



Massachusetts
Taxpayers Foundation

A wide-angle, nighttime photograph of the Massachusetts State House dome, which is brightly lit and stands out against the dark blue twilight sky. In the background, the Boston skyline is visible with various skyscrapers illuminated. The foreground shows a park area with trees and a road with light trails from cars.

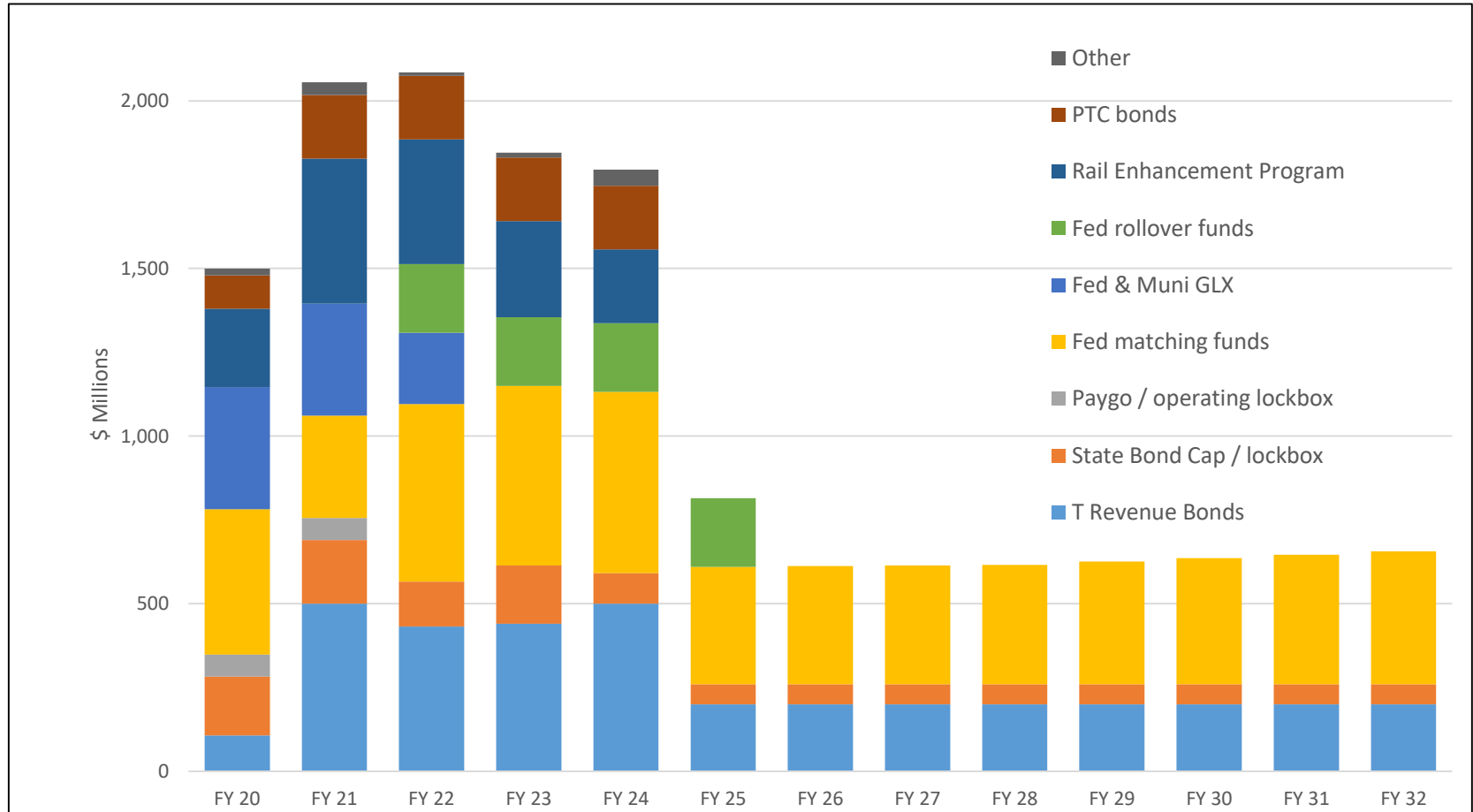
