

Massachusetts Bay Transportation Authority

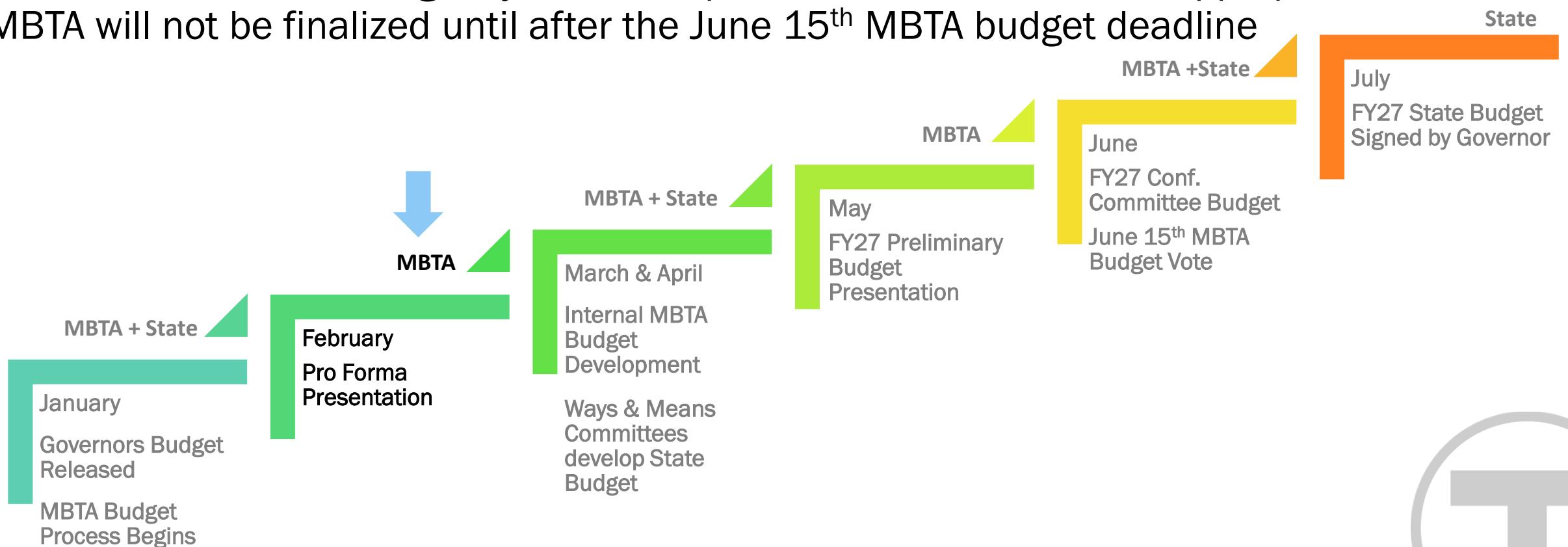
FY26 – FY28 Operating Budget Pro Forma

Mary Ann O'Hara, MBTA Finance

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Pro Forma Timeline & FY27 Budget Milestones

- Beginning with the Pro Forma presentation, several budget presentations will be made to the Board prior to the June 15th approval deadline
- The MBTA and State budget cycles overlap, and the official revenue appropriation to the MBTA will not be finalized until after the June 15th MBTA budget deadline



Executive Summary

- FY26 Projected Expense savings and deferrals of \$141M, exceeding expense savings and deferrals target of \$82M
- FY27-FY28 Total Expenses like last years pro forma, with headcount management and process improvements used to offset the new commuter rail contract and state mandated ferry service expansion
- FY26-FY28 Fare Revenue assumptions increased reflecting continued ridership recovery and installation of fare gates
- FY26-FY28 State Revenue & Sales Tax assumptions reduced to align with FY26 Final State Budget and Governors FY27 Budget & Fair Share Recommendation
- FY26-FY28 Budget Deficits increased primarily due to adjustments in state revenue assumptions

