

**Massachusetts Bay
Transportation Authority**

FY26 – FY28 Pro Forma Projection

MBTA Finance

1/15/2026

Current FY26 Projection

✓ -\$239M deficit projected, compared to -\$168M budgeted deficit

✓ -\$212M (-7%) projected revenue decrease

✓ +\$42M (31%) FTA Safety Directive Support

✓ Governor and House Supplemental Budget proposals included \$400M to be drawn down over 3 years (1/3rd per year)

✓ Final state budget included \$175M, utilized all in FY26 to offset budget deficits

✓ +\$7M (+1%) operating revenue increase driven by strong ridership, improved service, and South Station fare gates

✓ -\$217M (-32%) decrease in contract assistance

✓ Governor and House included \$687M for contract assistance, whereas \$470M was approved in the final state budget

✓ -\$30M (-60%) decrease in Income Eligible Reduced Fare Program Support

✓ -\$13M (-100%) Sumner Tunnel reimbursement removed from final state budget

✓ \$141M (4%) projected expense decrease, exceeding \$82M savings target

✓ \$57M (4%) wage & fringe savings from managing headcount & hiring processes

✓ Current projected active headcount by year end is 7,700

✓ \$44M (8%) materials, services, utility & fuel savings primarily driven by decreased spending on contractors, consultants, and professional services

✓ \$43M (8%) Debt Service savings due to active debt portfolio & treasury management

FY26 Budget vs. FY26 Projection				
Line Item	FY26 (\$M) Budget	FY26 (\$M) Current Projection	Variance (\$)	Variance %
Revenue				
Operating Revenue	533	540	7	1%
Fare Revenue	449	457	8	2%
Own Source Revenue	84	83	(1)	-1%
Non-Operating Revenue	2,542	2,324	(218)	-9%
Sales Tax	1,425	1,425	(0)	0%
Local Assessments	198	198	0	0%
Other Income	36	36	0	1%
Federal Funds	-	-	-	-
State Contract Assistance	687	470	(217)	-32%
Addtl. State + Fed Assistance	196	195	(1)	-1%
FTA Safety Directives	133	175	42	31%
Income Eligible Fares	50	20	(30)	-60%
Sumnertunnel	13	-	(13)	-100%
Total Revenue	3,075	2,864	(212)	-7%
Expenses				
Headcount Target (FTE Count)	8,030	7,700	(330)	-4%
Total Wages	876	833	(43)	-5%
Fringe Benefits	438	424	(14)	-3%
Materials, Services, Fuel, Utilities	572	528	(44)	-8%
Commuter Rail, Ferry, RIDE, & LSS	797	800	3	0%
Total Operating Expenses	2,683	2,585	(98)	-4%
Debt Service	560	517	(43)	-8%
Total Expenses	3,244	3,103	(141)	-4%
Net Revenue	(168)	(239)	(71)	42%
Cost Savings Target	82	-	(82)	Achieved
Net Revenue Inc. Savings Target	(86)	(239)	(153)	177%
Fare Recovery Ratio	17%	18%	1%	6%

