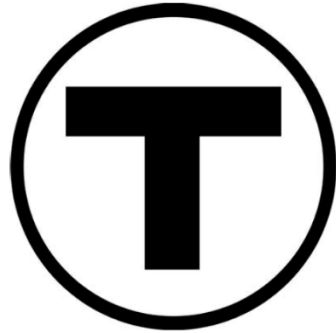




**Massachusetts Bay
Transportation Authority**

MBTA FY26 Fair Share Supplemental Budget

MBTA Board Audit & Finance Subcommittee
Adam Zeller
Senior Director, Capital Finance & Administration

July 16, 2026

Overview | Fair Share Investments in Education and Transportation

- In the State's FY26 Fair Share Supplemental Budget, a total of \$530M was dedicated to the MBTA and requires a transfer from MassDOT to the MBTA.

Today's recommendation will cover the following items:

- 1596-2612 – MBTA Deficiency Fund Replenishment (\$450M)
- 1596-2404 – MBTA Physical Infrastructure Improvements (\$60M)
- 1596-2405 – MBTA Income-Eligible Reduced Fare Program (\$20M)



Funding Allocations | MBTA Operating

MBTA Deficiency Fund Replenishment: \$450M

- This funds the MBTA's operating budget shortfalls (i.e. when expenses exceed revenue) on an annual basis. This funding supplements the MBTA's revenues to enable consistent, reliable service and maintenance across all modes. Transfers of funding in and out of the Deficiency Fund is at the discretion of the MBTA's General Manager, Chief Administrative Officer, and/or Chief Financial Officer.

MBTA Income-Eligible Reduced Fare Program: \$20M

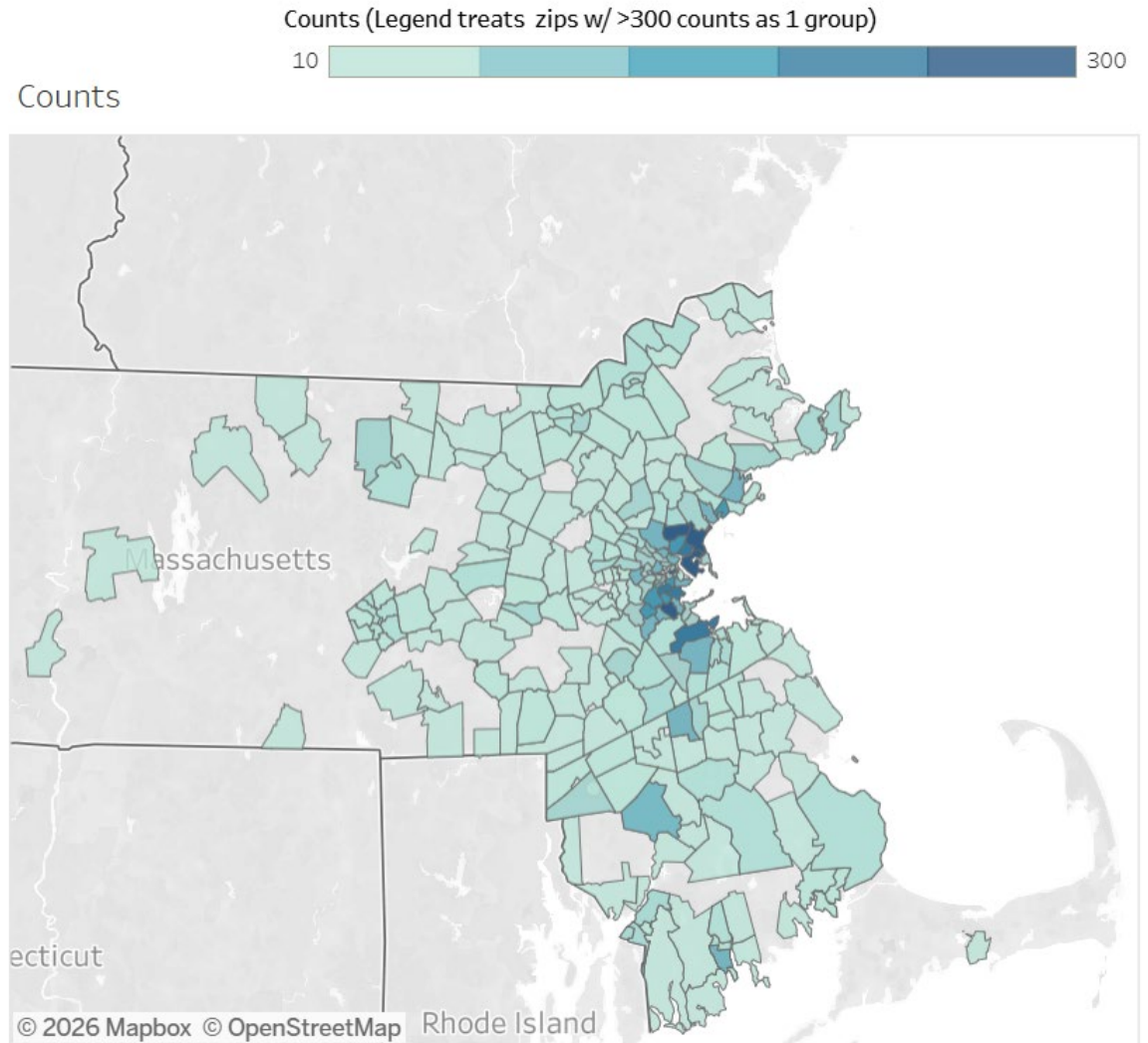
- MBTA Income-Eligible Reduced Fare Program is for Riders under 200% of the federal poverty level and are eligible via enrollment in SNAP and MassHealth program
- Riders can apply primarily via an online application with connections to RMV and HHS data to confirm identity and eligibility with opportunities to be auto-enrolled
- Approximately +55,000 applications have been approved since inception and program includes all modes



