



# **Fiscal Year 2019 Operating Budget Year-End Review**

Open Administration  
Committee Meeting  
December 2, 2019

# BUDGET-VS-ACTUAL

Provided **\$17M in direct relief to our Rail customers** via temporary fare reductions

Reduced the capital-to-operating transfer by pumping **\$15M back into the TTF capital program** in support of critical capital projects

Renewed **focus on non-fare revenue opportunities**, including TOD initiatives (e.g., \$11M deal around the Somerville Station)

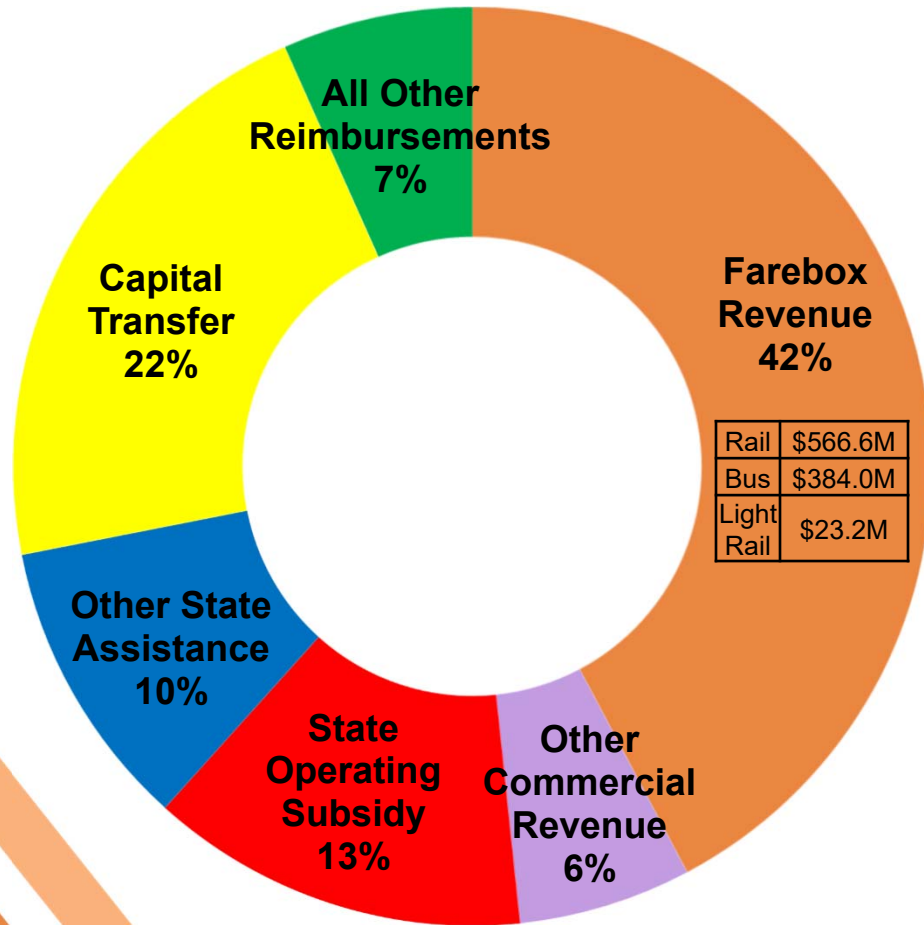
**Investments in the workforce** to improve service, reliability and the customer experience:

- 4 New LETP classes
- 4 New ACTP classes
- 473 bus operator hires

(\$ in millions)	Fiscal Year 2019			
	Budget	Actual	Difference Budget vs Actual	
Farebox Revenue	\$ 985.8	\$ 973.8	\$ (12.0)	-1.2%
Other Commercial Revenue	117.5	140.5	23.0	19.6%
State Operating Subsidy	307.5	307.5	-	0.0%
Other Reimbursements	905.2	883.7	(21.5)	-2.4%
<b>Total Resources</b>	<b>\$ 2,316.0</b>	<b>\$ 2,305.5</b>	<b>\$ (10.5)</b>	<b>-0.5%</b>
Labor & Fringe Benefits*	\$ 1,394.4	\$ 1,365.2	\$ 29.2	2.1%
Services	155.3	165.4	(10.1)	-6.5%
Fuel, Power & Utilities	154.0	141.5	12.5	8.1%
Purchased Transportation	252.2	246.3	5.9	2.3%
All Other Expenses	360.1	386.7	(26.6)	-7.4%
<b>Total Expenses</b>	<b>\$ 2,316.0</b>	<b>\$ 2,305.1</b>	<b>\$ 10.9</b>	<b>0.5%</b>
<b>Net Income / (Loss)</b>	<b>\$ -</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	

*\* Includes Workers' Compensation and FELA (Federal Employers Liability Act) costs.*

