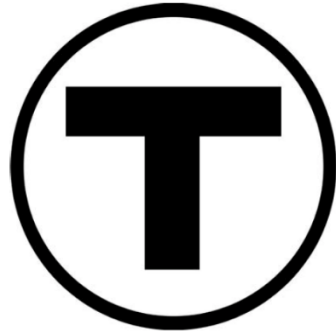




**Massachusetts Bay
Transportation Authority**

FY27 Final Operating Budget

June 11, 2026

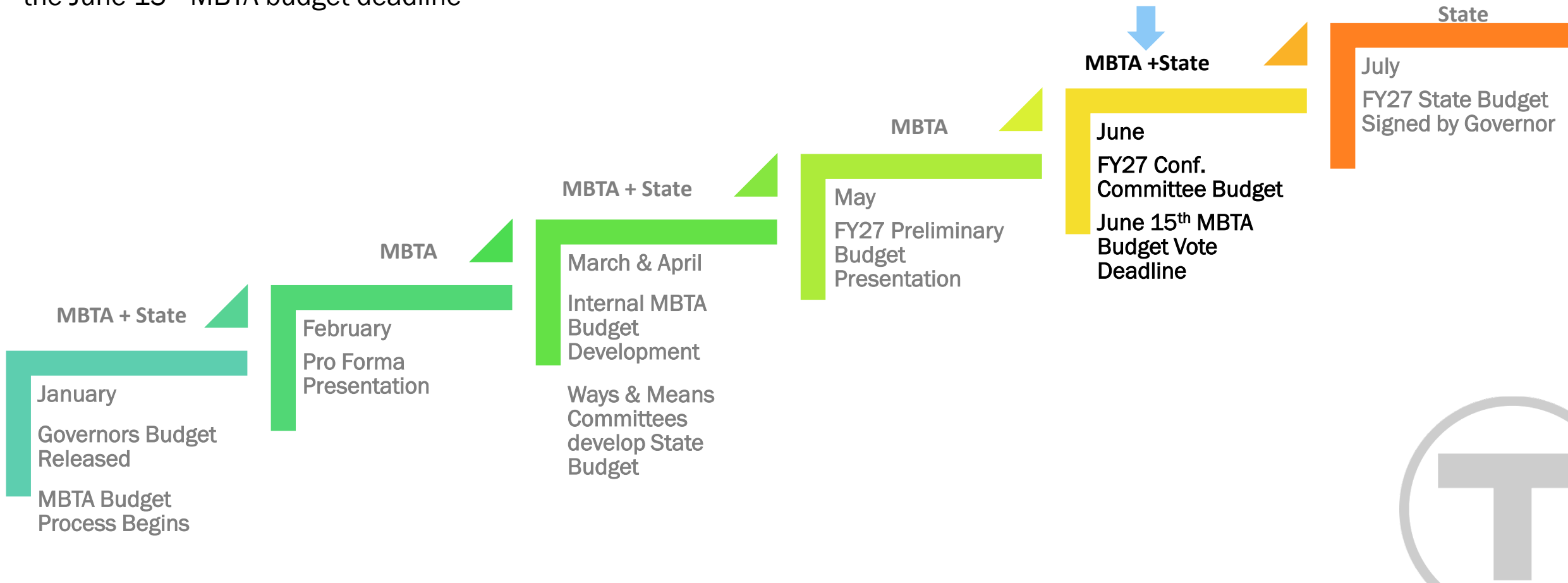
Mary Ann O'Hara

Chief Financial Officer

FY27 Final Operating Budget Request

Timeline & Governance

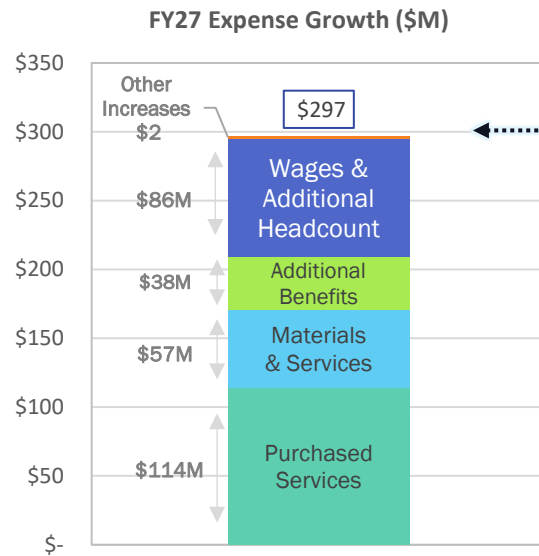
- The Board Approval Deadline for the FY27 budget is June 15th
- Board Vote is currently scheduled for June 11th
- The MBTA and State budget cycles overlap, and the official revenue appropriation to the MBTA will not be finalized until after the June 15th MBTA budget deadline



