

MTC FY 2020-21 OPERATING BUDGET MID-YEAR ANALYSIS

February 10, 2021

FY 2021 GENERAL BUDGET STRATEGY

- ▶ No economic “miracle” in FY 2020-21
- ▶ “Zero Base” discretionary expenses
- ▶ No new positions
- ▶ No layoffs/furloughs
- ▶ Cash flow management
 - ▶ Control contracts – minimize negative cash flow on grants
 - ▶ Control hiring
- ▶ Proper cash flow management may ultimately avoid reserve draw

GENERAL BUDGET ASSUMPTIONS

► Budget assumptions


► 303 full time staff – reduction of 2

- 2.8% contracted salary increase
- 2.5% PERS normal cost increase
- \$2.5 million PERS UAAL payment
- \$3.3 million OPEB normal cost payment

► Revenue

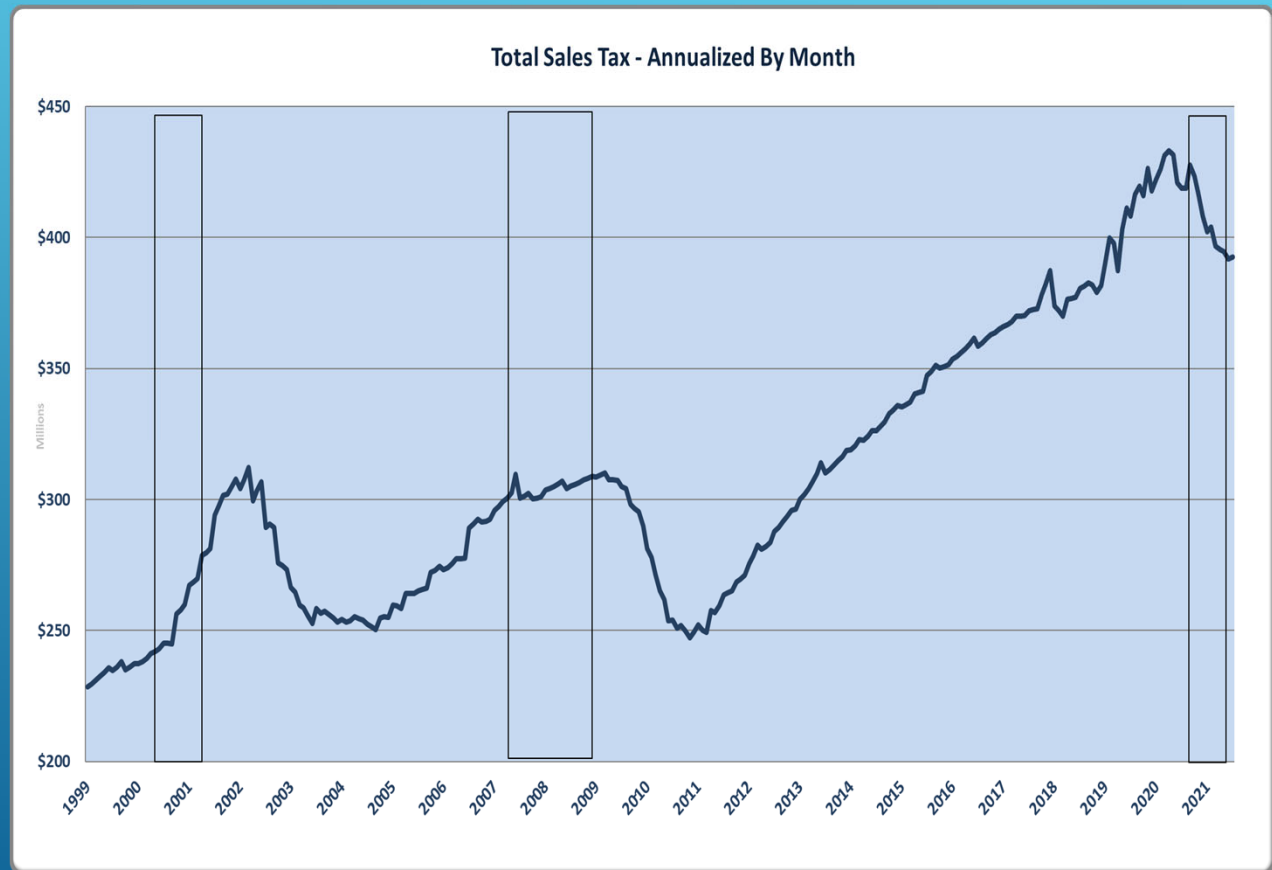
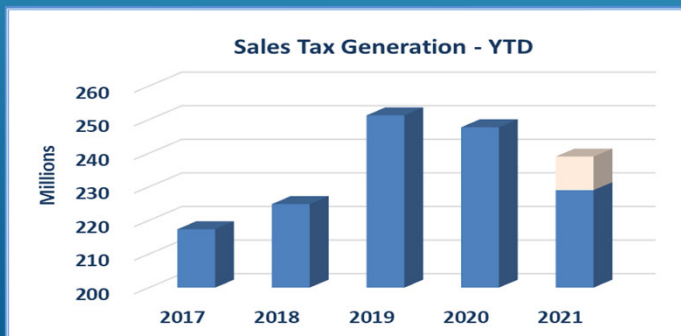
- Improvement but no general economic recovery in FY 2020-21
- No immediate economic impact on budgeted grant revenue
- TDA (sales tax) down 25%
- BATA toll revenue transfers down 25%
- RM3 revenue remains in escrow

