



# **Massachusetts Bay Transportation Authority**

## **FY26 – FY28 Pro Forma Projection**

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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 (1/3<sup>rd</sup> 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 %
<b>Revenue</b>				
<b>Operating Revenue</b>	<b>533</b>	<b>540</b>	<b>7</b>	<b>1%</b>
Fare Revenue	449	457	8	2%
Own Source Revenue	84	83	(1)	-1%
<b>Non-Operating Revenue</b>	<b>2,542</b>	<b>2,324</b>	<b>(218)</b>	<b>-9%</b>
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%
<i>FTA Safety Directives</i>	<i>133</i>	<i>175</i>	<i>42</i>	<i>31%</i>
<i>Income Eligible Fares</i>	<i>50</i>	<i>20</i>	<i>(30)</i>	<i>-60%</i>
<i>Sumner tunnel</i>	<i>13</i>	<i>-</i>	<i>(13)</i>	<i>-100%</i>
<b>Total Revenue</b>	<b>3,075</b>	<b>2,864</b>	<b>(212)</b>	<b>-7%</b>
<b>Expenses</b>				
<b>Headcount Target (FTE Count)</b>	<b>8,030</b>	<b>7,700</b>	<b>(330)</b>	<b>-4%</b>
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%
<b>Total Operating Expenses</b>	<b>2,683</b>	<b>2,585</b>	<b>(98)</b>	<b>-4%</b>
<b>Debt Service</b>	<b>560</b>	<b>517</b>	<b>(43)</b>	<b>-8%</b>
<b>Total Expenses</b>	<b>3,244</b>	<b>3,103</b>	<b>(141)</b>	<b>-4%</b>
<b>Net Revenue</b>	<b>(168)</b>	<b>(239)</b>	<b>(71)</b>	<b>42%</b>
<b>Cost Savings Target</b>	<b>82</b>	<b>-</b>	<b>(82)</b>	<b>Achieved</b>
<b>Net Revenue Inc. Savings Target</b>	<b>(86)</b>	<b>(239)</b>	<b>(153)</b>	<b>177%</b>
<b>Fare Recovery Ratio</b>	<b>17%</b>	<b>18%</b>	<b>1%</b>	<b>6%</b>

# Pro Forma FY26 – FY28 Projection

## Key Assumptions:

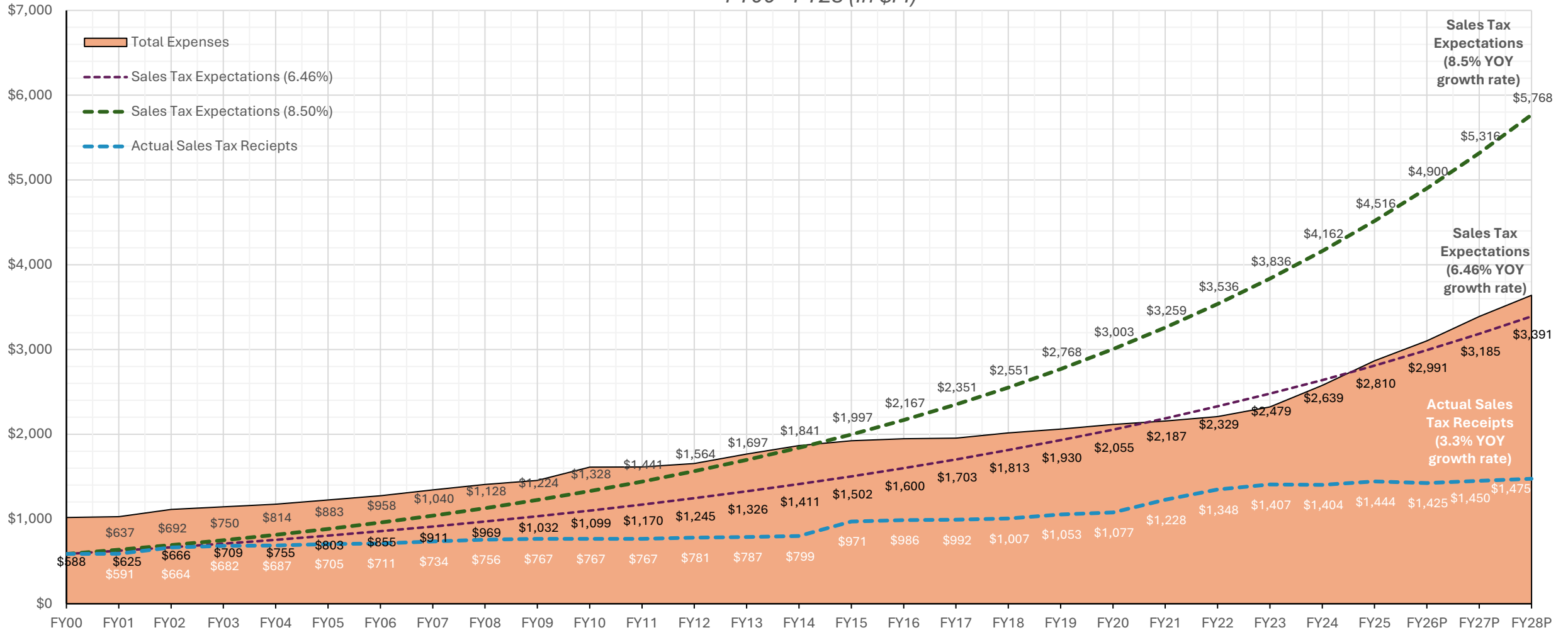
- ✓ Assumes **level state contract assistance** of \$470M.
- ✓ **No additional fair share revenue assumed in this projection at this time, as the H2 budget has not yet been released**
- ✓ **Hiring & Headcount targets elongated** to balance service levels, workforce assessment recommendations, and available 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

