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Bulletin

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MBTA: Increasing Fiscal Strains Threatening Success of Forward Funding

Three years after its enactment, the success of forward funding of the MBTA -- one of the most important fiscal reforms of the last decade -- is increasingly uncertain. Despite major steps taken by the T to implement the reforms and live within its new fiscal constraints, the costs of system expansion and difficulty building ridership are undercutting the ability of forward funding to improve the quality of transit services and put the T on a sound financial footing.

Everyone from riders to employers to policy makers has a huge stake in the success of forward funding, which was designed to produce a better transit system as a critical element of the Commonwealth's economic foundation. Replacing the old blank-check subsidies with a fixed amount of state support and giving the T control over its capital program were intended to create powerful new incentives to build ridership, increase system revenues, control operating costs, and make careful choices among capital priorities.[1]

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Though the T has made important progress toward these goals, there are troubling signs that the Authority's fiscal situation is deteriorating. Despite initial plans to scale back capital spending and reduce its heavy debt burden, borrowing for capital projects continues unabated and debt service costs are still climbing. With the T under intense pressure to extend the reach of its system while grappling with an enormous backlog of deferred maintenance and modernization projects, the costs of expansion threaten to undermine the quality and reliability of existing services.

Implementing forward funding was never going to be easy, even under the best of circumstances, and the sharp economic downturn that started just as the reforms took effect has certainly made the T's task more difficult. Flat sales taxes revenues and declining ridership and fare income are triggering budget shortfalls, necessitating a fare hike that could further reduce the number of riders. Of even greater concern are signs of a growing dependence on future fare increases to balance the T's budget. While higher fares are clearly required by the T's current fiscal situation, frequent, large fare increases cannot be the answer to the authority's long-term fiscal challenges.

[1] Forward funding, which was enacted as part of the fiscal 2000 state budget and took effect in fiscal 2001, moved MBTA funding from open-ended, retrospective state subsidies based on the T's operating deficits to a prospective budget based on dedicated revenue sources -- one fifth of state sales tax revenues and assessments paid by cities and towns. Debt service on capital bonds are now paid from these dedicated revenues with no Commonwealth general obligation backing for new bonds.

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With a fixed amount of state support, the T cannot be expected to finance expansion of its system within its fiscal constraints. As documented by MTF in its in-depth analysis of the T's capital finances released in 2002, *MBTA Capital Spending: Derailed by Expansion?*, the Authority cannot afford to proceed with any of its planned expansion projects without sacrificing critical investments in its existing system or undermining its financial health. The T needs to devote its limited capital resources to maintenance and modernization projects that improve service quality and cut costs, rather than new lines that add to its operating deficits.

At the same time, public transportation is essential for economic growth and development in Massachusetts and should be a central element of the Commonwealth's economic and environmental strategies. The state needs to devise a plan for prioritizing and financing selected expansions, and with demands for capital spending far exceeding available state dollars for years to come, a clear vision, coordinated approach and tough decision making will become all the more critical.

Capital Dilemma

The T is in the middle of a daunting capital dilemma. Demand for capital spending far exceeds the Authority's financial capacity under forward funding. At the same time, reducing the cost of debt service is essential if the T is to achieve long-term fiscal stability.

An extraordinarily heavy debt burden severely constrains the T's ability to finance the capital investments it must make to improve services and build ridership. The T has over $4 billion in outstanding debt -- a legacy of the decade of expansion that preceded the enactment of forward funding -- and payments on that debt now consume an astoundingly high 30 percent of the T's operating budget.

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The Blue Ribbon Committee on Forward Funding, a panel of experts in management and finance formed to advise the T on strategies for implementing -- and thriving under -- forward funding, made a series of recommendations in its April 2000 report. In the area of capital finance, the Committee urged the T to:

- Give priority to capital projects that address the maintenance and modernization of the current system;
- Focus capital investments on projects that reduce operating costs, such as new vehicles that require less maintenance;
- Make an automated fare collection system the top capital priority;
- Refrain from expansion unless the project is self-financing or funded with additional support from the Commonwealth;
- Reduce reliance on debt financing and move toward pay-as-you-go funding of the capital program;

- Increase use of alternative financing mechanisms such as project revenue bonds and tax increment financing.

