



Deval L. Patrick, Governor
Richard A. Davey, Secretary & CEO



REPORT

To: Chairs, Joint Committee on Transportation
Chair, House Committee on Bonding, Capital Assets and Expenditures
Chair, Senate Committee on Bonding, Capital Assets and Expenditures
Chair, House Committee on Ways and Means
Chair, Senate Committee on Ways and Means

From: Richard A. Davey, Secretary and CEO

Date: August 15, 2013

Subject: CAPITALIZED MassDOT SALARY EXPENDITURES
(As required by Chapter 46 of the Acts of 2013, Section 62)

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Pursuant to section 62 of chapter 46 of the Acts of 2013, this report addresses the status of MassDOT employees whose salaries and benefits are funded by capital bond issuance proceeds and is submitted herewith. It has been compiled in consultation with the Executive Office of Administration and Finance.  
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1. Number of employees* with salaries funded by capital expenditures in Fiscal Year (FY) 2013: 1,903

2. Total cost of salaries and fringe of employees* with salaries funded by Capital FY'13: \$173,453,456

3. Number of employees* and salaries and fringe to be moved from capital expenditures to operating expenditures in:

FY'14	198 FTEs	\$ 19,688,666 (begun in FY'13 – now completed)
FY'15	1,142	\$ 110,049,972
FY'16	<u>563</u>	<u>\$ 55,881,691</u>
Total	1,903 FTEs	\$ 185,620,329

4. It should be noted that the heretofore capitalized salary expenditures noted above do not include expenditures for rent, utilities, and other expenditures which, by prudent accounting procedures, should also be moved to operating. In FY'13, those expenditures amounted to an additional \$46,294,671 plus an estimated \$2.5 million which is still being calculated as end of FY'13 expenses. Please note that the aforementioned figure for FTEs to be moved from capital to operating expenditures in FY'14 is preliminary, pending approval of the Department's final operating budget. We expect to provide you with an update on that FY'14 estimate once we finalize the details of said budget.

As revenue is transferred, consistent with the intent of the transportation finance bill, to MassDOT for the purpose of moving all suitable capitalized expenditures to the operating budget, then the monies in the capital bond accounts will then be used exclusively for the purpose of funding those components of capital projects that have useful economic lives of greater than 1-year. These newly capitalized expenditures will be explicated in full in MassDOT's rolling 5-year capital investment plan (CIP) which is expected to be published in October.

*expressed as FTEs or Full Time Equivalent