Fiscal & Management Control Board

MBTA Capital Sources and Needs

November 9, 2020

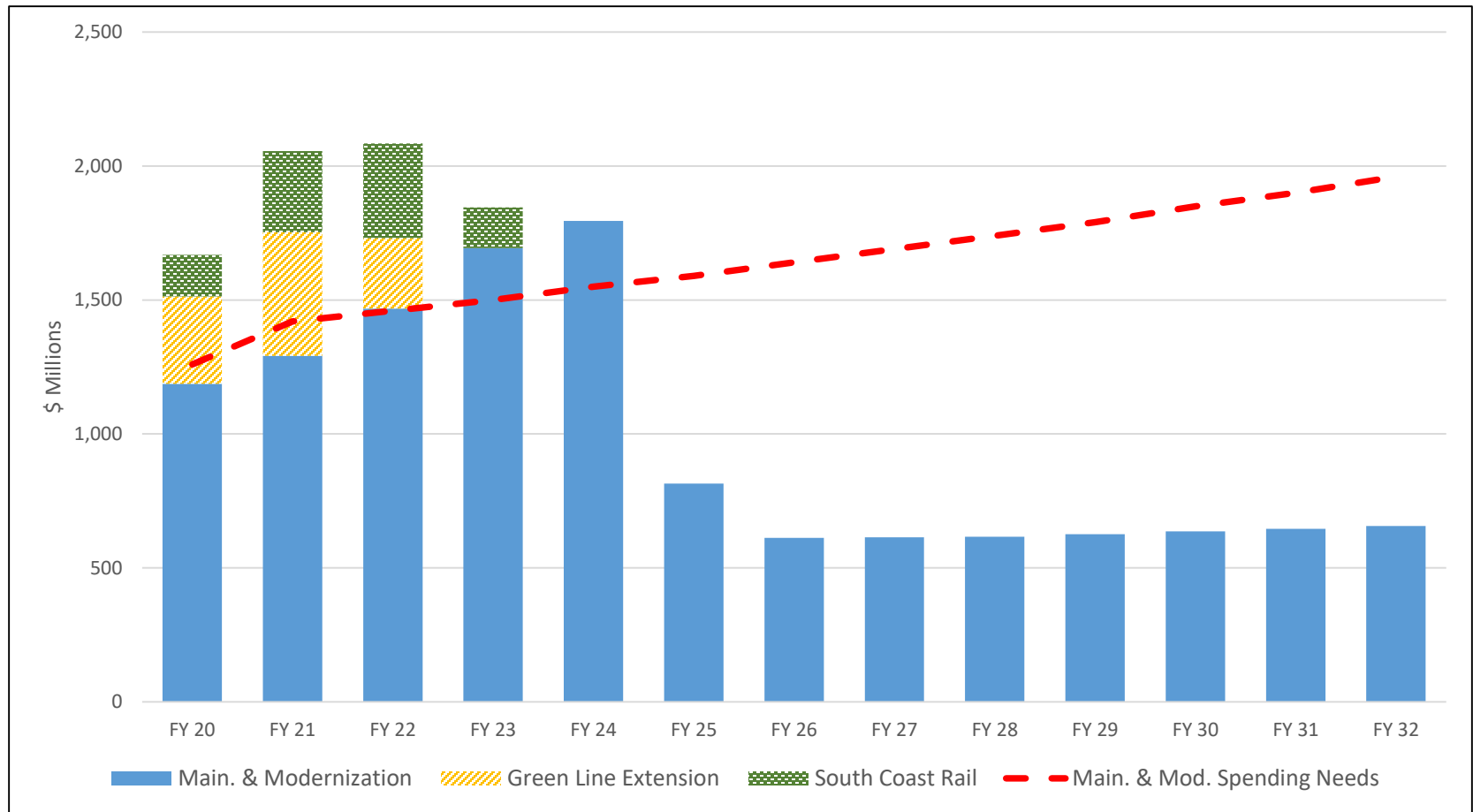
Capital sources plummet in FY 25

Assumes issuance of **\$200** million of new debt per year, FY25-FY32



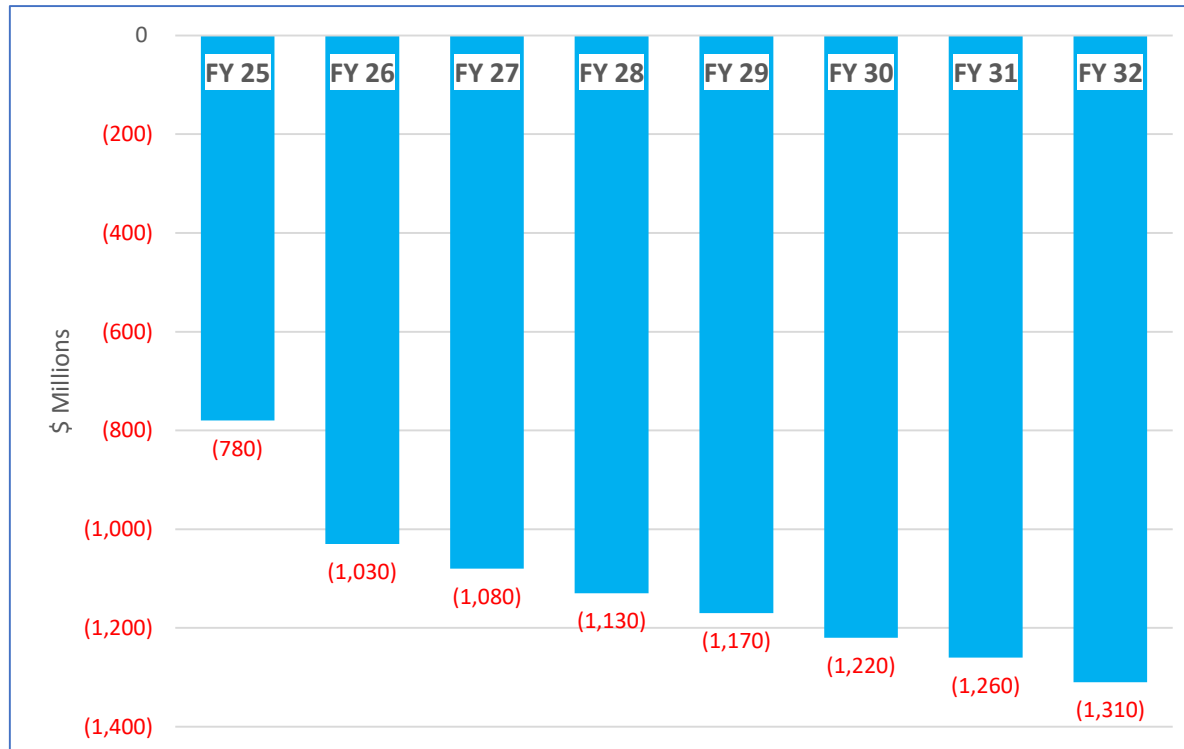
System needs continue to grow (the dotted red line) while available sources collapse