Current Pro Forma FY26-29				Last Years Pro Forma			Variance		
Line Item	FY26 Current Projection	FY27 (\$M) Current Pro Forma	FY28 (\$M) Current Pro Forma	FY26 (\$M) Budget	FY27 (\$M) Last Years Pro Forma	FY28 (\$M) Last Years Pro Forma	FY26 Variance	FY27 Variance	FY28 Variance
Total Revenue	2,864	2,858	2,802	3,075	3,093	3,140	(212)	(235)	(338)
<i>Headcount Target (FTE Count)</i>	<i>7,700</i>	<i>8,250</i>	<i>8,700</i>	<i>8,030</i>	<i>8,372</i>	<i>8,825</i>	<i>(330)</i>	<i>(122)</i>	<i>(125)</i>
Total Expenses	3,103	3,390	3,640	3,244	3,397	3,635	(141)	(8)	5
Net Revenue	(239)	(531)	(837)	(168)	(304)	(495)	(71)	(227)	(343)
<i>Expense Savings & Deferral Target*</i>	<i>-</i>	<i>88</i>	<i>105</i>	<i>82</i>	<i>88</i>	<i>105</i>	<i>(82)</i>	<i>-</i>	<i>-</i>
Net Revenue Inc. Savings Target	(239)	(443)	(732)	(86)	(216)	(390)	(153)	(223)	(343)

***Note: FY26 Expense Savings & Deferral Projection of \$141M included in the -\$239M Net Revenue Number**

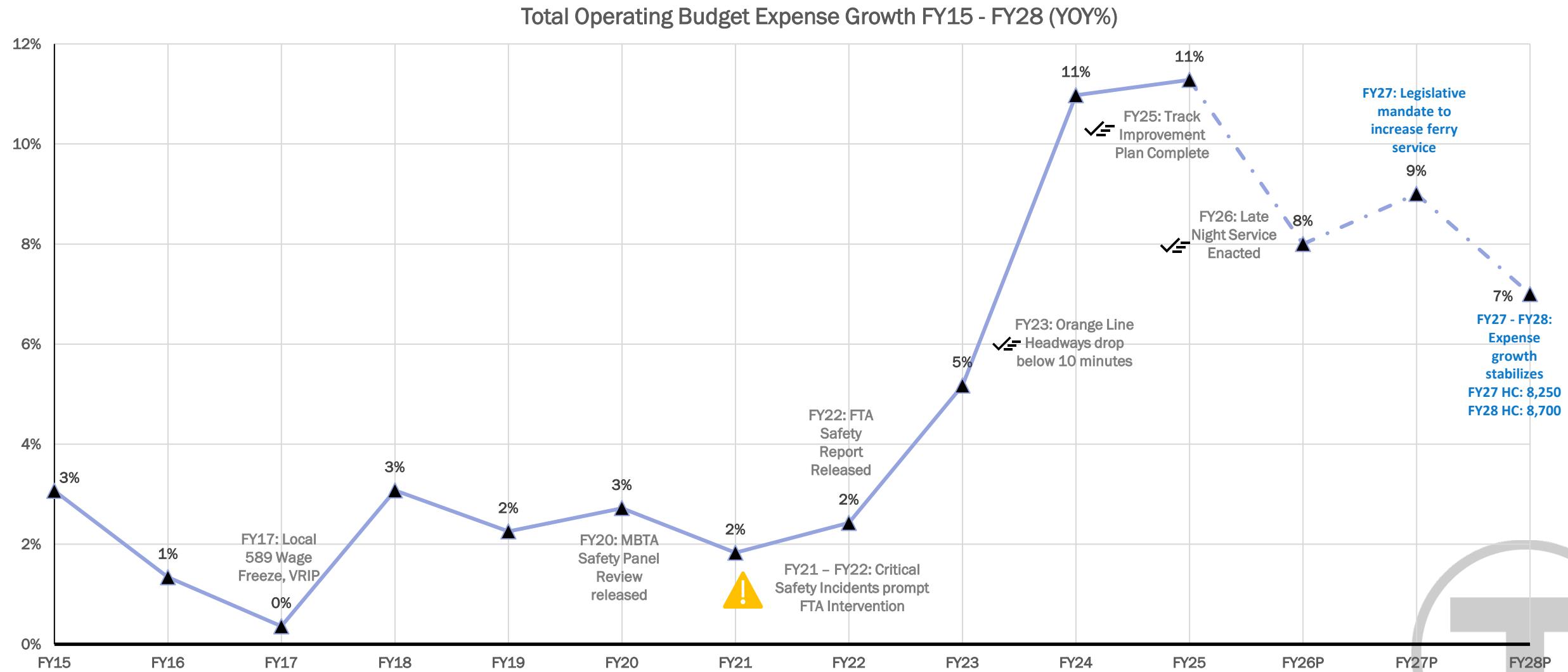
Pro Forma FY26 – FY28 Projection

Key Assumptions:

