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## **THE MBTA CRISIS IS COMPLICATED – FIXING IT WILL BE TOO**

The MBTA is in a full-blown crisis. Failure to fix it has profound impacts on the region's economy and the companies and people forced to rely on public transit. The MBTA's problems are not new; nor are studies and panels and commissions to recommend fixes. But many of these past efforts have failed to fully recognize how deeply entrenched and multi-layered the T's problems have become. If we continue to ignore the intricacy of the issues driving this crisis, the MBTA will fail to achieve any of the bold visions for the future. Instead, it will continue to lurch from one crisis to another.

So while suggestions to eliminate the MBTA, or to install an outside management team, or even to put the T into full receivership reflect pent-up frustrations that attract media attention, they fail to address the core challenges afflicting the MBTA today. That task of contending with a wide range of issues and a series of difficult decisions necessary to reshape the MBTA will largely fall to the next administration.

Let's start with a simple premise. A sound MBTA requires three key components: working physical infrastructure, fiscal health, and a functioning organization.

That requires the T to fix or upgrade its tracks, power, signals, vehicles, and the rest of its infrastructure – quickly. It means that the MBTA's grave fiscal problems, highlighted in MTF's report of a year ago, must be resolved within the next two years. And it means remaking the T into an effectual organization.

That third leg of a sound MBTA may prove to be the most difficult of the three. It requires:

- Governance that provides the appropriate level of public oversight and that can set priorities, with a clear organizational structure to effectively carry them out;
- An adequate number of people with the necessary skill sets and a working environment to attract and retain such people; and
- Clear communication and transparent decision-making that rebuilds trust with the public and within the authority itself.



Real and simultaneous progress must be seen in the short term in all three areas – infrastructure, budget, and organization – if the T is to rebuild trust in and usage of the transit system.

### Physical Infrastructure

For all the genuine progress that was made during the six years of Fiscal and Management Control Board (FMCB) oversight, once again – or perhaps still – the MBTA staggers from one safety calamity to another.

Picking up from the findings in the Safety Review Panel report of 2019, the Federal Transit Administration interceded in May for only the second time in the agency’s history to investigate the safety record of a public transit system. It found the situation so grave that it issued four special directives and a more recent “immediate safety stand-down” in advance of the release of its final report, which is expected soon.

The recently announced and unprecedented shutdowns of the Orange Line and parts of the Green Line, including the just-opened GLX, indicate the T’s own recognition of the depth of its safety problems.

But the T’s ability to deliver safe and reliable service goes beyond fulfilling the FTA directives, crucial as that is. The T faces a number of other existential threats. These include:

- The delivery and revenue service of the new Red and Orange Line cars, which were recently delayed yet again, calling into question when the full fleet of new cars will become available.
- The opening of nine bus maintenance facilities to accommodate a battery electric bus fleet will most certainly be delayed due to the contract termination of the Quincy bus garage in May. What is the new timeline and cost for these bus maintenance facilities?
- The T’s much-heralded modern fare collection system (AFC), another critical component to both its data collection and operational capabilities, is years behind schedule and over budget. When will AFC come online and how does this delay affect MBTA costs and its ability to set fare and other policies?
- The MBTA is working on an updated capital needs assessment that should include a comprehensive price tag and a plan to protect its infrastructure from the ravages of climate change. Since the MBTA’s own research shows that large segments of the Blue and Red lines remain at high risk from sea-level rise and storm surge, the plan should include the timing and resource requirements to address immediate resiliency needs as well as medium and longer-term investments.

Initiating more stringent reviews of these projects by the current board is vital while ensuring proper oversight of them until successfully completed must be a top priority of the next administration.



## Fiscal Health

A year ago, MTF issued a report on T finances. That report, titled [MBTA FINANCES CAST A LONG, RED SHADOW FOR INCOMING LEADERS](#), documented the grim financial condition of the MBTA's operating and capital budgets, estimating that approximately \$1.3 billion in additional dedicated resources would be necessary. The report opened with this sobering message that has only grown in urgency:

Imagine it is January 2023. You're the incoming governor or a legislative leader. You're excited about your plans to meet pressing needs on education, health care, housing, and many other initiatives, all of which require resources. At the same time, you learn that the FY 2024 operating budget presented to the MBTA's governing board shows the Authority to be hundreds of millions of dollars in the red, a budget gap so severe that the MBTA is just months away from facing substantial fare increases or service cuts.

