

News Release

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MTF Report: The T Is at the End of Its Line

The MBTA's fiscal and structural problems are so severe and pervasive that marginal reforms will no longer suffice, according to a new MTF report released today. The MBTA has reached the end of its line and needs a comprehensive rescue plan before there is any discussion of new revenue. The report, *The T: The End of Its Line*, demonstrates that what happened this winter was not simply a meteorological fluke that disrupted the T's operations – it was a stress test that brought to light underlying financial, managerial, and structural weaknesses.

The report details an ever-widening gap between operating expenses and T revenues – attributable in part to costly expansions – that has left the Commonwealth on the hook to pay for more of the T's operations out of general revenues. It also describes the T's similarly growing dependence on the state to cover escalating maintenance and other capital costs, some of which the T is unable to quantify.

The T's dire state is indisputable, and all agree that it must be fixed to serve the people and economy of the Commonwealth. As enticing as a quick fix may be, first and foremost the state must determine the full size and scope of the system's challenges and needs.

“We know the T is broken, but we don't know just how broken,” says MTF President Eileen McAnney. “We also know that past reform efforts have not brought stability. Despite understandable public frustration, we should resist seemingly simple fixes until we have a far clearer and more accurate assessment of what needs to be fixed, which the T itself is unable to provide at this time.”

For example, the MBTA recently acknowledged that the State of Good Repair (“SGR”) backlog has more than doubled since 2009, growing from \$3 billion to \$6.7 billion. The T's prolonged silence on the doubling of the SGR backlog raises serious doubts about the management of the T's asset database system, the criteria used to prioritize maintenance projects, the maintenance procedures employed, the T's capacity to complete \$500 million of SGR projects annually, and the lack of urgency to rectify these problems.

The MTF report underscores the need for careful evaluation before policymakers jump at some proposals made in the wake of the T's winter collapse. It notes, for example, that while the T's debt burden is heavy, shifting that debt to the Commonwealth does not solve the T's structural operating gap nor would it increase total capital capacity to fix its infrastructure.

Rigorous review and diagnostics of the T problems are essential to crafting long-term and effective T fixes. Among other things, the MTF calls for:

- Tying FY 16 state contract assistance to the release of updated state-of-good repair backlog data;
- Conducting a detailed audit of the MBTA's maintenance protocols;
- Requiring an independent financial audit of the T and a review and recommendations to improve T maintenance priorities and procedures;
- Halting expansion contracts for the remainder of 2015 (this does not apply to the Green Line Extension, which is already funded);
- Reforming T procurement practices, including a two-year moratorium on limits imposed by state anti-privatizations laws; and
- Reexamining the MBTA's governance structure.

“Despite years of reports and warnings, problems at the T have been allowed to reach the level of dysfunction that we have now all experienced,” says McAnney. “The financial burden on the Commonwealth is too high and the importance of the T to the state's economy is too great to allow this decades-long problem to worsen.”

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.