Implementing these recommendations requires tight fiscal discipline in the face of enormous demands for capital spending. With some of the oldest transit infrastructure in the country and a long history of deferring maintenance and modernization in favor of expansion, the T by its own estimate faces a $3 billion backlog of capital investments in the current system. Just staying even with new repair and replacement needs would cost an estimated $500 million per year on top of the cost of working off the $3 billion backlog. At its current rate of spending -- roughly $500 million annually on all capital projects, including expansion -- the T will fall further and further behind.

The T's current capital spending plans put the Authority's long-term financial stability at greater risk.

At the same time, the pressure to continue to expand the system has not abated since the shift to forward funding. While there is a growing recognition that the T cannot afford to finance costly projects such as the North-South rail link and the New Bedford-Fall River commuter rail line, the T's capital planning is still governed by legally binding state mandates to build several projects with a combined cost of at least $2 billion as environmental mitigation for the Central Artery project. Mitigation projects include the recently approved Greenbush commuter rail line, completing the new Silver Line with a tunnel connecting Washington Street and South Station, extending the Green Line north to Somerville, and connecting the Red and Blue lines in Boston.

The T's response to its capital squeeze has been to attempt to invest in the current system and simultaneously move forward with selected expansions, adding to the pressure on the Authority's finances. While 80 percent of the $1.5 billion the T plans to spend on capital over the next five years (excluding federal funds) will be devoted to maintenance and modernization projects, the administration's recent decision to proceed with the Greenbush commuter rail project will divert $400 million or more from the existing system and add to the T's operating deficits when the line opens.

Spending on capital at this rate, the T will make no progress in reducing the heavy burden of debt service costs -- an essential part of its strategy for surviving under forward funding -- pushing the Authority to rely more heavily on fare increases to avert chronic budget shortfalls.

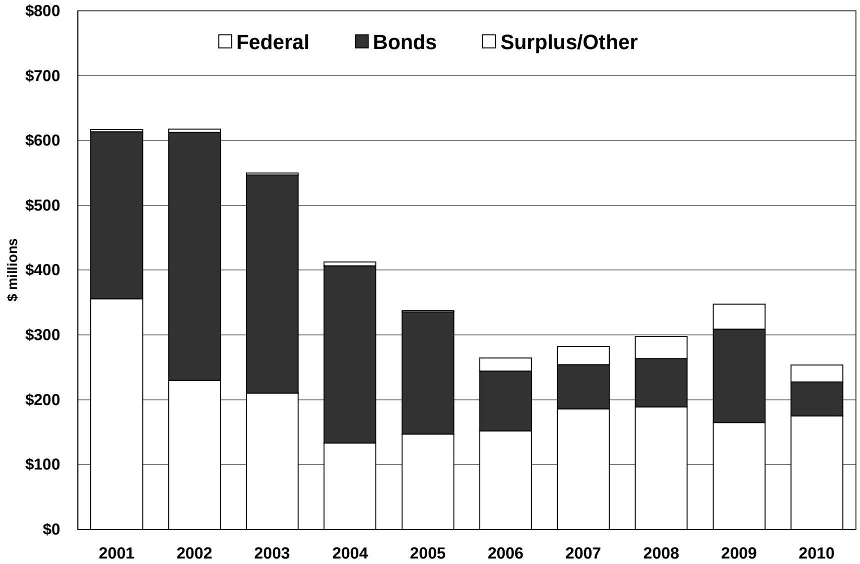
Prior to the implementation of forward funding in July 2000, the T developed a long-range finance plan to demonstrate to the credit rating agencies and bondholders how the Authority could support its capital program and maintain a balanced operating budget within its new fiscal limits. The plan concluded that:

> . . . relying entirely on debt to finance the non-Federal share of the Authority's Capital Program is no longer sustainable under Forward Funding. Over-reliance on debt would eventually interfere with the Authority's ability to meet basic operating expenses.

The finance plan was based on the Blue Ribbon Committee's recommendation to shift gradually from debt financing of capital projects to pay-as-you-go funding, eventually saving the T hundreds of millions of dollars in interest costs annually. Weaning itself from borrowing would require cutting back substantially on capital spending in the early years of forward funding (see Figure 1). Lower debt costs, in combination with other savings measures and increased revenues, would produce budget surpluses that could be used to restore capital spending in future years.

