



Maura Healey, Governor
Kimberley Driscoll, Lieutenant Governor
Monica Tibbits-Nutt, Secretary & CEO
Phillip Eng, General Manager & CEO



TO: MBTA Board of Directors
FROM: Mary Ann O'Hara, Chief Financial Officer
DATE: September 12, 2025
SUBJECT: FY25 ETF Supplemental Transfer from MassDOT

The Massachusetts Bay Transportation Authority (MBTA) is funded through the Legislature in several ways. Depending on the source of the funding and the specifics of the legislation, the MBTA may receive funds directly from the Executive Office for Administration & Finance (ANF), through MassDOT or via any designated line item.

When the MBTA receives funding through MassDOT, these funds are transmitted following a contract between the two agencies. As with all MBTA contracts, if these exceed \$15 million, they require approval of the MBTA Board of Directors.

These approval requests are routine and are intended to effectuate the intent of the Legislature. As such, this item has been added to the consent agenda for the September 24, 2025 meeting of the MBTA Board of Directors.

Summary of the Current Action

- \$300 million in MBTA funding from the FY25 Fair Share supplemental budget (signed June 2025) has been transferred to MassDOT.
- MassDOT is serving as a passthrough entity to enable the transfer of funds to the MBTA.
- “For an operating transfer to the Massachusetts Bay Transportation Authority to replenish the Massachusetts Bay Transportation Authority deficiency fund; provided, that the Massachusetts Bay Transportation Authority shall notify the Massachusetts Department of Transportation, the executive office for administration and finance, the house and senate committees on ways and means and the joint committee on transportation not less than 30 days prior to withdrawing funds from the Massachusetts Bay Transportation Authority deficiency fund; and provided further, that not later than June 30, 2025, the Massachusetts Bay Transportation Authority shall submit a written deficiency fund policy to the Massachusetts Department of Transportation, the executive office for administration and finance, the joint committee on transportation and the house and senate committees on ways and means.”

Summary of the Deficiency Fund

The MBTA Deficiency Fund, which acts as a savings account for the Authority, is primarily used to fund operating budget shortfalls (i.e. when expenses exceed revenue) on an annual basis. These funds help the

Authority avoid drastic budget cuts, fare increases, and other adverse measures when revenues fall short. Transfers of funding in and out of the Deficiency Fund are at the discretion of the MBTA's General Manager, Chief Financial Officer and/or Chief Administrative Officer.

- Deposits into the fund are typically made when:
 - Additional funding is received from the Commonwealth, not tied to a specific project or purpose
 - The Authority's annual operating revenues exceed expenses
- Withdrawals and transfers out of the fund are typically made to:
 - Cover the projected net operating fund loss for the upcoming fiscal year
 - Offset any unforeseen expenditures that occur during the fiscal year
 - Support any shortfall or need as determined by the GM, CFO and/or CAO

Requested Board Vote

VOTED:

To authorize the General Manager, or his designee, to execute an Agreement with the Massachusetts Department of Transportation ("MassDOT") to replenish the MBTA Deficiency Fund, as called for in the FY25 Fair Share Supplemental Budget Filing signed June 24, 2025, and to accept the transfer of \$300,000,000.00 from MassDOT pursuant to this Agreement.