- ✓ FY26 through FY28
 - ✓ Fare Revenue increased based on continued ridership recovery, service improvements, fare inspection team, and South Station fare gates
 - ✓ **Hiring & Headcount targets elongated** to balance service levels, workforce assessment recommendations, and available financial resources
- ✓ FY27 through FY28
 - ✓ Assumes Governor's H2 Proposal of \$1.1B excluding sales taxes
 - ✓ Reflects additional \$645 million in **Fair Share revenues** proposed for the MBTA in 2026 Fair Share supplemental budget (\$122M + \$523M)
 - ✓ Reflects **level state contract assistance** of \$470M in Governors H2 proposal
 - ✓ **Sales Tax projections** decreased based on historical trend analysis and Department of Revenue estimates
 - ✓ **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 Fairmount Line Electrification

Line Item	Current Year Pro Forma FY26- FY28		
	FY26 (\$M)	FY27 (\$M)	FY28 (\$M)
Revenue			
Operating Revenue	540	585	617
Fare Revenue	457	495	525
Own Source Revenue	83	90	92
Non-Operating Revenue	2,324	2,273	2,185
Sales Tax	1,425	1,445	1,475
Local Assessments	198	200	204
Other Income	36	36	37
Federal Funds	-	-	-
State Contract Assistance	470	470	470
Additional State Fair Share Assistance	195	122	-
Total Revenue	2,864	2,858	2,802
Expenses			
<i>Headcount Target (FTE Count)</i>	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)	(531)	(837)
<i>Expense Savings & Deferral Target</i>	-	88	105
Net Revenue Inc. Savings Target	(239)	(443)	(732)
Fare Recovery Ratio	18%	18%	17%
Deficiency Fund Projection			
Ending Def Fund Balance from prior year	372	433	513
Def Fund Replenishment from State Fair Share Rev	300	523	-
Def Fund Draw (-) / Deposit (+)	(239)	(443)	(732)
Remaining Deficiency Fund	433	513	(219)

Future Expense Growth Projected to Normalize



Result of FTA Response, Increased Hiring, and Fair Share Funding

Other Metrics of Success:

- ✓ Bus Dropped trips decreased by 88% from FY23 - FY25
- ✓ ~35K riders enrolled in the Income Eligible Reduced Fare Program
- ✓ Expanded Late Night & Weekend Service
- ✓ Year-round ferry service pending, and two new Ferry routes opened
- ✓ South Coast Rail service operationalized
- ✓ Digitization of Vehicle Inspection Processes
- ✓ New inhouse structure inspection and engineering design & repair capabilities
 - ✓ Example: Drone inspections, column repair, single tracking operations
- ✓ Safety, Training and Hiring procedures redesigned and all safety sensitive staff certifications up to date
- ✓ Greenline Train Protection System install & testing has begun

Programmatic Category: Heavy Rail (Red, Orange, Blue Lines)

Operational Metrics (Track Improvement Program Success)