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

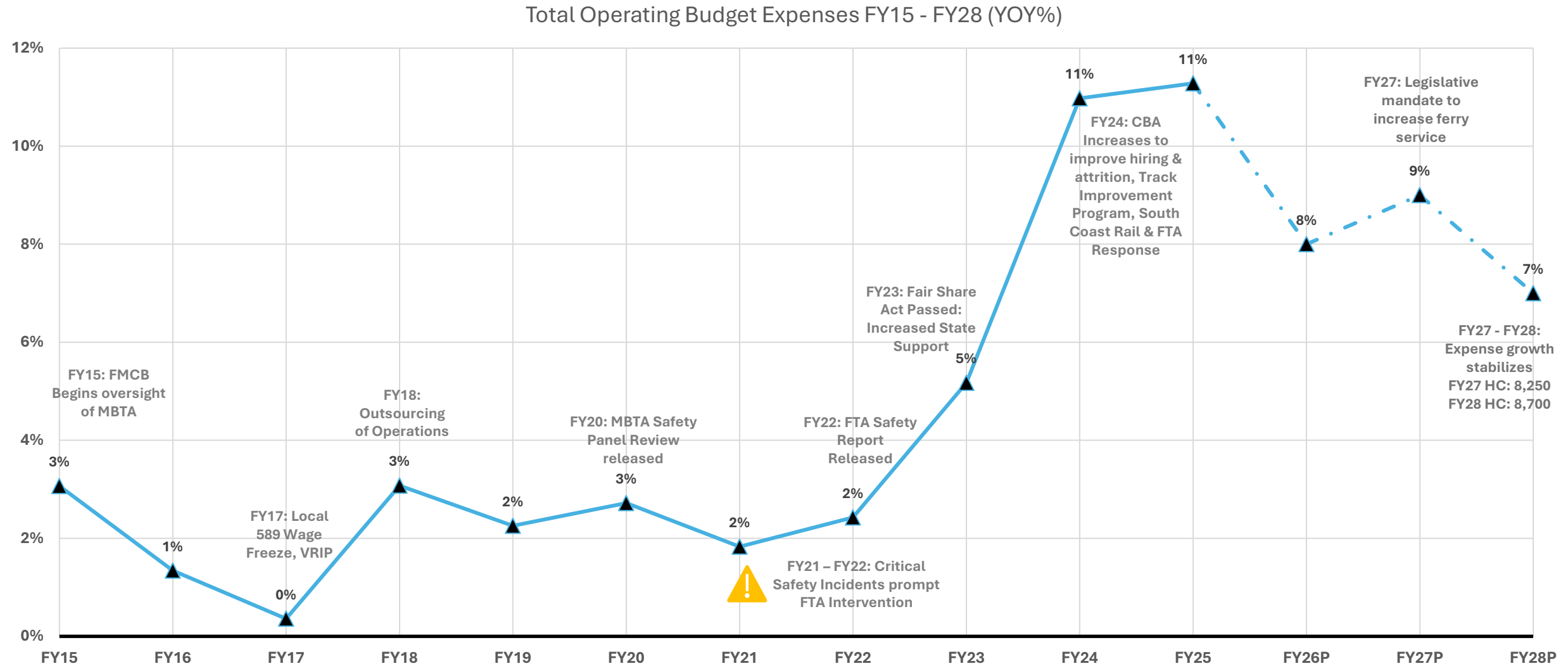
# Forward Funding Sales Tax Assumptions Fall Short

Historical Total Expenses vs Projected Sales Tax Scenarios

FY00 - FY28 (In \$M)



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



Source: MBTA FMIS Data, CC-H\_SOR Report, & Audited Financials: Figures only depict Operating Fund 05 and do not contain capital expenditures and other GAAP entries included on consolidated financials