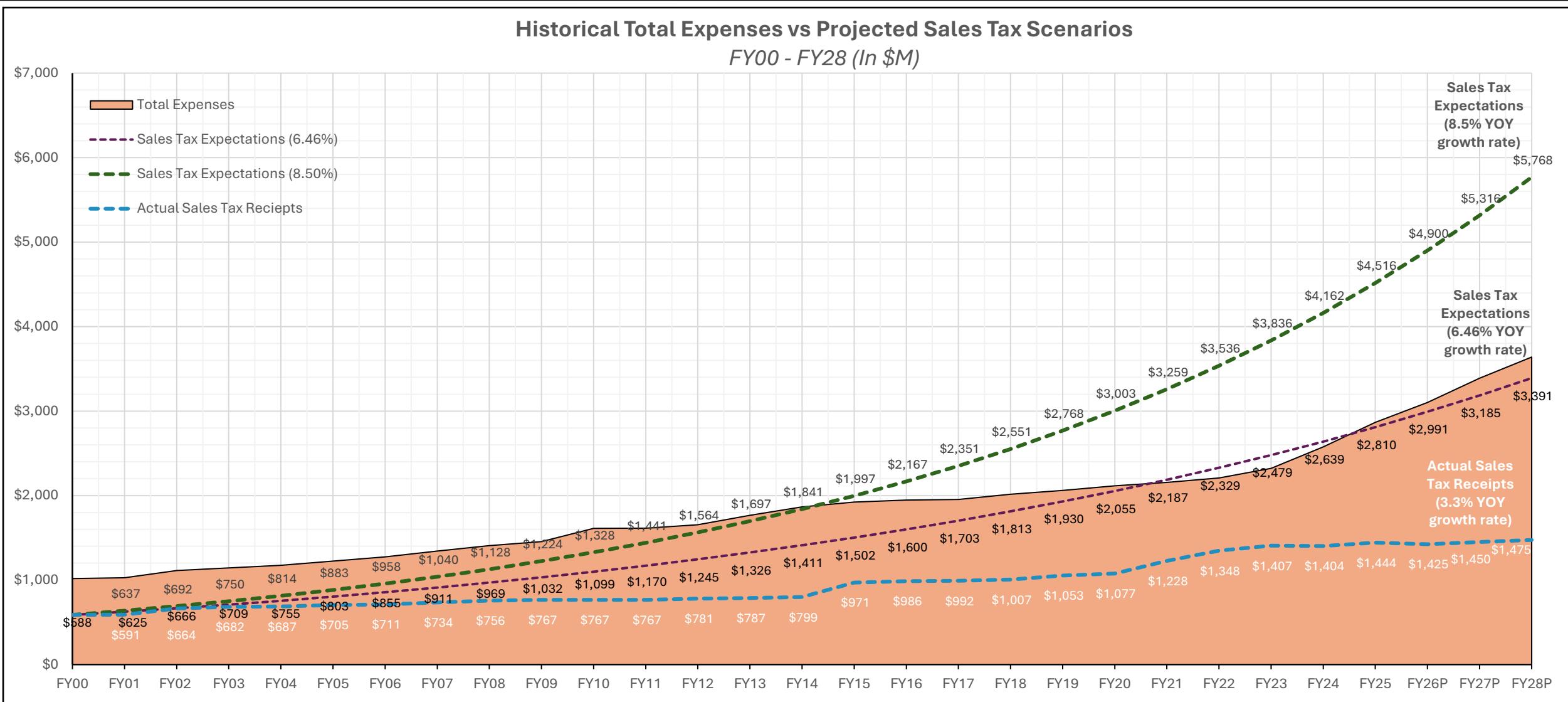
Pro Forma FY26 – FY28 Projection

Key Assumptions:

- ✓ Assumes **level state contract assistance** of \$470M.
- ✓ **No additional fair share revenue assumed in this projection at this time, as the H2 budget has not yet been released**
- ✓ **Hiring & Headcount targets elongated** to balance service levels, workforce assessment recommendations, and available financial resources
- ✓ **Sales Tax projections** decreased based on historical trend analysis and Department of Revenue estimates
- ✓ **Fare Revenue increased** based on continued ridership recovery, service improvements, fare inspection team, and South Station fare gates
- ✓ **Year-Round Ferry Service** cost projection included, per legislative mandate
- ✓ **New Commuter Rail Contract**, beginning in FY28, assumes increased mobilization costs and includes cost for Fairmont Line Electrification

Line Item	FY26-FY28 Pro Forma Projection		
	FY26 (\$M) Current Projection	FY27 (\$M) Current Pro Forma	FY28 (\$M) Current Pro Forma
Revenue			
Operating Revenue	540	585	617
Fare Revenue	457	495	525
Own Source Revenue	83	90	92
Non-Operating Revenue	2,324	2,156	2,185
Sales Tax	1,425	1,450	1,475
Local Assessments	198	200	204
Other Income	36	36	37
Federal Funds	-	-	-
State Contract Assistance	470	470	470
Addtl. State + Fed Assistance	195	-	-
Total Revenue	2,864	2,741	2,802
Expenses			
Headcount Target (FTE Count)	7,700	8,250	8,700
Total Wages	833	900	978
Fringe Benefits	424	463	497
Materials, Services, Fuel, Utilites	528	584	614
Commuter Rail, Ferry, RIDE, & LSS	800	871	924
Total Operating Expenses	2,585	2,817	3,013
Debt Service	517	573	626
Total Expenses	3,103	3,390	3,640
Net Revenue	(239)	(648)	(837)
Cost Savings Target	-	88	105
Net Revenue Inc. Savings Target	(239)	(560)	(732)
Fare Recovery Ratio	18%	18%	17%
Deficiency Fund Projection			
<i>Ending Def Fund Balance from prior year</i>	372	433	(127)
Deficiency Fund Replenishment	300	-	-
Deficiency Fund Draw (-) / Deposit (+)	(239)	(560)	(732)
Remaining Deficiency Fund	433	(127)	(859)

Forward Funding Sales Tax Assumptions Fall Short



Future Expense Growth projected to decrease as appropriate staffing levels are achieved, and maintenance backlog is addressed

