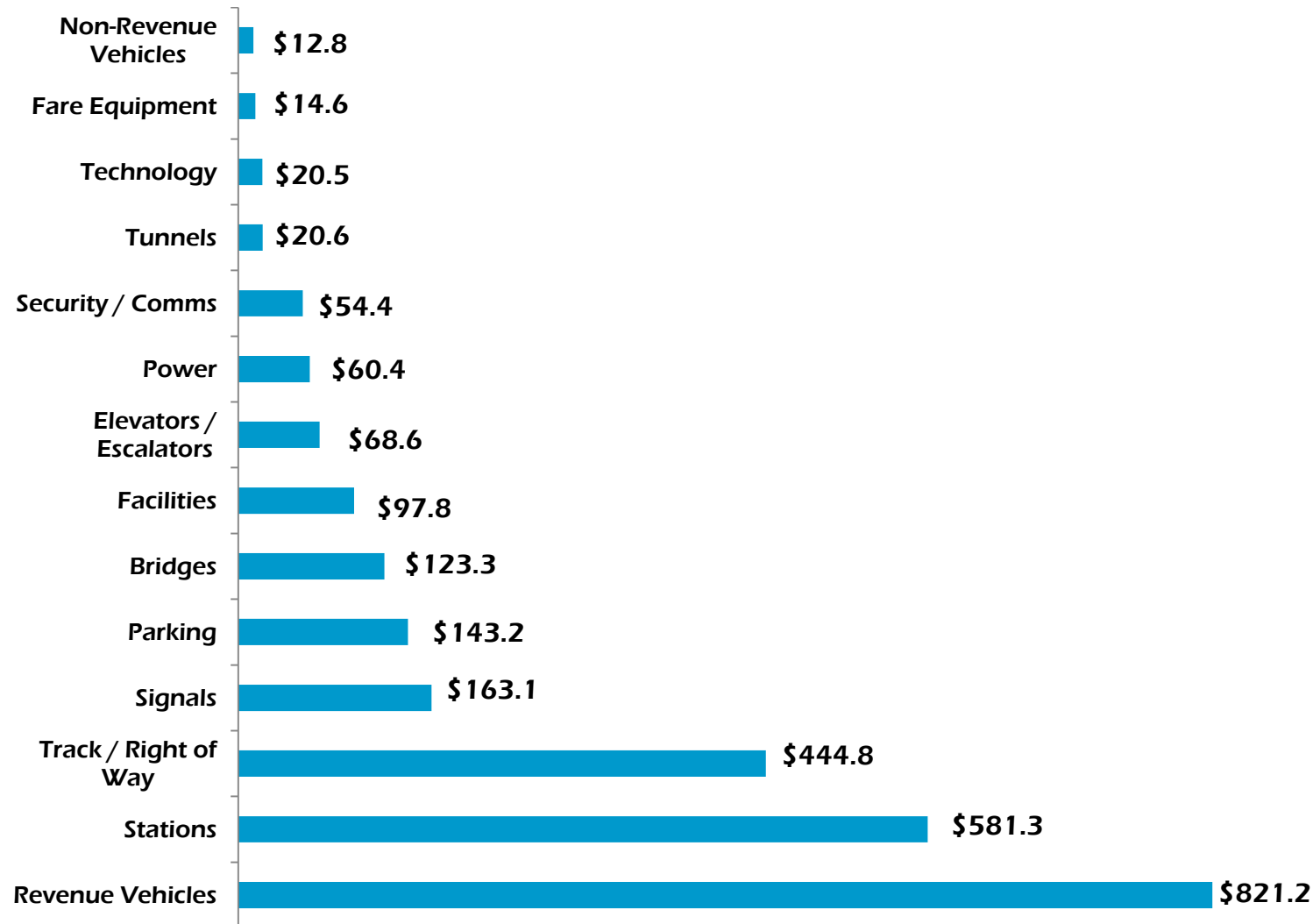
% of Capital Spending by Category



1. System wide includes non SGR spending on environmental, technology and other system wide projects.

FY2009 – FY2015 Capital Spending by Asset Class

(\$\$ in millions)



Other Considerations

- **There is the need to increase core capacity on the existing system:**
 - A number of bus and subway routes are at crush capacity during rush hour
 - 8 minute actual headways vs. 4 to 5 minute planned are not uncommon
 - Ridership is growing: 11% growth in unlinked trips since 2001
 - Boston MPO projects a 29% increase in unlinked trips by 2035
- **Appropriate ratio between SGR, core capacity and expansion projects**
- **Funding both the capital needs and operating impacts of legal mandates:**
 - PTC: \$400 million unfunded federal mandate
 - BCIL: \$144 million in ADA enhancements to stations and facilities
 - CA/T: \$4.7 billion in completed commuter rail and ongoing Green Line expansion