Assumes issuance of \$200 million of new debt per year, FY25-FY32



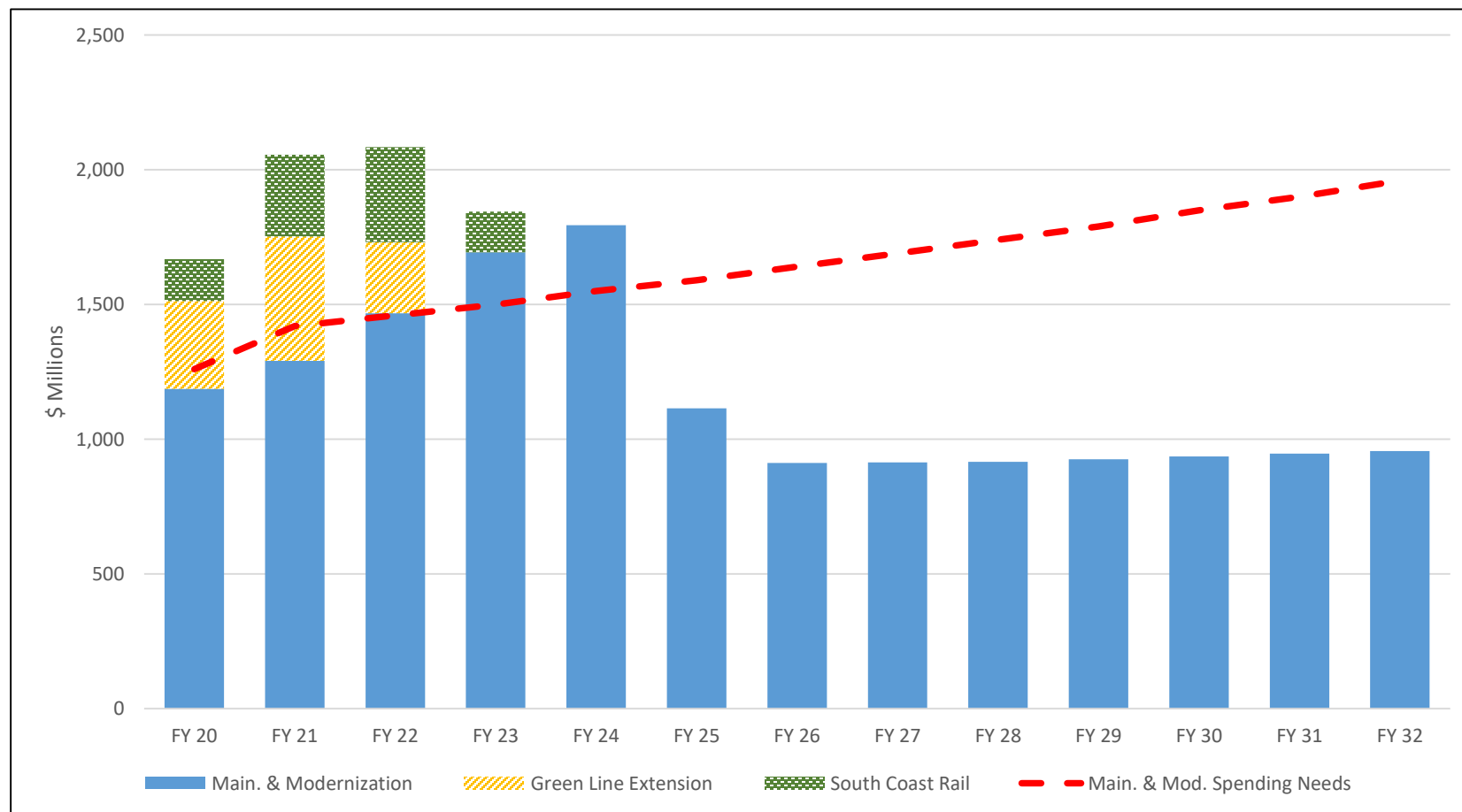
Capital sources for maintenance, safety, and modernization are approximately \$1+ billion short annually

