

News Release

For Immediate Release

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MTF Urges Action on MBTA Legislation

The Massachusetts Taxpayers Foundation (MTF) supports passage of the Governor's bill, *An Act for a Reliable, Sustainable Massachusetts Bay Transportation Authority*, to rescue the MBTA. The MTF's recent report entitled *The T: The End of Its Line* demonstrates that the operations, governance and finances of the MBTA are badly broken and in need of a fundamental and comprehensive overhaul. This legislation, which is based on the findings and action plan of the Special Panel to Review the MBTA, affirms many of our conclusions and recommendations and the Foundation urges prompt action by the Legislature.

"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 legislation swiftly so the tough work of reinventing the T can begin."

The Foundation supports the following key provisions in the legislation to address the T's major challenges:

- Maximize current revenue sources and control costs to balance the T's operating budget. Currently the T's expenses outpace revenues by a 2:1 margin while 90 percent of the T's revenues are statutorily capped at inflation. This must change because the state cannot provide ever-increasing budget assistance. Specific proposals that the Foundation strongly supports both generate new revenue from existing sources and address some of the agency's highest costs:
 - Measure and improve fare collection, especially on commuter rail services.
 - Allow the MBTA to re-open commuter rail and paratransit service contracts. The costs of these services are currently out-of-balance with the level of service each provides. Re-opening these contracts would allow the T to reduce the outsized costs of these services and ensure full collection of fares.
 - Improve customer service by providing the T with the appropriate tools and requiring it to measure performance, with the goal of growing ridership to increase fare revenue.
 - Eliminate the cap on fare increases of five percent every two years.
 - Eliminate retroactive binding arbitration decisions and require board approval of future decisions.
 - Limit future state operating assistance to the debt service costs for the Central Artery project and debt incurred before 2000. Under the legislation, the state would also agree to pay the employee costs for MBTA personnel transferred to the operating budget from its capital budget.

- Overhaul procurement and maintenance procedures. The T faces at least a \$7 billion backlog in infrastructure needs, yet it lacks the managerial capacity to appropriate and spend capital funding properly. MTF supports the following initiatives in the legislation to improve procurement and maintenance procedures and to ensure infrastructure investment makes the best use of public funds:
 - Establish a firewall between operating and capital sources and spending.
 - Provide the T with the authority to use Design-Build and Construction Management at Risk procurement methods, which are currently employed by MassDOT and the Division of Capital Asset Management (DCAM), to accelerate project delivery and to alleviate the bottlenecks in capital spending.
 - Impose a moratorium on the constraints of the Pacheco Law that limits competitive and cost-effective contracting for operation and maintenance.

- Develop a long-term investment plan. Along with changes to the procurement process, the legislation requires the T to create five- and 20-year capital investment plans. Such plans must be informed by a needs assessment and feasibility study, with a goal of creating a reliable and properly maintained system that will meet the needs of its changing ridership and the growing economy. The plan must include reforms to the T's capital spending practices and adequate investment from the state to support this capital-intensive system before there is any discussion of providing the T with new sources of revenue.

- Revamp the Governance structure for increased accountability and responsibility. The legislation creates a temporary Fiscal and Management Control Board, and gives it the flexibility and authority to ensure that the T achieves a series of stated goals within its term of oversight. These goals include stabilizing the T's finances, improving asset management and providing dependable service.

A temporary oversight structure is necessary to transform the T from its current dysfunctional state into the world-class system we all envision. This Board would bring the sense of urgency, accountability, performance measurement and focus that the MBTA Board now lacks. It would perform a comprehensive review of all aspects of the MBTA – including its finances, agency structure and operations – and make the difficult decisions to get the T functioning properly.

- Establish 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 assure that the plan's recommendations are implemented properly and within a reasonable time frame. Failure cannot be an option.

McAnney commented, "A comprehensive action plan for rescuing the T is necessary. Marginal reforms will not get the T back on track. The Governor has laid out a multi-faceted plan for improving the T's fiscal stability, customer service, reliability and accountability to ensure that the commuting public, employees and employers will have the reliable system they need and deserve. We urge expeditious legislative action on this proposal."

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.