Since the report's issuance, the operating budget has received some welcome support, but the near-term fiscal situation continues to deteriorate according to recent presentations by the [MBTA](#). The T has seen a significant increase in annual state support from gains in sales tax revenues. But fare revenues remain a projected 30 percent lower than pre-pandemic levels – and that's before the impact of FTA safety directives and MBTA shutdowns that will significantly limit services and reduce fare revenue.

Additional personnel will add tens of millions of dollars in operating costs. And additional spending on FTA-mandated safety requirements and maintenance from the operating budget will cost considerably more. For example, initial FTA special safety directives affecting equipment, personnel, and higher spending on maintenance will drive up operating expenses by an estimated \$300 million in FY 2023, a number that could increase with the release of the FTA's full report.

While the \$266 million appropriated to the MBTA in the FY 2023 state budget will help offset some of these costs, that aid is one-time and will not support additional personnel and maintenance spending in FY 2024 and beyond, further exacerbating the T's fiscal plight.

The capital cliff the MBTA confronts is unchanged, with a gap of at least \$12 billion needed to upgrade and modernize its existing infrastructure within the next decade. And that \$12 billion does not account for comprehensive climate resiliency investment costs or for expanded rail services beyond South Coast Rail and the GLX.

As lawmakers and the public alike increasingly realize, the T's challenges extend far beyond its operating and capital budgets. Yet even though the T's ability to operate services and upgrade its infrastructure could be crippled by its financial plight, lawmakers have yet to identify a dedicated and reliable revenue source to address these looming risks.



## A Functioning Organizational Structure

For an organization to function optimally, its structure must clearly define each employee's position, function and to whom they report, how work is delegated and results reported, and have a clear, organization-wide communication channel for employees to receive, react and relate to the entirety of the organization. These attributes are necessary for the successful execution of the organization's daily operations as well as its strategic goals. This cohesion has been missing at the MBTA.

In 2019, the LaHood safety panel report found that the MBTA lacked such a clear organizational structure. Reading through its findings reveals an organization where departments are walled off in silos and employees are unable to provide and receive communication. The following bullets come directly from the LaHood report:

- Employees at all levels told the Panel that the T has many siloes and that communication is rarely, if ever, done across departments.
- The lack of upward and downward communication within the authority is also at the core of many of the T's safety issues.
- An overwhelming number of employees are not able to receive electronic communications and have minimal alternatives to communicate with agency leaders; nor do leaders have a way to communicate with the workforce.
- The only avenue for communication we identified during this review is a "safety hotline" which does not appear to have received the confidence of the workforce in the field.

The LaHood report specifically called out the MBTA's culture, stating, "To meet the demands of the future, the agency must address its safety culture – it is critical to every aspect of the agency." Three years later, the FTA indicated a lack of progress in this important regard, writing in an April 14 letter to MBTA officials:

The safety of MBTA's passengers and workforce is of paramount concern to FTA. Therefore, FTA's Office of Transit Safety and Oversight (TSO) will conduct a Safety Management Inspection (SMI) of the MBTA's transit operations and maintenance programs. The SMI will obtain critical data needed to establish MBTA's safety risk profile *and provide a roadmap to building a robust safety culture within your agency* (emphasis added).

The next administration will have to evaluate what progress was made in response to the 34 recommendations and 61 corrective actions in the LaHood report and whether the MBTA's current organizational structure is sufficiently functional, with clear, bi-directional communications to address safety and other challenges. If the current structure is not adequate to meet the T's daunting needs, the next administration will need to determine how to build and implement a revised management structure.



### *Governance, Management & Transitions*

Decisions begin with the MBTA board, MBTA management, and transportation leadership. Four members of the current MBTA board serve coterminous with Governor Baker and could be replaced in January when the next governor takes office. Beyond who sits on the board, the next administration will have to decide what level of oversight authority the board should exercise.

