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News Release

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MTF Statement on Findings and Recommendations from the Governor's Special Panel to Review the MBTA

The Massachusetts Taxpayers Foundation (MTF) applauds the Governor's Special Panel to Review the MBTA ("the Panel") for uncovering the full scope of the issues confronting the T and providing a thorough set of recommendations to help make transit services safe and reliable in the short-term and sustainable in the face of growing demand in the longer-term. The Panel's report, [*Back on Track*](#), affirms the MTF's findings released in March that the operations, governance and finances of the MBTA are badly broken and in need of a fundamental and comprehensive overhaul.

"We are at a pivotal moment for the MBTA and our economy," said Eileen McAnneny, President of the MTF. "Now that the breadth and severity of the problems confronting the MBTA have been revealed and the price of inaction is evident, we have a real opportunity to move forward with a plan for transforming the MBTA into the modern public transit system that we all want – one that is reliable, fully operational and meets the need of its growing ridership and a vibrant economy. I urge lawmakers to enact *Back on Track* swiftly so the tough work of reinventing the T can begin."

More specifically, the Foundation supports the following action steps outlined by the Panel to address the T's major challenges, and each aligns closely with the recommendations offered in the MTF's *End of Its Line* report:

- Balance the T's operating budget. Currently the T's expenses outpace revenues by a 2:1 margin. The action plan re-sets the goal of Forward Funding, which was to have the T balance its budget each year without additional assistance from the state. To do this, the Panel proposes that the Commonwealth assume the debt service costs from the Central Artery project and for debt incurred before 2000. The state will also pay the personnel costs from transferring employees from the capital to the operating budget.

In return, the T must implement a series of cost controls to close the budget gap, including reductions to excessive maintenance spending and to absenteeism that drives up overtime costs. The T must also focus on growing its ridership and should have the authority to raise fares above the statutorily limited five percent every two years.

- Overhaul procurement and maintenance procedures. The T faces at least a \$7 billion backlog in infrastructure needs yet the Panel found that \$2.2 billion, or half of the funds set aside for infrastructure investment over the past five years, was not spent because the T lacks the

managerial capacity to spend the money it is receiving for that purpose. This is a crucial indicator that additional revenues at this time would not solve the T's failing system and there should first be dramatic operational and management changes.

The MTF supports the Panel's recommendation to centralize MassDOT and the T's procurement and contracting functions. The Panel also recommends that the T be permitted to use Design-Build and Construction Management at Risk procurement methods, currently employed by MassDOT and the Division of Capital Asset Management (DCAM), to accelerate project delivery and to alleviate the bottlenecks in capital spending. Furthermore, under the umbrella of procurement changes, the Panel recommends that the T be free from the constraints of the Pacheco Law that limits competition.

- Develop a long-term investment plan to support growing demand for transit services. The plan calls for the T to develop five- and 20-year capital investment plans to present a clear vision on how its infrastructure will support evolving demographics and economic growth – both in terms of needs and feasibility. The Foundation and the Panel agree that to be successful the T's plan must include both reforms and revenues which are essential to support future capital investments.
- Change the T's governing structure. The Panel recommends eliminating the current governance structure and replacing it with a Fiscal and Management Control Board for three to five years, followed by a newly appointed MBTA Board of Directors with the Secretary of Transportation as Chair. The Fiscal and Management Control Board, similar in nature to the intercession in Springfield, would be responsible for the T's finances, agency structure and operations. The Panel opted not to pursue receivership that would grant the power to reopen collective bargaining agreements; a step that may be necessary should progress on the action plan fall short.
- Set and track progress towards goals, milestones, and performance metrics. Although a successful turnaround will take time, progress must be measured and reported frequently so that corrective adjustments can be taken, if necessary. Such measurement will also help to ensure that the plan's recommendations are implemented properly and within a reasonable time frame. Failure cannot be an option.

McAnney commented, "I commend the Panel for its work on developing an action plan for rescuing the T. The Panel has laid out a plan to ensure that the commuting public, employees and employers will have the reliable system they need and deserve by improving the T's fiscal stability, customer service, reliability and accountability."

The Massachusetts Taxpayers Foundation is a nationally recognized, independent, nonprofit research organization whose purpose is to promote the most effective use of tax dollars, improve the operations of state and local governments, and foster positive economic policies. Over the past 15 years the Foundation has won 16 national awards for its work on health care access and costs, transportation reform, business costs, capital spending, state finances, MBTA restructuring, state government reform, and municipal health reform.