# RESOURCES



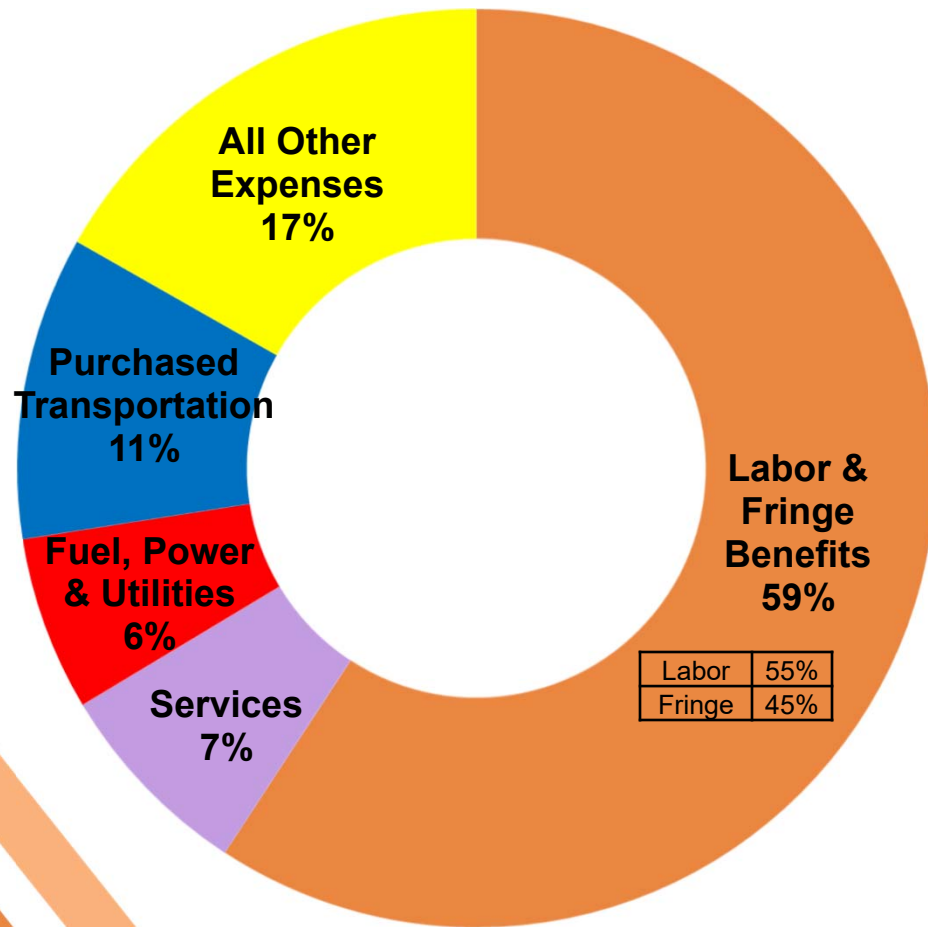
*Actual resources made up virtually the same share of total resources as budgeted*

Resource Category	Budget	Actual
Farebox Revenue	43%	42%
Other Commercial Revenue	5%	6%
State Operating Subsidy	13%	13%
Other State Assistance	10%	10%
Capital Transfer	22%	22%
All Other Reimbursements	7%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# RESOURCES

- **Year-Over-Year Farebox Revenue & Ridership Changes:**
  - Revenue → 0.58% **growth** (Rail ↑0.92% – Bus ↓0.02% – Light Rail ↑2.43%)
  - Ridership → 0.89% **growth** (Rail ↑2.88% – Bus ↓0.36% – Light Rail ↑1.66%)
  
- **Other Commercial Revenue:**
  - FY19 included **\$25M in one-time, non-recurring revenues**
  
- **Capital-to-Operating Transfer of \$493.5M:**
  - \$83.8M from the TTF after a **\$15M “giveback”** for critical capital projects
  - \$50M one-time diversion from the TTF Subaccount for Capital Reserves
  - \$359.7M from the FTA for eligible expenses
  
- **Reimbursements include Other State Assistance:**
  - \$154M – contractual payments from the NJ Turnpike Authority
  - \$82.1M – State’s Clean Energy Fund to offset fuel and utility costs

# EXPENSES



*Actual expenses made up virtually the same share of total expenses as budgeted*

Expense Category	Budget	Actual
Labor & Fringe Benefits*	60%	59%
Services	7%	7%
Fuel, Power & Utilities	6%	6%
Purchased Transportation	11%	11%
All Other Expenses	16%	17%
<b>Total</b>	<b>100%</b>	<b>100%</b>