FY27 Final Operating Budget Request

Net Revenue Overview (\$M)

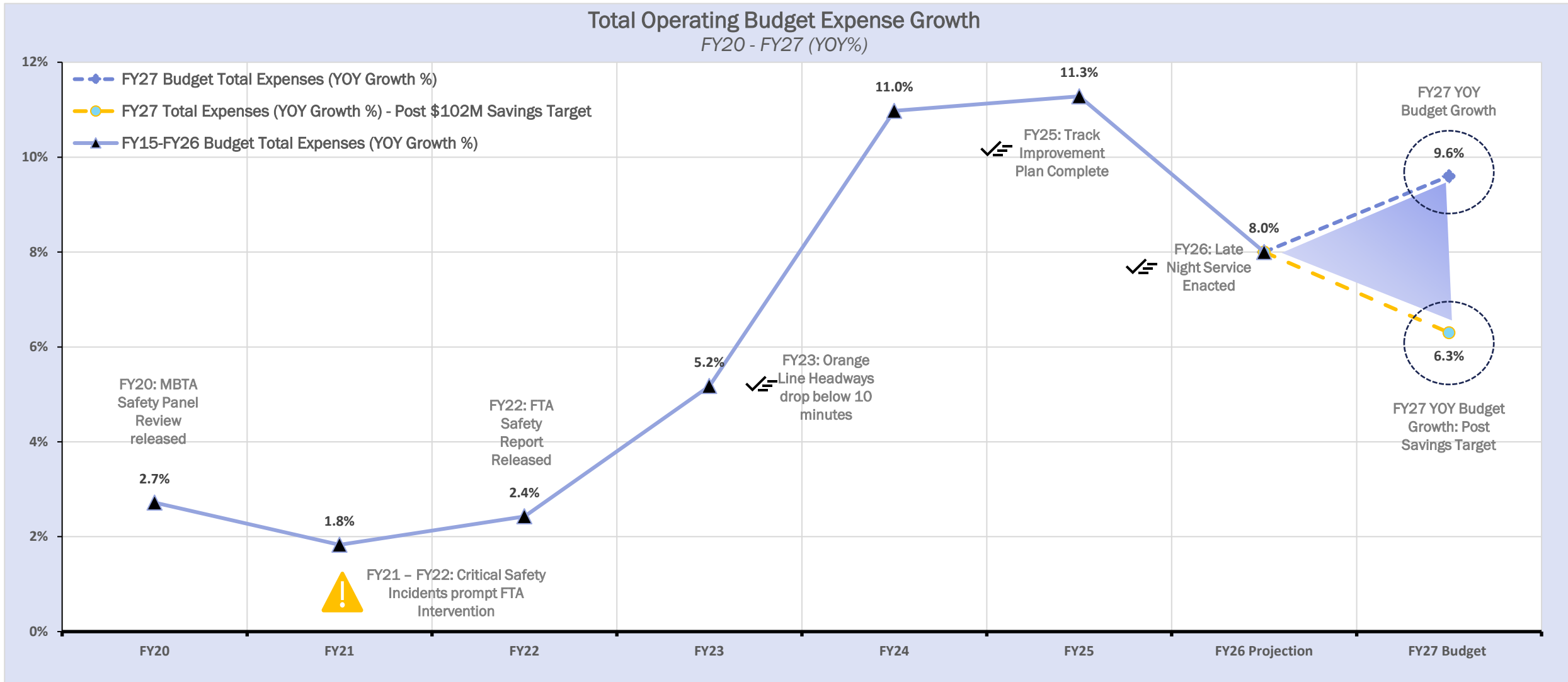
- FY27 Preliminary Budget assumes \$2.9B in Revenue, \$3.4B in Expenses, and **-\$545M Net Revenue**
- Net Revenue Deficit will be balanced by **drawing from the Deficiency Fund**
- The **FY27 Cost Savings Target is \$102M**, and will reduce reliance on the Deficiency Fund
- Key Cost Include:
 - Wages & Fringe** from Hiring + Collective Bargaining Increases, and **Commuter Rail** service expansions & new contract preparations