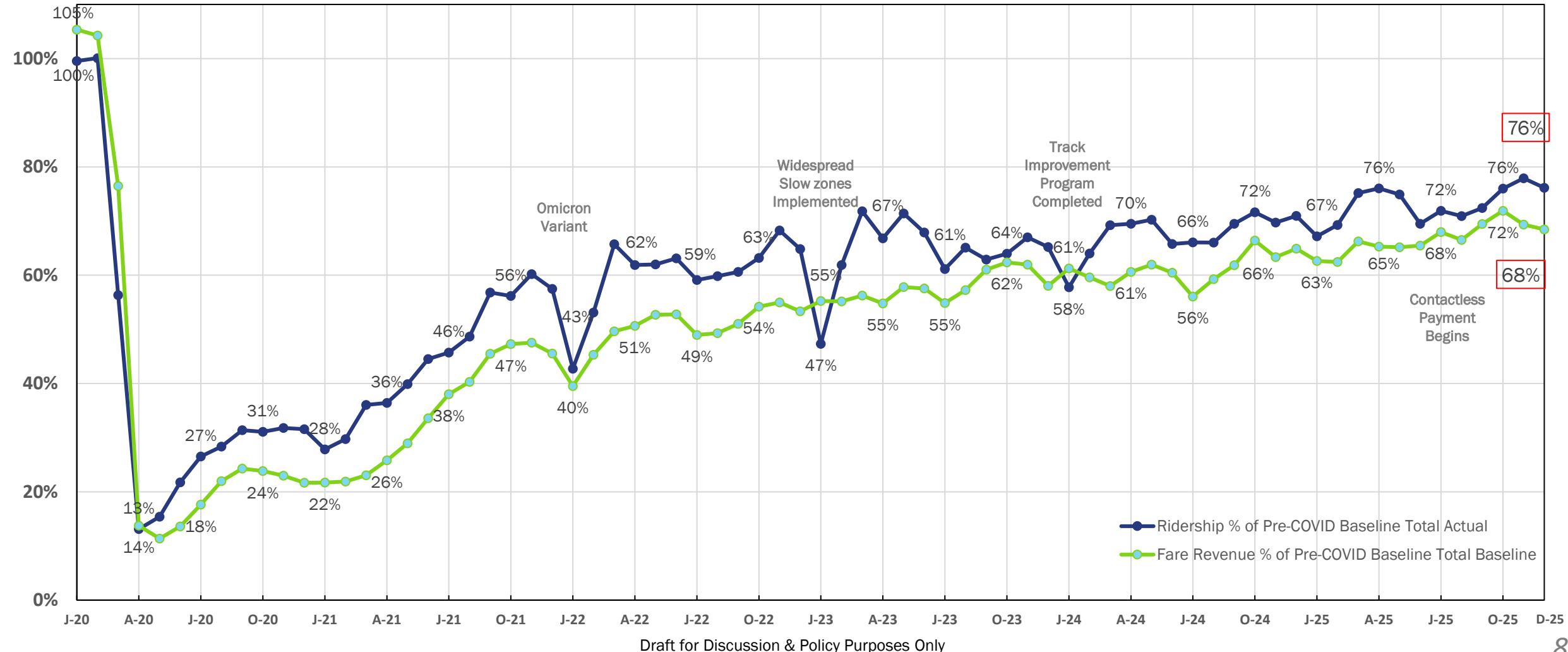
Publicly presented operational dashboards, as well as publicly available NTD data inform this table

Line	Heavy Rail Metric	Service Improvement % (FY23 - FY25 Actuals)	FY23 Actuals	FY24 Actuals	FY25 Actuals
Orange Line	Avg. Weekday Actual Trips	91%	185	275	353
	Avg. Headways: Orange Line Peak (Min)		13	8	6
	Median Cycle Time (Min)		107	96	81
Red Line	Avg. Weekday Actual Trips	67%	249	278	416
	Avg. Headways: Red Line Peak Trunk (Min)		9	8	7
	Avg. Headways: Red Line Peak Branch (Min)		19	16	10
	Median Cycle Time Branch		184	154	110
Red Line	Median Cycle Time Trunk	-34%	140	112	92
Blue Line	Avg. Weekday Actual Trips	36%	288	338	392
	Average Headways: Blue Line Peak (Min)		6	6	5
	Median Cycle Time (Min)		60	55	50
All Heavy Rail Lines	Total Passenger Trips	12%	84,030,235	84,772,414	93,891,610
All Heavy Rail Lines	Vehicle Rev Hours	20%	1,246,958	1,459,546	1,495,442
All Heavy Rail Lines	Vehicle Rev Miles Operated	34%	16,777,587	17,431,213	22,561,093

