

# Metropolitan Council Transportation Funding Forecast State Fiscal Years 2016-2019



# State FY 2018-2019 Forecast

- \$1.4B surplus expected for next biennium
- Slower economic growth
- Lower revenue projections were offset at the state level by reduced spending estimates
- Motor Vehicle Sales Tax (MVST) projections further reduced from February forecast

# MVST Forecast Revised Downward Again

	SFY 2016	SFY 2017	SFY 2018	SFY 2019
Nov 2015	\$262	\$282	\$302	\$315
Feb 2016	\$257	\$278	\$297	\$310
Nov 2016	\$258	\$268	\$288	\$304
<b>Forecast Loss</b>	<b>(\$4)</b>	<b>(\$14)</b>	<b>(\$14)</b>	<b>(\$11)</b>

## Regional Transit Budget Impact

	SFY 2016		SFY 2017		SFY 2018		SFY 2019	
	Jul-Dec 2015	Jan-Jun 2016	Jul-Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-Jun 2019
		<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>				
<b>Revenue Loss</b>		<b>(\$11)</b>	<b>(\$14)</b>	<b>(\$13)</b>				

Dollars in millions

# Motor Vehicle Sales Tax

- MVST expected to make up 44% (\$225M) of our overall 2016 transit operating budget of \$517M
  - Budget 95% of state forecast
  - Receipts above 95% go to MVST reserve for next year's operations
  - Currently calendar year 2016 at 95% of forecast used when adopting 2016 budget. **Hence, no carry over MVST into 2017.**
  - Each 1% = \$3M in MVST receipts

# CY 2017 Council Budget Impact

- November 2016 Forecast
  - \$8.9M reduction in MVST operating revenues
- Experience (95% of November 2015 Forecast)
  - \$2.7M reduction in MVST reserve transfer
- Draw on Regional Transit Reserves

# Total Projected Transportation Deficit State Fiscal Years 2018-19

	SFY 18-19
MVST Downturn (SFY 2016 – 2019)	\$43
Metro Mobility Growth (inflation & ridership demand)	24
Certificates of Participation	9
Other (Inflationary pressures)	13
<b>Total Projected Deficit</b>	<b>\$89</b>

Dollars in millions

# Preferred Solution

## Governor's transit sales tax proposal (2013-2016)

- Recognizes instability of MVST revenues
- Creates stable, long-term funding that allows us to effectively plan and budget transit investments
- Eliminates entire deficit
- Funds needed transit growth to accommodate job growth and workforce demands
- Enhances equity and geographic balance throughout the region



# Immediate Administrative Actions

- Targeted, temporary hiring freeze
- Reductions in administrative costs
- Review of planned 2017 projects



# Under Consideration

Absent the Governor's sales tax proposal, some options are under consideration in order to balance the Council's transportation budget.

- Fare increase
- Service reductions
- Medical Assistance revenues for eligible Metro Mobility services

# Timing Considerations

- Public engagement must start soon.
- Early 2017 Council discussion of proposals needed prior to public comment and engagement.