Line Item	FY26 Year End Projection	FY27 Budget Request (Current)	VAR (\$) +/- Over FY26 Projection	VAR (%) +/- Over FY26 Projection
Operating Revenue	540	579	39	7.2%
Non-Operating Revenue	2,324	2,276	(48)	-2.0%
Total Revenue	2,864	2,855	(9)	-0.3%
<i>Headcount Target (FTE Count)</i>	7,700	8,250	550	7.1%
Total Wages	833	919	86	10.3%
Fringe Benefits	424	462	38	8.9%
Materials, Services, Fuel, Utilites	528	585	57	10.8%
Purchased Commuter Rail	602	687	85	14.1%
Purchased Ferry, The Ride, Local Service Subsidy	198	227	29	14.9%
Total Operating Expenses	2,585	2,880	295	11.4%
Debt Service	517	520	3	0.5%
Total Expenses	3,103	3,400	297	9.6%
Net Revenue	(239)	(545)	(306)	128.0%
<i>Cost Savings Target</i>	<i>On Track</i>	102	102	100.0%
Net Revenue Inc. Savings Target	(239)	(443)	(204)	85.4%
Deficiency Fund Projection				
Ending Def Fund Balance from prior year	372	433	61	16%
Def Fund Replenishment from State Fair Share Rev	300	523	223	74%
Def Fund Draw (-) / Deposit (+)	(239)	(443)	(204)	85%
Ending Deficiency Fund Balance FY27	433	513	80	18%