MBTA Capital	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Sources	810	610	610	610	620	630	640	650
Main. & Modernization	1,590	1,640	1,690	1,740	1,790	1,850	1,900	1,960
Funding Gap	(780)	(1,030)	(1,080)	(1,130)	(1,170)	(1,220)	(1,260)	(1,310)



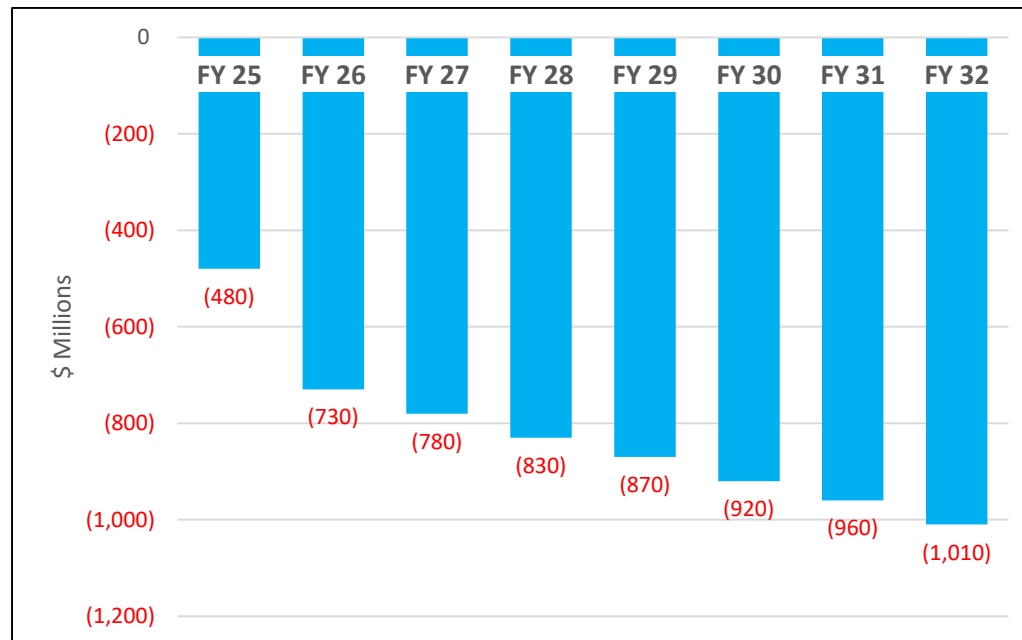
\$500 million in new debt issuance annually still leaves a huge shortfall in maintenance, modernization, and safety spending

Assumes issuance of **\$500** million of new debt per year, FY25-FY32



\$500 million in new debt issuance still leaves capital spending shortfalls of ~\$750 million in FY 26

MBTA Capital	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
Sources	1,110	910	910	910	920	930	940	950
Main. & Modernization	1,590	1,640	1,690	1,740	1,790	1,850	1,900	1,960
Funding Gap	(480)	(730)	(780)	(830)	(870)	(920)	(960)	(1,010)