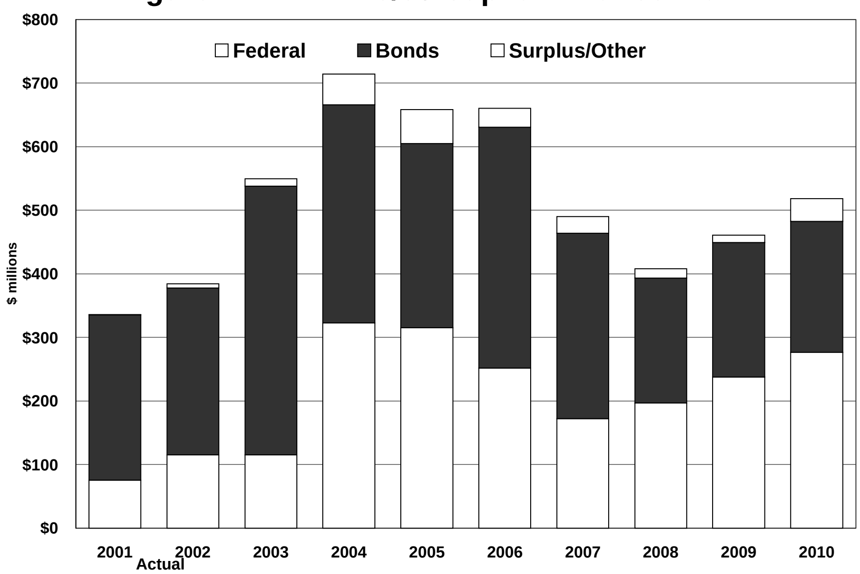
The T's current capital spending plans put the Authority's long-term financial stability at greater risk. In the 2000 finance plan, the T expected to cut back sharply on borrowing starting in 2003. Under the current plan, borrowing will continue at an average rate of $326 million per year before slowing in 2007 (see Figure 2). Between 2001 and 2010 -- the first decade under forward funding -- the T plans to finance $2.9 billion in capital spending with bonds, almost 50 percent more than the $2.0 billion scheduled over the same period in the original plan. The difference

Figure 1. MBTA 5/00 Capital Finance Plan



Source: MBTA Forward Funding Finance Plan, May 2000

Figure 2. MBTA 10/03 Capital Finance Plan



Source: MBTA Forward Funding Finance Plan, October 2003. Surplus/Other includes operating surplus not budgeted for capital.

is even more striking over the next five years, when the T plans to use $1.5 billion in bonds, more than twice the $700 million scheduled in the 2000 plan.[2]

The T's inability to scale back borrowing means that debt service costs will continue to consume about 30 percent of the T's budget for the foreseeable future, eating into any surpluses that the T might be able to produce to fund pay-as-you-go capital spending. Even after aggressive debt management measures which saved $68 million this year, debt service costs still increased by $58 million or 20 percent between 2001 and 2004.

The T deserves credit for aggressively acting to reduce its debt service costs by retiring and refinancing older bonds, and is not in any danger of being unable to repay its debts. While most of these savings are ongoing, some of the T's actions, such as deferring principal payments on new bond issues for three years and restructuring payment schedules on earlier issues, relieve the immediate pressure on the T's finances by pushing costs into the future.

The need to cover ever-rising debt service costs has led the T to build projections of higher growth in sales tax revenues and larger fare hikes into its finance plan, increasing the level of risk inherent in the plan. The current finance plan assumes that sales taxes will grow by 3.0 percent annually from 2005 to 2007, 4.5 percent in 2008 and 5.0 percent thereafter. As the T's reliance on sales taxes increases, so does the risk of revenue shortfalls. While sales taxes have historically risen by an average of about five percent annually, they have been virtually flat during the present economic downturn, precipitating the T's current budget gap. Counting on fare hikes to help make ends meet, discussed further in the next section, will only compound the risks to the Authority's long-term fiscal stability.