Year Over Year Operating Expense Growth

FY27 Total Expense Growth vs Historical



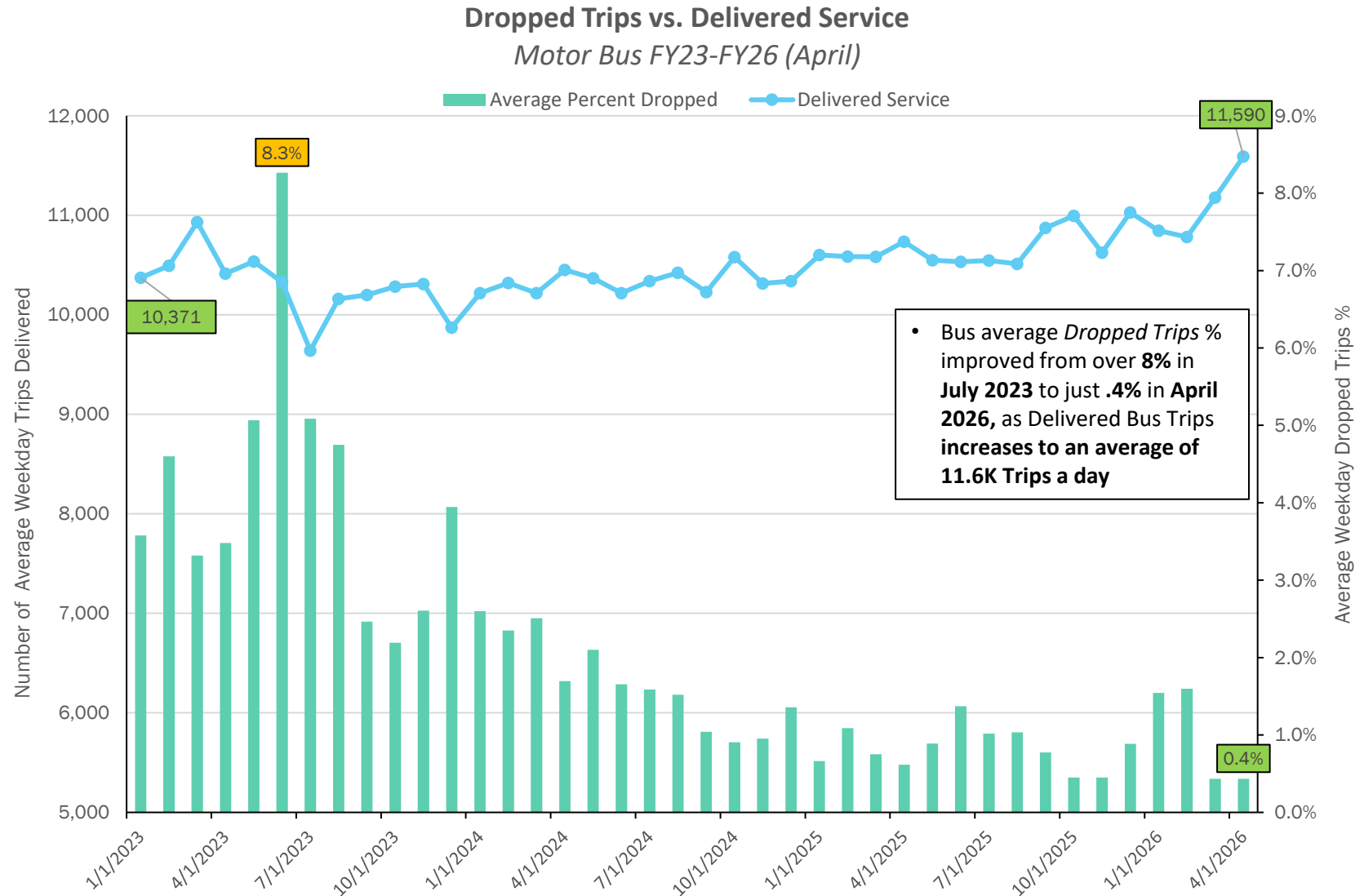
FY27 Operating Budget Highlights

Continued Investments in Operational Alignment, Service Levels & Customer Satisfaction



FY27 Service Improvements:

- **Bus:** Continued support for Bus Operations reliability and improved service to cultivate key customer metrics success. (Chart Right)
- **Heavy Rail:** Orange Line frequency increased with additional trips added to Spring 2026 Schedule
- **Ferry:** Additional service on current Ferry Routes based on legislative directives
- **Commuter Rail:** Increased service and support primarily on South Coast Rail
- **Vehicle Maintenance:** Pro-active maintenance within the car houses for all modes



Request of the Board: FY27 Operating Budget Vote

- It is VOTED:
- To approve the Authority's itemized budget of current operating expenses and debt service costs, for a one-year period from July 1, 2026 through June 30, 2027, in the amount of \$3,400,129,916, as presented June 11, 2026; and
- That the General Manager is hereby authorized and directed to submit the approved itemized budget, in the name and on behalf of the Authority, to the MBTA Advisory Board no later than June 15, 2026, in accordance with Section 20 of Chapter 161A of the Massachusetts General Laws



Appendix



FY27 Final Operating Budget Request

MBTA Board of Directors Overview (\$M)

- Pro Forma Projection presented in February 2026 assumed **9.2% expense growth**
- FY27 Preliminary Budget assumes **9.6% Expense growth**
 - Variance driven by increased utility and materials pricing
- The FY27 Preliminary Budget assumes the **Governors FY27 H2 Budget Recommendation**, and **FY26 Fair Share Supplemental Budget Proposal**
- FY27 Preliminary Budget assumed **8,250 Headcount** (550 annual increase), which is the same as the Pro Forma Projection from February 2026