The FMCB was created as a “soft receivership” option that provided a high degree of oversight and management support, dealing with the minutiae of day-to-day issues. The current board, which succeeded the FMCB, is modeled more after the MassDOT board that meets less frequently, leaves the details to management, and functions mainly to approve contracts.

Whatever the contours of the next board, its members must understand that their fiduciary responsibilities to the MBTA supersede any constituencies they represent. Current and new MBTA board members alike should receive a comprehensive set of briefings on the array and depth of challenges the MBTA faces.

The next administration should provide the new board with a dedicated staff rather than rely on the already taxed MBTA staff for support. Section 58 of the recent transportation bond bill gives MassDOT the authority “to create positions for and hire staff for the purpose of conducting research and policy analysis for the Massachusetts Bay Transportation Authority board of directors ... provided, however, that funding for such positions shall be drawn from the Massachusetts Department of Transportation.”

Finally, transportation leaders have to establish strict priorities that reflect the constraints on the MBTA’s limited financial and human capacities. For example, while the T should continue to update bus services and speed up headways in response to shifting travel patterns, the constant demands for new, expanded, and more rail services may have to be curbed until an overburdened MBTA is able to satisfy FTA and other requirements to deliver safe and reliable core services.

### *Omnipresent Workforce Shortages Are Especially Problematic for the MBTA*

As is true for restaurants, hospitals, classrooms, airlines, and other service operations, a plethora of vacant positions limits what an organization can provide. Grim as is the current labor market situation, the trend lines are even more worrisome. As of this past May, there were 338,000 job openings in Massachusetts and 146,000 unemployed people, meaning 2.3 jobs are available for each person seeking employment. With workforce shortages endemic to public transit systems across the country, a timely resolution for the T’s workforce problems is unlikely.

- Out of a budgeted workforce of 7,400, the MBTA had 900 unfilled positions at the end of FY 2022, with another 740 staff expected to leave in FY 2023.



- One-third of the T's capital budget team and more than one in every ten positions funded in its operating budget are vacant. The Authority plans to fill 2,100 positions in FY 2023, but that ambitious goal should be seen in context: That goal is slightly less than the T's *total hires over the previous four years*.

The MBTA estimates that it needs to hire 500 or more personnel just to address the myriad of safety issues revealed by the 2019 Safety Review Panel and the FTA's initial set of special directives. Because of insufficient workforce capacity, the T already cannot provide full, weekday service on either its bus network or rapid transit system, even after accounting for service reductions resulting from line shutdowns. Capital spending is also slowed by an insufficient number of operations staff vital to project management. The final FTA report may increase the personnel needs further.

Actions that should be considered include:

- Expand the T's outsourced workforce recruiting campaign in FY 2023.
- Evaluate the competitive landscape for senior transportation personnel tied to skill and capacity constraints.
- Require a five-year labor capacity assessment, updated annually, that highlights skill shortages before they become crises.
- Expand workforce training programs with VOC tech schools and community colleges to expand the pipeline of mechanics, operators, and other highly needed employees.
- Explore working with STEM programs developed by groups such as the American Council of Engineering Companies of Massachusetts (ACECMA) and the Black Economic Council of Massachusetts (BECMA), to encourage women and minority candidates to consider the T as a career.

Recruiting and maintaining personnel is more challenging in an environment where people have more work options, especially ones that help them achieve a better work/life balance. The MBTA cannot succeed without a long-term commitment to communicate regularly with its workforce to understand morale and culture issues – and find ways to improve both.

#### *Communicate Clearly with the Riding Public*

For all the recent headlines, the full urgency and complexity of the problems facing the MBTA are still not fully understood by policy makers, let alone system users. Too often, the T drip feeds news about events and their impact on services. For good reason, the riding public has become increasingly distrustful. If anything, the T's need to address its many problems simultaneously could necessitate disruptions or delays in services even beyond those already announced or planned. It is crucial that the T be candid and fully transparent in communicating and explaining the reasons and plans for such events and their impacts on services.

Without rebuilding public trust, the MBTA cannot rebuild itself.