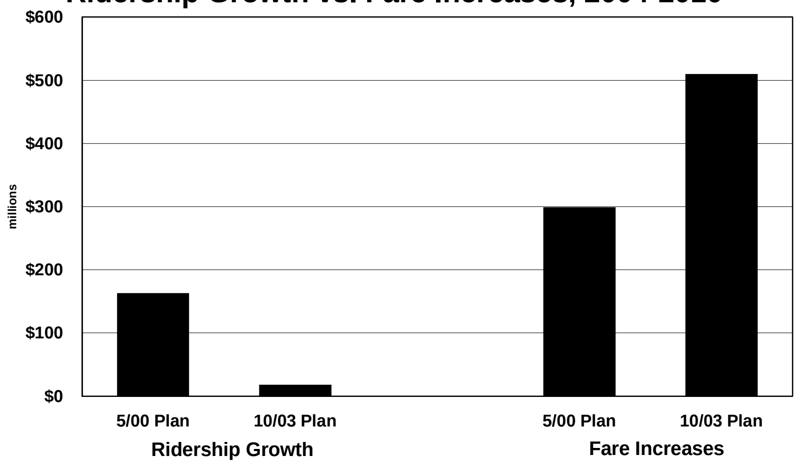
[2] Federal funding is also greater in the current finance plan due to the inclusion of hoped-for federal funding for the Silver Line Phase III. In addition, federal funds that were scheduled to be spent in 2001 and 2002 under the original plan have been shifted to later years in the new plan.

Fiscal Warning Signs

The MBTA is under increasing fiscal stress. Despite a 25 percent fare increase in 2000, growth in non-fare revenues and a series of cost-cutting moves, the T was facing budget shortfalls projected to total $25 million in fiscal 2004 and $50 million in 2005 before its recent fare hike. The estimate for 2005 represented about four percent of the T's operating budget.

The economic downturn, over which the T has no control, has contributed to a drop in ridership that reduced fare revenues by $8 million or three percent in fiscal 2003 compared to the T's budget projection of 8.5 percent growth. Fare revenues in 2004 are now projected to fall $13.2 million below initial forecasts. At the same time, the T's 2004 budget assumed growth in sales tax revenues from the state of $21 million or three percent, but sales taxes have been flat and the T now expects no increase in those revenues this year.

Figure 3. Additional Revenue from Ridership Growth vs. Fare Increases, 2004-2010



Source: 5/00 and 10/03 MBTA Forward Funding Finance Plans

The T's budget gap is not entirely the result of revenue shortfalls. The T is plagued by extraordinarily high operating costs, another part of the legacy of the old unlimited state subsidies, which created no incentives to control spending. The Blue Ribbon Committee recommended reducing the number of employees, bringing salaries and benefits into line with industry norms, and putting contracts out to bid to lower costs. The T has made some progress on cutting -- or at least slowing the growth of -- spending, but operating costs in 2004 are still expected to be $40 million higher than projected in the 2000 finance plan, and $80 million higher in 2005.

With few short-term options for increasing non-fare revenues or reducing costs other than drastic cuts in services, the T proposed fare increases that would boost fare revenues by 25 percent overall. Under the initial plan, subway fares would rise from $1 to $1.25, buses from $0.75 to $1, and commuter rail and most passes by about 25 percent. In response to outspoken opposition to the increases, the T scaled back bus fares to $0.90 and made other, smaller changes to commuter rail and boat fares, but the final package far exceeds the rate of inflation since the last fare increase in 2000, and still comes close to the 25 percent increase in that year.

Fare increases of this magnitude are likely to result in further losses in ridership. An analysis prepared for the T by the Central Transportation Planning Staff projected a reduction ranging from 3.5 to 4.4 percent, or 11.5 to 14.5 million riders annually. However, the increase in fares would more than offset the loss of riders and the T would experience a net increase in revenues of about $45 million, according to the analysis.

At the same time, the T is laying the groundwork for additional fare increases. The T's recently revised long-range finance plan assumes fare increases of 15 percent in fiscal 2007 and 10 percent in 2010 in addition to the current increase. Compared to the original finance plan prepared in 2000, the new plan counts more heavily on revenue from fare hikes and less from increases in ridership. The revised plan assumes about $500 million in additional revenues from fare increases between 2004 and 2010, compared to about $300 million in the original plan. Over the same time period the T is assuming virtually no additional revenues from ridership increases, while the 2000 plan included $160 million from new riders (see Figure 3).

Implementation of fare increases will be facilitated by two legislative changes to the original forward funding law. First, the requirement that fare increases of ten percent or more be subject to review under the Massachusetts Environmental Policy Act was amended to require only "findings on environmental impact" by the T Board of Directors. More recently, the prohibition on increasing fares if ridership had dropped by four percent or more in the preceding 12 months was eliminated.

Continuing to rely on large fare increases to balance the books would trigger further losses in ridership that would offset the revenue impact of the fare hikes and undermine the T's finances.