	FY26 Year End Projection	FY27 Submission to A&F			FY27 Budget Request		
Line Item	FY26 Year End Projection	FY27 Submission to A&F	VAR (\$) +/- Over FY26 Projection	VAR (%) +/- Over FY26 Projection	FY27 Budget Request (Current)	VAR (\$) +/- Over FY26 Projection	VAR (%) +/- Over FY26 Projection
Total Revenue	2,864	2,858	(6)	-0.2%	2,855	(9)	-0.3%
Headcount Target (FTE Count)	7,700	8,250	550	7.1%	8,250	550	7.1%
Total Operating Expenses	2,585	2,817	232	9.0%	2,880	295	11.4%
Debt Service	517	573	56	10.8%	520	3	0.5%
Total Expenses	3,103	3,390	287	9.2%	3,400	297	9.6%
Net Revenue	(239)	(531)	(292)	122.4%	(545)	(306)	128.0%
Cost Savings Target	On Track	88	88	100.0%	102	14	100.0%
Net Revenue Inc. Savings Target	(239)	(443)	(204)	85.5%	(443)	(292)	122.2%
Deficiency Fund Projection							
Ending Def Fund Balance from prior year	372	433	61	16%	433	61	16%
Def Fund Replenishment from State Fair Share Rev	300	523	223	74%	523	223	74%
Def Fund Draw (-) / Deposit (+)	(239)	(443)	(204)	86%	(443)	(204)	85%
Ending Deficiency Fund Balance FY27	433	513	80	18%	513	80	18%

FY27 Final Operating Budget Request

Revenue Budget (\$M)

- **\$28M (6.1%) increase in Fare Revenue estimates** as ridership improves on all modes due to continued momentum in track maintenance initiatives that provide sustained revenue growth and customer satisfaction in FY27
- **\$11M (12.8%) in Own Source Revenue** due to advertising & parking enforcement technological improvements & strategic partnerships
- **\$20M (1.4%) increase in MBTA Sales Tax Transfer** projected to increase to \$1,445M in FY27 from \$1,425M in FY26
- **\$122M in FTA Support** for Continued FTA, Preventative Maintenance and Safety initiatives
 - *Note: \$523M Proposed Deficiency Fund replenishment in Govs Supplemental Budget Proposal not shown on this chart*

Line Item	FY26 Year End Projection	FY27 Budget Request (Current)	VAR (\$) +/-Over FY26 Projection	VAR (%) +/-Over FY26 Projection
Operating Revenue	540	579	39	7.2%
Fares	457	485	28	6.1%
Own Source	83	94	11	12.8%
Non-Operating Revenue	2,324	2,276	(48)	-2.0%
State Sales Tax Revenue	1,425	1,445	20	1.4%
Local Assessments Revenue	198	203	5	2.5%
Other Income	36	37	1	2.5%
Federal Funds	-	-	-	0.0%
State Assistance	470	470	-	0.0%
Additional State Assistance	195	122	(73)	-37.6%
Total Revenue	2,864	2,855	(9)	-0.3%

Table compares the Operating FY27 Budget Request to the FY26 Annual Pro Forma Projection (\$M) presented in February 2026

FY27 Final Operating Budget Request

Expense Budget (\$M)

- **\$297M (9.6%) Total Expense increase**

- **Key Cost Drivers Include:**

- **Wages: \$86M (10.3%) increase** due to CBA increases and 8,250 Headcount target
- **Services: \$43M (14.5%) increase** due to AFC 2.0 Milestones, operationalizing capital funded IT improvements, contractual increases for 3rd party services
- **Commuter Rail: \$85M (14.1%) increase** in due to contractual fixed price increases, Federal Railroad Administration mandates for Cybersecurity, and transition costs for scoping ongoing procurement of the upcoming Commuter Rail Contract
- **Ride, Ferry, LSS: \$29M (14.9%) increase** due to implementation of year-round ferry service and expansion of the Income Eligible Reduced Fare Program on the RIDE