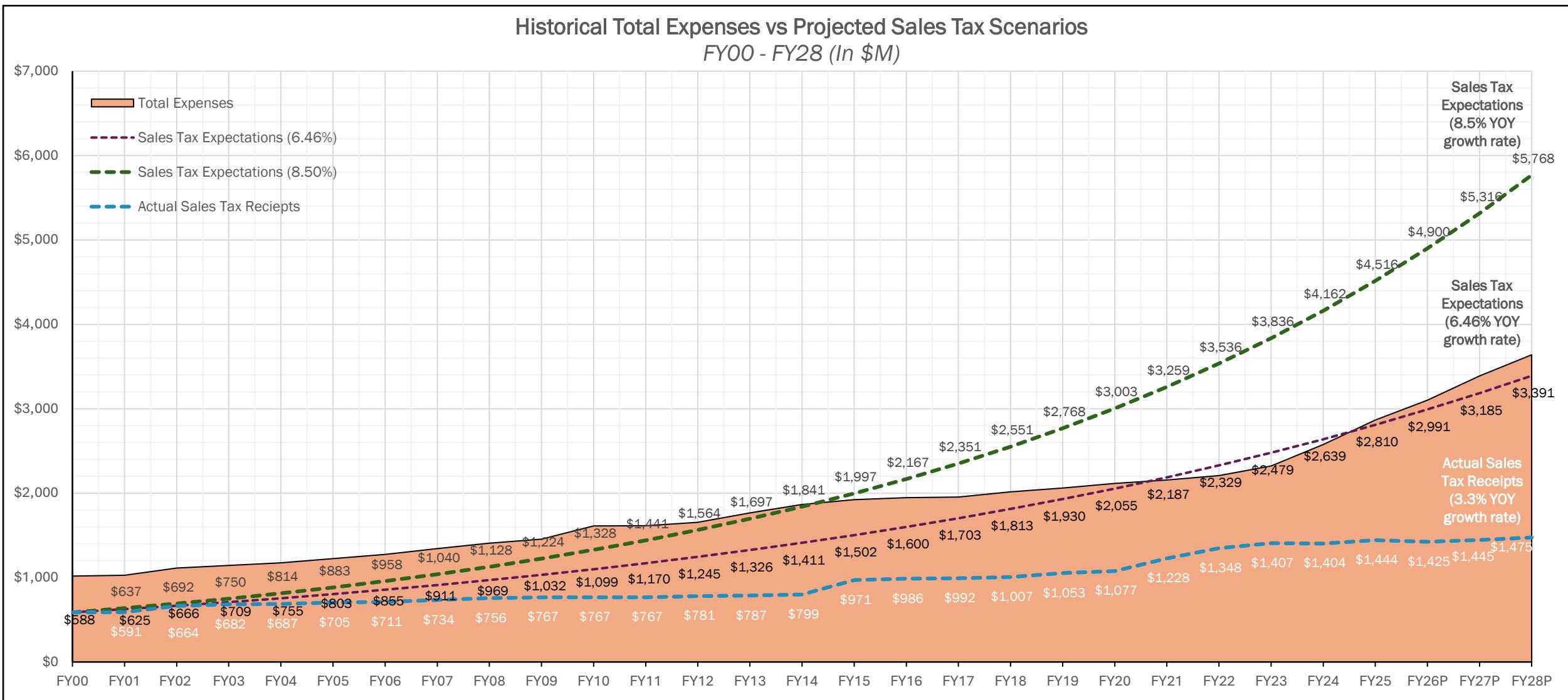


Ridership Continues to Increase through FY26

Ridership % of Pre-COVID vs. Fare Revenue % of FY19 Baseline
December 2025 Actuals



Forward Funding Sales Tax Assumptions Fall Short



Next Steps

- FY27 Preliminary Budget will be presented in the spring
- House Ways & Means Committee currently developing their FY27 State Budget & Fair Share Recommendations
- MBTA FY27 Budget due date is 6/15/26, and the state budget deadline is 7/1/2025, meaning the MBTA will not know its final FY27 revenue number until after the MBTA Board votes on the budget
- MBTA expects positive momentum with ridership, process improvements, and in-housing operations to continue in FY27