FY 2020-21 MTC OPERATING BUDGET - STATUS

- ▶ The current FY 2021 Budget deficit is \$1.7 million
 - ▶ Revenue surprise was sales tax revenue
 - ▶ Controlled hiring having positive cash flow/budget benefits
 - ▶ Current projected balance is now positive
 - ▶ If controls remain in place the deficit may be mitigated by year end
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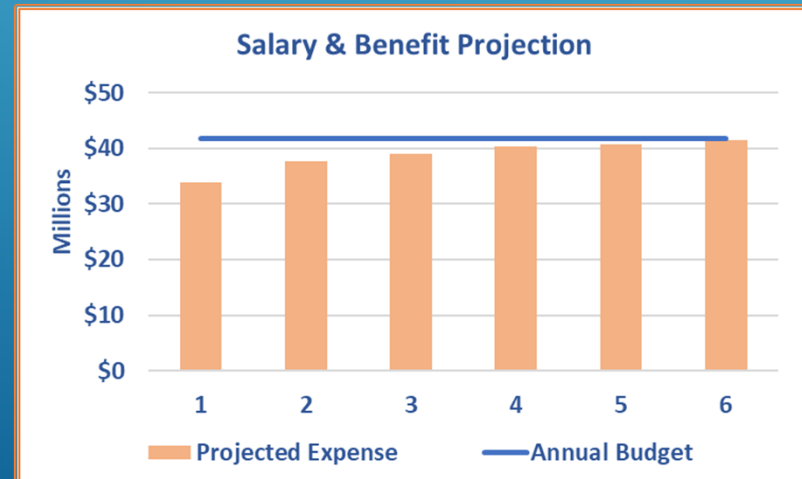
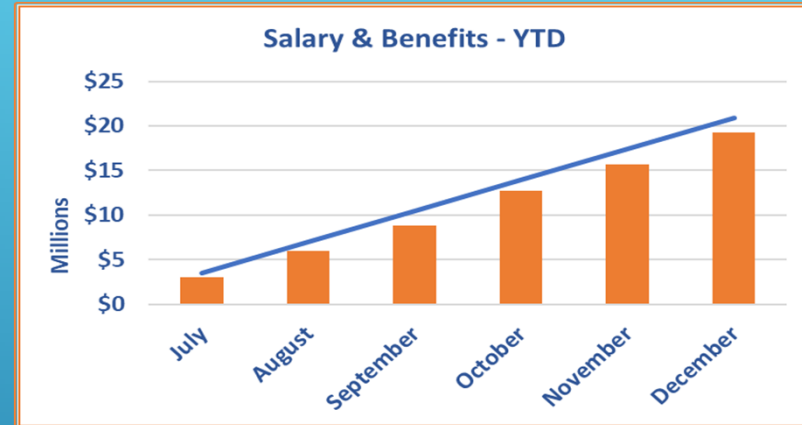
THERE WAS A SURPRISE IN SALES TAX GENERATIONS

- ▶ Major change is the Wayfair decision repealing the ICC regulation that a physical presence was necessary to assess state sales taxes
- ▶ State and county pool revenue is now 25% of internet sales
- ▶ Sales tax revenue is now 6.7% ahead of FY 2018 pace



► The Goal Was To Mitigate the \$1.7 Million Operating Deficit

- The budget assumptions included controls on spending including hiring and contracts
- Payroll controls seem to be in working with 46% expense at mid-year
- Projections to year end indicate the budget-to-actual will be very close by year end



YEAR END BALANCE

- ▶ Current trends indicate the operating deficit could be eliminated by year end
- ▶ Surprise sales tax level will add nearly \$2.2 to the original budget estimate
- ▶ Contractual services are the key to maintaining a positive ending balance for FY 2021

	Budget	YTD 50%	Enc	YE	Balance Over/(Under)
MTC					
TDA	\$ 10,962,523	\$ 6,578,831	\$ -	\$ 13,157,662	2,195,139
Interest	57,500	6,011	-	12,022	(45,478)
Federal	51,069,472	20,633,731	-	35,748,630	(15,320,842)
State	14,847,247	2,995,953	-	9,353,766	(5,493,481)
Inter Gov	-	-	-	-	-
Air Dist	2,139,898	366,856	-	2,139,898	-
Transfers In	10,268,485	11,788,958	-	11,788,958	1,520,473
Misc	755,403	8,823	-	17,646	(737,757)
Total	\$ 90,100,528	\$ 42,379,163	\$ -	\$ 72,218,582	\$ (17,881,946)
Salary	\$ 26,029,021	\$ 11,452,769	\$ 73,677	\$ 22,979,216	\$ (3,049,806)
Benefit	12,866,979	7,720,187	-	15,440,375	2,573,396
Travel/Training	530,000	136,017	136,987	409,021	(120,979)
General Ops	1,985,499	40,339	63,831	144,509	(1,840,990)
Computer Services	1,591,940	1,348,557	552,039	1,900,596	308,656
Consultant	48,844,633	16,295,868	14,653,390	30,949,258	(17,895,375)
Operating Total	\$ 91,848,072	\$ 36,993,738	\$ 15,479,924	\$ 71,822,974	\$ (20,025,098)
Operating Balance	\$ (1,747,544)	\$ 5,385,425	\$ (15,479,924)	\$ 395,608	\$ 2,143,152