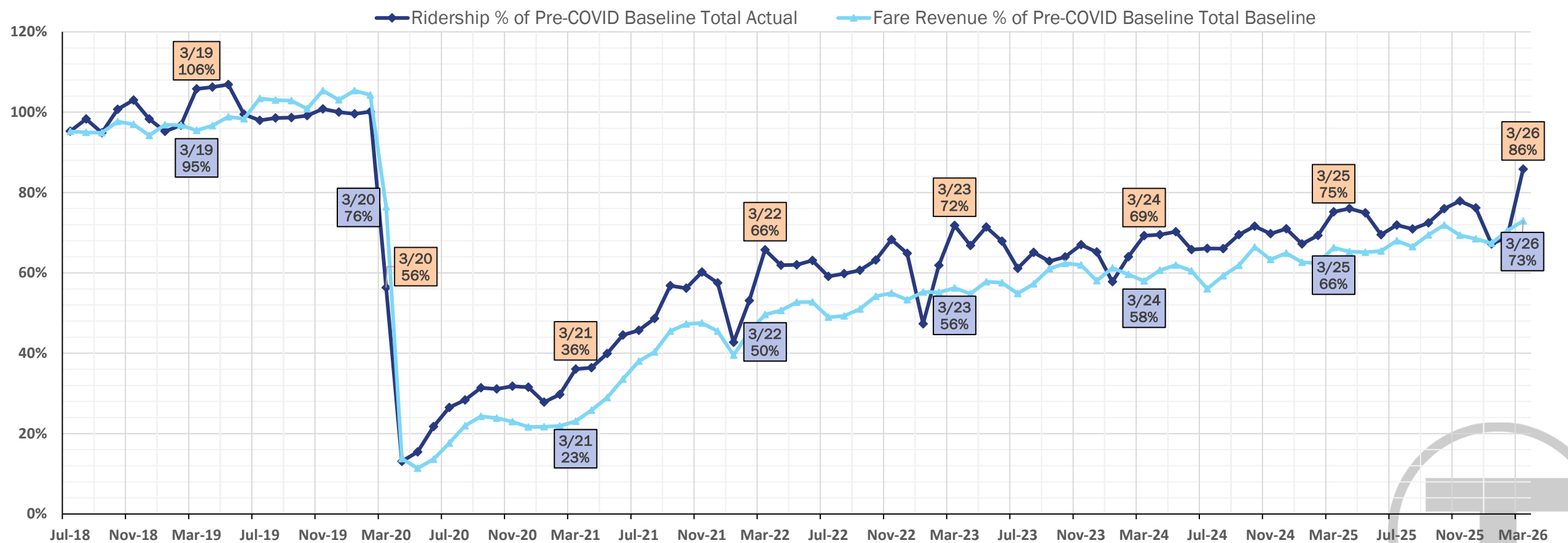
Line Item	FY26 Year End Projection	FY27 Budget Request (Current)	VAR (\$) +/-Over FY26 Projection	VAR (%) +/-Over FY26 Projection
Headcount Target (FTE Count)	7,700	8,250	550	7.1%
Total Wages	833	919	86	10.3%
Regular Wages	760	847	87	10.4%
Overtime	74	73	(1)	-2.2%
Fringe Benefits	424	462	38	8.9%
Materials, Services, Fuel, Utilites	528	585	57	10.8%
Services	243	286	43	14.5%
Materials	92	99	7	7.3%
Utilities	65	73	8	12.6%
Cleaning	48	51	3	6.7%
Fuel	18	18	0	1.6%
Risk Insurance	37	31	(6)	-14.7%
Injuries & Damages	10	10	(0)	-3.0%
Financial Services	16	17	1	8.1%
Purchased Commuter Rail	602	687	85	14.1%
Purchased Ferry, The Ride, Local Service Subsidy	198	227	29	14.9%
The RIDE	163	180	17	9.6%
Ferry	29	40	11	29.0%
LSS Other	6	8	2	27.4%
Total Operating Expenses	2,585	2,880	295	11.4%
Debt Service	517	520	3	0.5%
Total Expenses	3,103	3,400	297	9.6%

Table compares the Operating FY27 Budget Request to the FY26 Annual Pro Forma Projection (\$M) presented in February 2026

MBTA Ridership vs. Fare Revenue: *Road to Recovery*

- March 2026 Ridership was 86% of Pre-Pandemic Baseline Ridership making it the highest March Ridership recorded since March 2019
- March 2026 Fare Revenue was 73% of Pre-Pandemic Baseline – highest recorded since March 2020

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



FY27 Headcount

Operating Budget & Workforce Strategy

- **FY27 Headcount Budget is focused on operational efficiencies & reducing reliance on 3rd party consulting and contractors where possible**
 - Back-office verticals anticipate converting most contracting staff
- **FY27 Headcount Additional Positions (220) include:**
 - **Bus Operators** for continued investment in Bus reliability
 - **New Apprenticeships** in Vehicle Maintenance to expand vocational pipeline
 - **New Job Classifications** to provide retention support in key maintenance areas