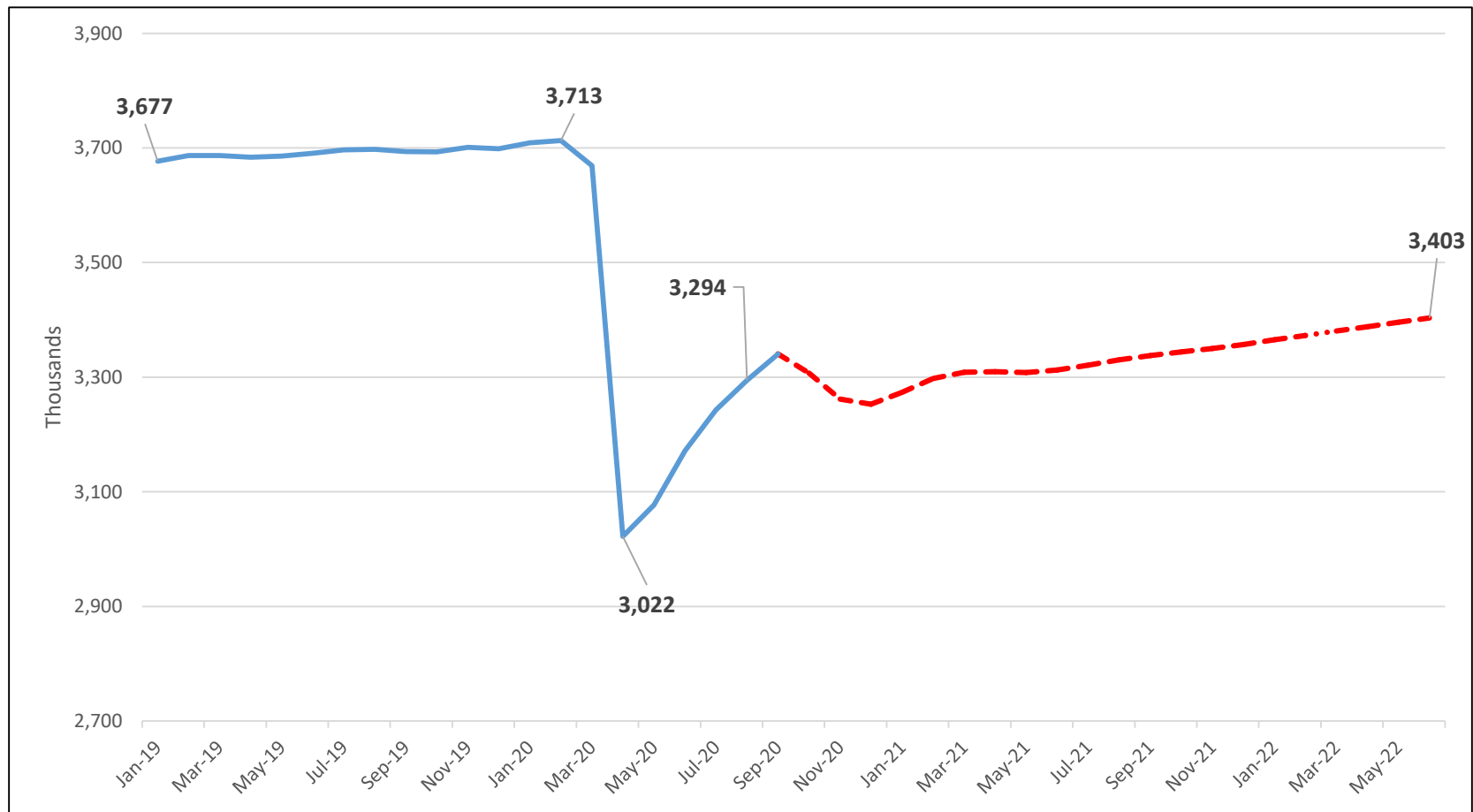
There are still no funds available for climate change impacts, such as:

- Sea-level rise and storm surges - stations, tunnels, track, power, and signals
- Retrofits, redundancy, operation centers and rail yards (in flood plains but not in the CIP)
- Power grid to support electrification of commuter rail lines
 - Locomotives / EMUs

There are still no funds available for building capacity or expansions, such as:

- Rail Vision Alternatives — [Alternative I](#) approved by FMCB
- South Coast Rail – Phase 2
- Expanded service to Worcester, Springfield, Greenfield, the Berkshires, Cape Cod
- Expanded capacity and service at South Station
- West Station

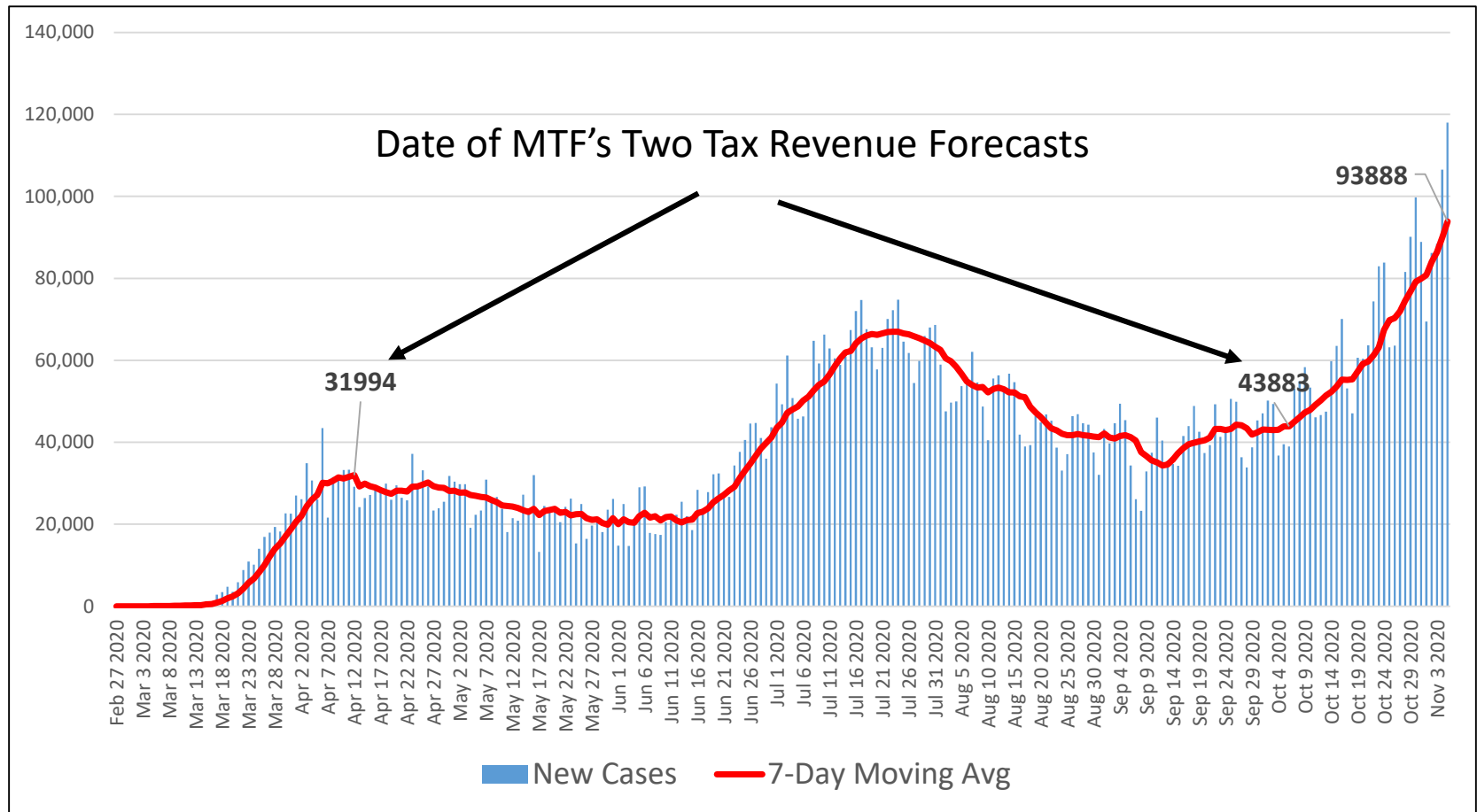
The Economic Recovery Could Take Years: Massachusetts Employment: January 2019 – June 2022