Like these amendments to the T's authorizing legislation, changes to the T's own fare policy are clearly intended to remove barriers to additional fare hikes. The new fare policy statement adopted by the Board in conjunction with the fare increase eliminates policies adopted in 2000 to increase fares only as a last resort, to discourage fare hikes when ridership is declining, and to limit the rate of fare increases to changes in the cost of automobile commuting or the cost of living.

Given the size of the T's current budget shortfalls, a fare increase is clearly necessary as a stopgap measure to keep the Authority solvent and avoid self-defeating service cuts. But the T cannot reflexively turn to fare hikes to escape from its fiscal constraints. Continuing to rely on large fare increases to balance the books would trigger further losses in ridership that would offset the revenue impact of the fare hikes and undermine the T's finances. Chronic budget problems would weaken the T's already stretched ability to maintain quality services, leading to further losses in ridership and the need for additional fare increases.

Fare increases were intended to be a last resort under forward funding. The forward funding legislation requires the T to take "all necessary steps to maximize non-transportation revenues, increase ridership and improve fare collection practices" before raising fares, and to increase revenues by "improving service quality, expanding transit service where appropriate, establishing fare policies that promote ridership growth, marketing its transit services and fare media and providing desirable services and benefits to transit riders." (Fare media refers to passes, stored-value cards and other means of paying fares.)

The T must be able to adjust its fares in response to its fiscal needs, especially to keep up with inflation, but fare increases cannot take the place of the focus on quality and ridership that forward funding demands.

Recommendations

Resolving the T's ongoing financial problems without resorting to excessive fare increases calls for aggressively implementing the requirements of the forward funding legislation and the recommendations of the Blue Ribbon Committee. The T needs to develop a strategy to ensure its financial viability based on growing ridership, reducing debt service, increasing non-fare revenues and cutting operating costs. At the same time, the reality of forward funding dictates that the Commonwealth take responsibility for financing the most critical expansion projects.

The T has made major strides over the last three years in implementing forward funding.

A. Long-Term Strategy for MBTA Fiscal Stability

The T has made major strides over the last three years in implementing forward funding. Non-fare revenues, such as parking fees and real estate, have been increased substantially. The rate of growth in personnel costs has slowed considerably under the T's latest labor agreements, and staffing levels have been trimmed by about 500 or eight percent since their peak before forward funding. Major savings were achieved by putting commuter rail operations and maintenance contracts out to bid and awarding the contracts to a new operator.

About 80 percent of the T's capital funds are devoted to improving the existing system rather than expansion -- new, low-emission vehicles have been added to the bus fleet, stations have been made more accessible to the disabled, and parking has been increased at outlying stations.

However, the positive effects of these initiatives are not nearly enough to put the T on a sound financial footing at a time when it is accelerating borrowing to renovate antiquated facilities and build costly new transit lines, and when ridership is faltering. The T needs to develop -- and follow through on -- a long-term strategy for achieving fiscal stability by:

- Increasing fare revenues by building ridership rather than by increasing fares;
- Making strategic capital investments and reducing debt service costs;
- Pursuing every opportunity to increase non-fare revenues; and
- Controlling operating costs.

Ridership. The T needs a comprehensive program to improve services and attract riders. Without riders, nothing the T can do will keep the Authority afloat. The T's riders have made it clear in the public hearings on the fare increase that they are not happy with the services they receive. The absence of free transfers between buses and trains, late trains and buses, a lack of information, dirty stations and vehicles, and poor heating and air conditions are frequent complaints. While the economic downturn is the leading cause of the T's recent drop in ridership, perceptions of poor quality have also played a part.

The T should make explicit and meaningful commitments to service improvements a central part of an aggressive marketing campaign to rebuild ridership.

The T needs to establish standards for service quality, as required by the forward funding legislation, and measure and publicize its progress in attaining those standards. The legislation mandated objectives for the effectiveness and quality of each mode of service based on measurements of comfort, communication, convenience, rider satisfaction, reliability, security, and environmental benefits, but the T has not met these requirements.

The Blue Ribbon Committee recommended that the standards be used as management tools for driving improvements in customer service and urged the T to set high expectations. The T should implement this recommendation by measuring and publicizing the percentage of its trips that arrive at their destination on time -- rather than the percentage that ever reach their destination that is currently reported -- and setting specific goals for improvement. Standards for the cleanliness of stations and vehicles are also important.