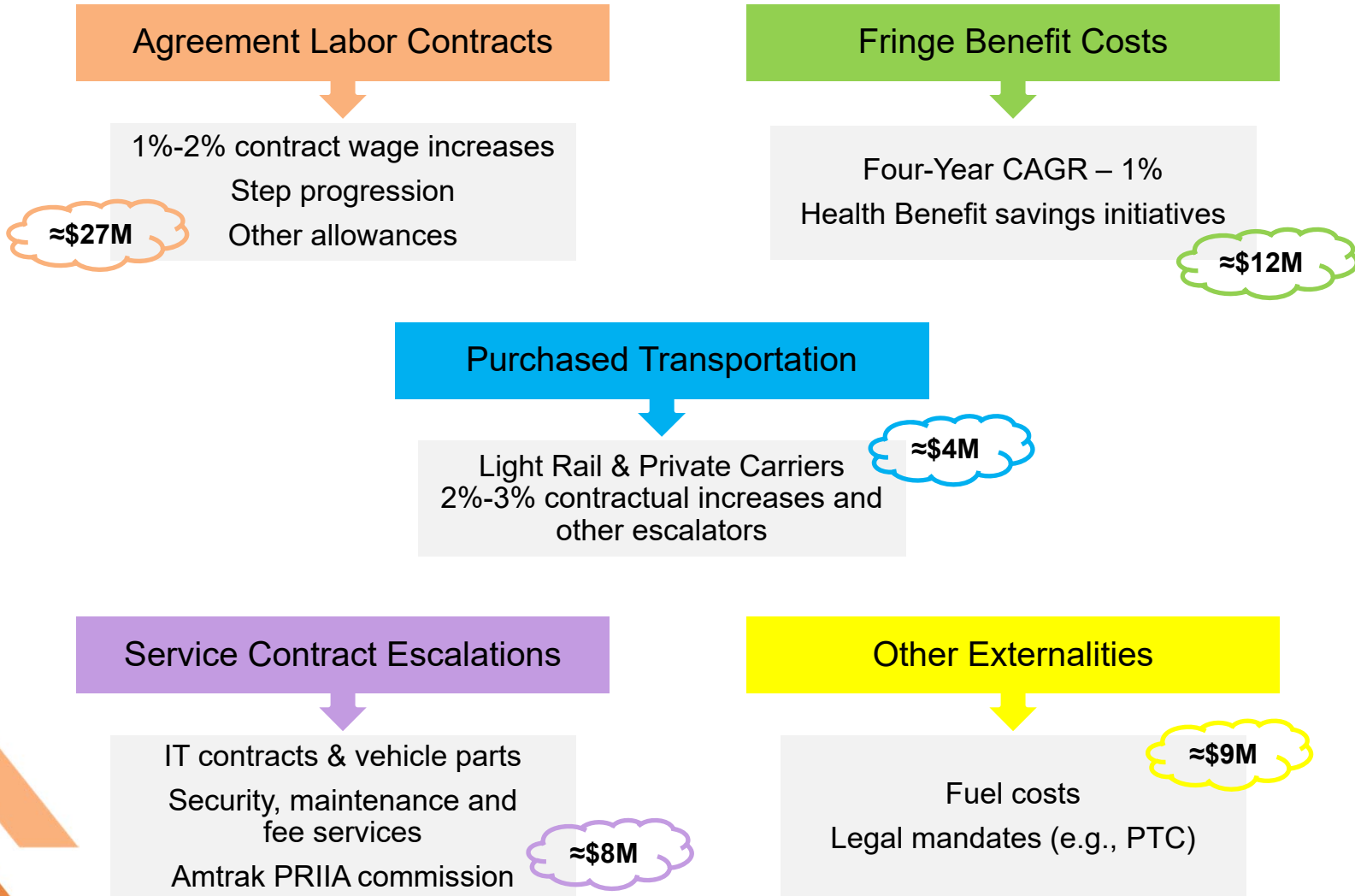
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# LABOR & FRINGE

- Labor & Fringe Benefits spending was **\$1.37B in FY19**:
  - **\$29.2M favorable**, or 2.1% under budget
  - July 2018 vs June 2019 vacancies – 572 vs 322
  - Of total, \$749M in labor and \$616M in fringe benefit costs
    - ❖ Incorporates \$2M in savings from mid-year health benefit reforms
  
- **FY19 Agreement Labor Contracts**:
  - Rail – 1.5% wage increase in October 2018 (≈\$8.8M)
  - Bus – two 1.25% wage increases in July 2018 and January 2019 (≈\$16.7M)
  - Police – 2% wage increase in July 2018 (≈\$1.4M)
  
- **Hires & Separations Summary**:
  - Total Hires – 1,136
  - Total Separations – 899 (38.2% retirements)
  
- **Service Enhancements, Reliability & Customer Experience**:
  - Four New LETP Classes – **86 total locomotive engineer trainees** hired
  - Four New ACTP Classes – **98 total assistant conductor trainees** hired
  - **Bus Operators – 473** hired (88.2% retention at year-end)
  - NJT's first ever **Customer Advocate & Chief Customer Experience Officer**

# FY19 COST DRIVERS

## \$60M in Mandatory Escalations



\* NJT is currently estimating an additional \$70M+ in mandatory FY20 cost drivers above the FY19 amounts, net of cost savings initiatives.