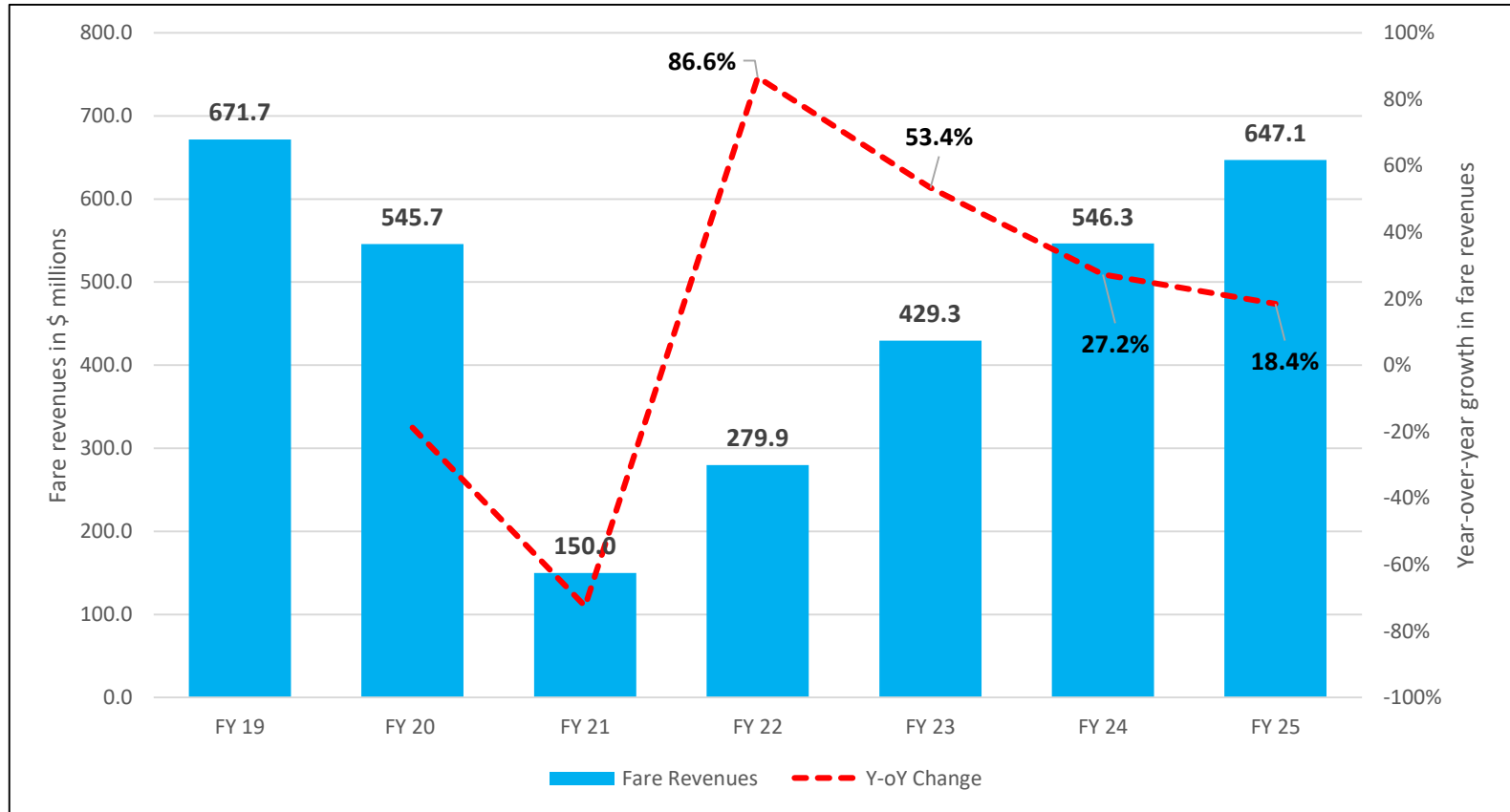
Source: Moody's Analytics, October 2020

Covid-19 resurgence further damages the national economy, lengthens the recovery

U.S. cases surge

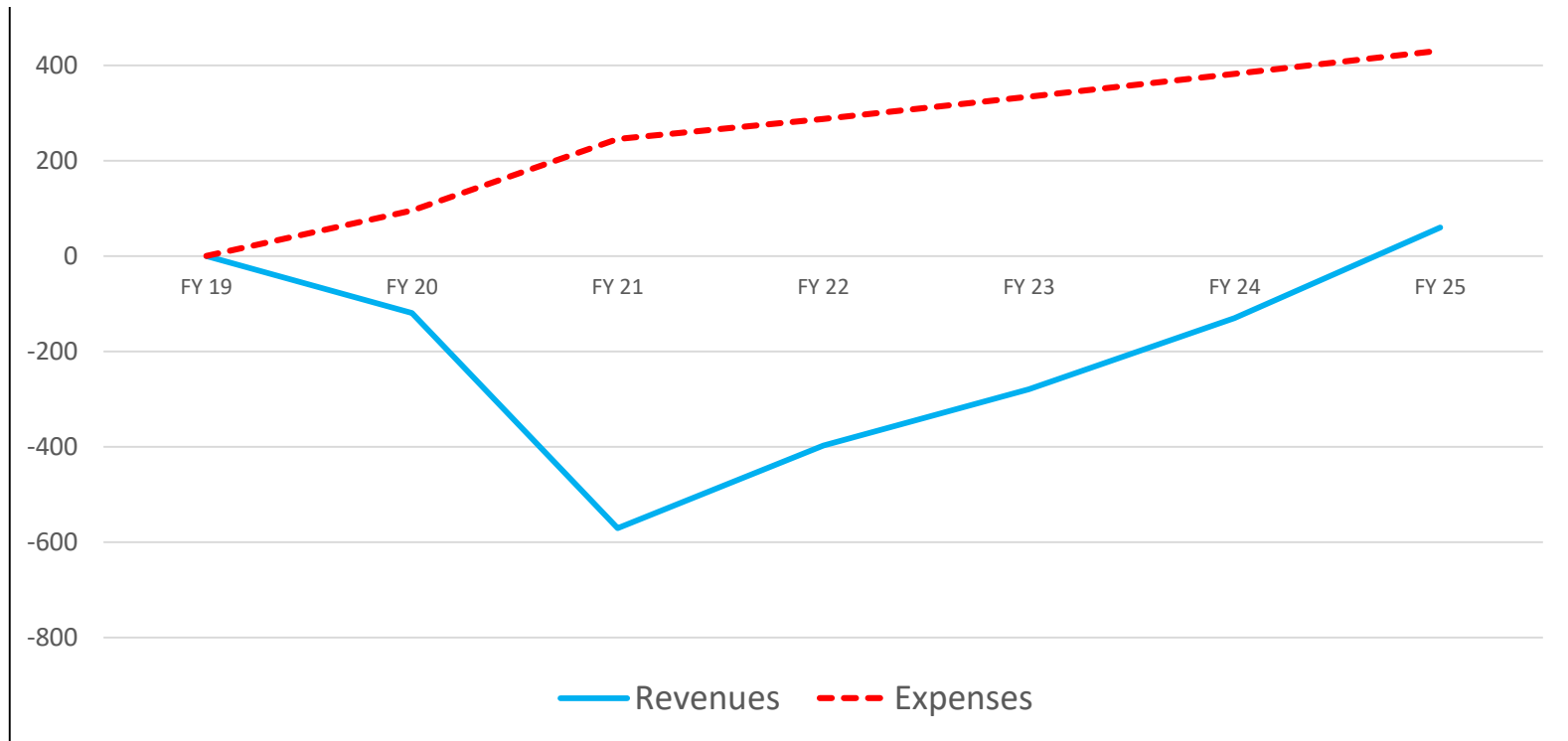


It will take years for fare revenues to recover, if ever, and that is a big problem because...