The availability of free or discounted transfers between modes would encourage ridership and make fares more equitable, and should be a major part of T's ridership strategy. The Blue Ribbon Committee recommended that the T develop a reduced-fare transfer policy, either as part of the implementation of an automated fare collection system (discussed further below) or earlier if feasible. Linking implementation of transfers to the deployment of the new fare collection system would allow the T to minimize any loss of revenues from transfers.

The T's customers should have a clear understanding of what they are getting in return for the scheduled fare increases. The T has promised $3 million in service improvements, including increased late-night capacity on the Green Line, expanded evening bus service on the busiest routes, and more express trains on the Fitchburg commuter rail line, as well as the formation of a riders' committee to advise the T on fare and service policies. While each of these is a positive step, the T needs to commit to -- and deliver on -- a much broader and deeper program of quality improvement. The T should make explicit and meaningful commitments to service improvements a central part of an aggressive marketing campaign to rebuild ridership.

Capital Investments and Debt Service. The T needs to invest its limited capital dollars in

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system improvements that support the goal of increasing ridership, with implementation of the long-delayed automated fare collection system (AFC) as the Authority's highest capital priority, as recommended by the Blue Ribbon Committee. The T needs modern equipment and facilities that reduce operating costs, improve the quality and reliability of services, and make the system more attractive to riders.

The Authority should follow through on the Blue Ribbon Committee's recommendation to dedicate a portion of fare revenues to upgrading facilities and services, such as repairing tracks to allow for higher travel speeds, improving station maintenance and lighting, adding communications systems that provide information to riders, and providing additional bus shelters and bike racks.

AFC would make using the T faster and more convenient, and should be a central part of the Authority's ridership strategy. Eliminating the need to sell tokens would also save labor costs and permit the redeployment of station personnel on customer service. Moreover, AFC would allow the T to adopt modern pricing strategies that would generate more fare revenues without increasing fares, such as fares that vary based on the distance traveled or between peak and off-peak periods. The T is the last major transit system in the country to use tokens, which are costly to sell and collect, are inconvenient for customers and encourage fare evasion. After a number of false starts, the T has awarded a contract for the design of AFC. Implementation is scheduled to begin in the subway system in late 2004, but AFC will not be fully installed in buses until at least 2006.

At the same time, the T needs to follow through with its plan to reduce its reliance on debt financing for its capital program in favor of pay-as-you-go funding, with specific goals and a timetable for reducing the share of the budget going to debt service. This will be easier said than done given the enormous demands for capital spending. The difficulty of cutting back on capital spending makes the T's ridership strategy all the more critical. Building ridership to increase revenues and generate operating surpluses is the most sustainable way to fund the capital program over the long-term.

Non-fare Revenues. The T must continue to expand its base of non-fare revenues to reduce the need for fare increases, a key requirement of the forward funding legislation. Parking fees, which were increased last year without significant ridership losses, should be revisited. The Blue Ribbon Committee recommended increasing parking rates periodically as market conditions warrant and seeking opportunities to leverage high-demand facilities with higher rates, expanded parking, and premium and overnight parking, particularly at stations with direct access to Logan airport. Cell phone service in subway tunnels, new advertising contracts and renegotiated concessions can all offer additional revenues. The area with the greatest potential for significant new revenues, transit-oriented development around T stations, is discussed further below.

Automated fare collection would make using the T faster and more convenient, and should be a central part of the Authority's ridership strategy.

Operating Costs. The T needs to find ways to continue to trim its workforce without compromising the safety and reliability of its operations. After reducing its headcount from a pre-forward funding high of about 6,500 to just over 6,000, the T found that rising overtime costs were offsetting the savings, making further reductions ineffectual. Achieving additional savings will require greater flexibility in how the T deploys it personnel. Restoring management rights that were taken away by the Legislature or bargained away by the T over the last decade would allow the Authority to manage its personnel more effectively.

Other major opportunities to reduce operating costs would also require the cooperation of the Legislature. The T needs to be able to contract for services if it can obtain better value at equal or lower costs, and should be exempted from the state's anti-privatization Pacheco law. Legislation would also be required for the T to employ design-build and other alternative procurement methods to reduce the cost and improve the quality of construction projects.

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B. Transit Expansions

Mass transit is an essential element of the infrastructure underpinning the Massachusetts economy. With nearly two out of three workers in downtown Boston relying on the T to get to and from work, the economy of the state's largest employment center would collapse without viable transit access, and public transportation offers the only long-term approach to keep fast-growing job centers outside the Boston core from being strangled by traffic congestion.

