



- MoDOT's budget has been greatly impacted by declines in state highway user revenue due to the COVID-19 pandemic.
- The department is facing an estimated 30% loss of state transportation revenue.
- April and May reported revenues from February and March collections were down \$45 million from projections.
- The department will be temporarily reducing most employee hours with a corresponding reduction in salary while others will receive temporary salary reductions with no reduction in hours.
- Most employees will be eligible for partial unemployment benefits to supplement the reduction in hours and pay.
- The Director and Deputy Director will take a 10% salary reduction effective June 16, 2020.
- The remaining members of the Senior Management Team will take a 5% salary reduction. These employees will be eligible for eight hours of administrative leave for each month of reduced salary.
- Other employees will be given the option of taking a 5% salary reduction with no reduction in working hours or taking advantage of a Department of Labor and Industrial Relations program - called the Shared Work Program. The Shared Work Program will require employees to reduce their work hours by 20%, but makes them eligible for unemployment benefits and, until July 25, 2020, a weekly \$600 payment.
- We are taking this proactive measure now to be able to save state road fund dollars lost during the pandemic, preserve private sector and public sector jobs and minimize financial impact to employees participating in the Shared Work Program.
- Both the salary reductions and Shared Work Program will begin the week of June 14, 2020. Unless circumstances warrant change, the salary reduction will be in effect until September 1, 2020 and the Shared Work Program will be in effect until September 5, 2020.
- Federal action could compensate for budget shortfalls and shorten the timeline.
- MoDOT's Executive Management has been making tough decisions to reduce Personal Services and Equipment and Expenses expenditures and delaying planned construction advertisements to preserve as much funding as possible to make up for revenue shortfalls during the pandemic.
- We do not want to delay or pause current contract work because there is a contractual cost to stop or delay a contract. Contractors have purchased materials and equipment for projects. It is not practical to cease work on them as the majority of projects have started work. Some projects are partially paved and some bridges are not fully constructed. MoDOT does not control how many people or specific hours contractors use on projects. There would be additional costs in materials, time and manpower that could make the action even more expensive than the savings if we delay and construct partially completed projects later.
- For several months, MoDOT has decreased discretionary purchases (e.g. travel expenses, office supplies and equipment, and other non-essential items).
- MoDOT's Executive Management has also been reviewing all requests to hire and promote employees to ensure only the most necessary staffing decisions are approved.
- The department also delayed advertisement of construction contracts totaling about \$360 million to date. None of these projects have been canceled, but this action limits contractual obligations in the short term.
- MoDOT will make every effort to maintain the level of responsiveness the Missouri public has come to expect. However, with a reduction in hours, it is possible and should be expected that some tasks and elements of our work plan will be impacted.