Even with such fare recovery and holding annual cost growth to less than 2%, budget shortfalls will plague the T for years

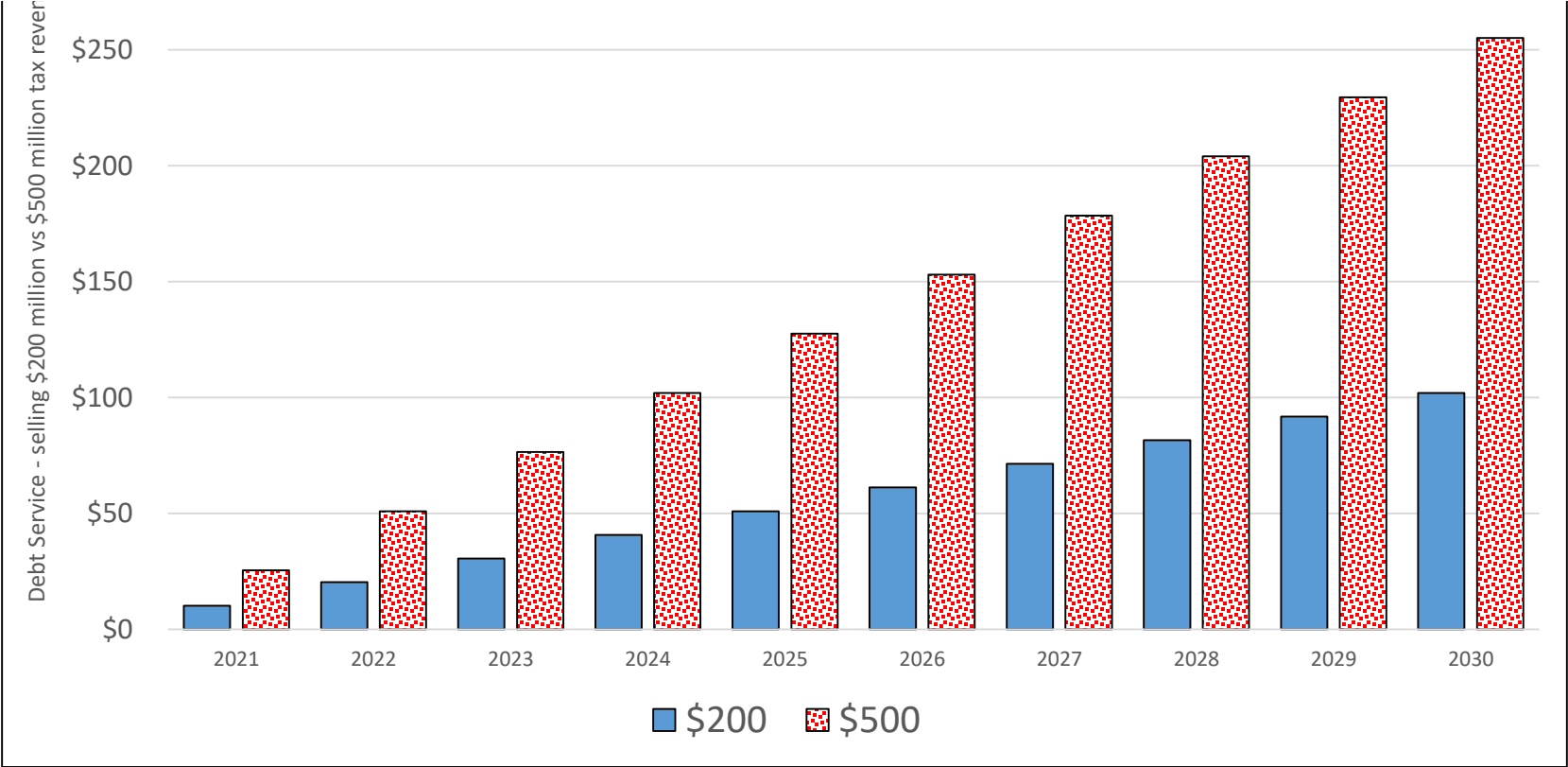
The red-dotted line represents total expenses growing at 2% annually FY 22-FY25.
The Blue line represents total revenues.



Total non-operating revenues, which were two-thirds of all MBTA revenues in FY 2019, are growing at less than 2% annually

Pensions, additional personnel for safety + benefits, and GLX and SC Rail operating losses make 2% Y-o-Y expense growth a significant challenge

\$500m in debt issuance each year will add stress to the operating budget; unfortunately, it will not solve the gaping capital shortfall



3% rate – 30 years



About MTF...

- Founded in 1932, the Massachusetts Taxpayers Foundation (MTF) is a non-profit, non-partisan public policy organization focused on state and local fiscal, tax and economic policies.
- MTF's record of high quality research and non-partisan analysis has earned the organization broad credibility on Beacon Hill and across the Commonwealth.
- Our mission is to provide accurate, unbiased research with balanced, thoughtful recommendations that strengthen the state's finances and economy in order to foster the long-term well being of the Commonwealth.