The Commonwealth needs a strategy for investing in transportation, and expanding the transit system should be a central part of that strategy. But the expectation that expansions can be financed by the T is clearly unrealistic. Even if the T successfully implemented every element of the financial strategy outlined above, it would never generate enough revenue to finance expansion projects without sacrificing critical investments in existing services or undermining its fiscal viability.

Given the T's fiscal realities, the Commonwealth must assume responsibility for critical mass transit expansions. Finding the funds for costly transit projects will be extraordinarily difficult, but the consequences of inaction would be severe. Making major investments in transit will require a three-pronged approach that relies on:

- Commonwealth capital funds;
- User fees; and
- Alternative financing mechanisms.

Commonwealth Capital Funds. Between federal highway aid and the state's own bond funds, the Commonwealth spends up to $2 billion per year on transportation projects. Transit should be a central element of the Commonwealth's transportation strategy, and expansion projects should compete on an equal basis with highways for state funding. The dollars should be directed to projects with the greatest transportation, economic and environmental benefits. The state has the flexibility to use federal highway funds for transit projects, but has never exercised this option.

However, the state has limited capacity to absorb the multi-billion dollar costs of transit expansion within its existing capital funding sources. The Commonwealth's heavy debt burden severely limits the amount of borrowing for capital that it can afford, resulting in a long backlog of projects awaiting funding. Repayment of Central Artery debts will take $1.5 billion of federal highway aid from other projects over the next decade. At the same time, the state faces the possibility of reduced federal support as Congress reauthorizes highway and transit funding.

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User Fees. Given the enormous pressures on the state's capital finances, user fees will have to play a more important role in funding transportation projects. Fares, tolls and other charges allow beneficiaries to pay in direct proportion to their use of the transportation system, and are widely employed to finance highway and transit projects around the world. Toll revenues, for example, could support not only the costs of building and operating toll roads, but also part of the costs of the transit projects that keep the roads from being overloaded with traffic. The pressing need for

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revenues for transportation makes it absolutely critical that the Commonwealth not give up sources it already has, and proposals to eliminate tolls and the auto excise tax should be rejected.

Alternative Financing. Traditional sources of funding for capital projects -- Commonwealth capital funds and user fees -- will not be enough to cover the costs of many expansion projects. The state will need to take a more entrepreneurial approach and develop alternative financing tools, on a project-by-project basis, in partnership with the T. Improved access creates greater development potential and increased property values in areas served by new transit lines. Alternative financing mechanisms work by tapping into the added value, as well as through revenues generated directly by the project, and could include:

- Funding for new stations by private developers whose projects will be served by new lines;
- Tax increment financing or benefit assessments for projects that add substantially to property values;
- Transit-oriented development of the T's own real estate; and
- Project financing for developments such as parking garages that generate revenue sufficient to cover the costs of construction.

These alternative financing mechanisms, which are already used in other states and on a small scale in Massachusetts, will have to become the norm if the Commonwealth is to make any progress on its transportation agenda.

The Urban Ring provides a good example of the need for -- and challenges of -- making major investments in the state's transportation network. The Urban Ring would enable workers to reach fast-growing employment centers around the Boston core, take thousands of drivers off congested roads, and stave off paralysis of the central subway system, which is already operating beyond its capacity. But with cost estimates starting at $2 billion, the T will never be able to afford to build the project within its fiscal limits, and the Commonwealth will be hard pressed to finance more than a fraction of the costs.

Absent a major infusion of federal funds, most of the costs would have to be covered by some combination of user fees, such as fares from the Ring itself, surcharges on connecting lines and on parking at access points to the Ring, and alternative mechanisms such as assessments on the businesses and institutions that will benefit from improved access.

Making wise investments in transit expansion will also require the Commonwealth to reconsider the Artery mitigation requirements that currently drive the T's capital spending decisions. The Urban Ring, for example, despite its major benefits, is currently far down the line for funding because it is not a mitigation requirement.

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While the recent fare increase will address the T's immediate fiscal problems, the long-term issues of the T's financial viability and the expansion of the transit system remain unresolved. Moving ahead on its transportation agenda will require the Commonwealth to make difficult choices about its priorities and to step up to the plate with financing for the most essential projects.