Funding Allocations | MBTA Operating

Income-Eligible Reduced Fare Program Applicants

- Program applications come from across the Commonwealth.
- Top zip codes for applications come from Boston, Malden, Revere, Quincy, Chelsea, and Everett.
- This map shows towns with more than 10 applicants.



Funding Allocation | MBTA Capital

MBTA Physical Infrastructure Improvements : \$60M

- This is a continuation of physical infrastructure funding received last year, which supported improvements to our facilities and yards; repairs to track and other right of way infrastructure, and upgrades to stations.
- This year's allocation will be programmed for similar purpose, providing funding for new projects or supplementing existing project scopes.



Recommendation to the MBTA Board

VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to approve and execute an Agreement with the Massachusetts Department of Transportation (MassDOT) to transfer \$450,000,000.00 from MassDOT, to the MBTA in order to replenish the Deficiency Fund.

FURTHER VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to execute any necessary or ancillary documents to effectuate the transfer of \$450,000,000.00 from MassDOT, to the MBTA, in accordance with the terms of the Agreement.



Recommendation to the MBTA Board

VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to approve and execute an Agreement with the Massachusetts Department of Transportation (MassDOT) to transfer \$20,000,000.00 from MassDOT, to the MBTA for the implementation of the MBTA's Income-Eligible Reduced Fare program.

FURTHER VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to execute any necessary or ancillary documents to effectuate the transfer of \$20,000,000.00 from MassDOT, to the MBTA, in accordance with the terms of the Agreement.



Recommendation to the MBTA Board

VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to approve and execute an Agreement with the Massachusetts Department of Transportation (MassDOT) to transfer \$60,000,000.00 from MassDOT, to the MBTA for improvements to the MBTA's physical infrastructure.

FURTHER VOTED:

- To recommend that the Board authorize the General Manager, or his designee, to execute any necessary or ancillary documents to effectuate the transfer of \$60,000,000.00 from MassDOT, to the MBTA, in accordance with the terms of the Agreement.



Appendix



Appendix - Legislative Language for 1596-2612

MBTA Deficiency Fund Replenishment \$450M

1596-2612 For an operating transfer to the Massachusetts Bay Transportation Authority to replenish the Massachusetts Bay Transportation Authority deficiency fund; provided, that the authority shall notify 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 not less than 30 days in advance of any withdrawal from the Massachusetts Bay Transportation Authority deficiency fund; provided further, that not later than June 30, 2026, the 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; provided further, that funds shall be expended for commuter rail service; provided further, that the authority shall conduct a study on strategies to increase ridership on the commuter rail including, but not limited to, reduced fare or parking pilot programs ; provided further, that not later than February 26, 2027, the authority shall submit to the joint committee on transportation and the house and senate committees on ways and a report detailing the results of the study, which shall include, but not be limited to: (i) programs or policies reviewed or recommended by the authority; (ii) the estimated cost of each program or policy, including lost fare revenue; and (iii) the projected change in commuter rail ridership; and provided further, that funds may be expended for rider affordability initiatives and pilots that encourage ridership, improving value for riders and passholders and support and encourage participation in the income-eligible reduced fare program.....\$450,000,000



Appendix - Legislative Language for 1596-2404

MBTA Physical Infrastructure Improvements \$60M

1596-2404 For programs to improve the Massachusetts Bay Transportation Authority's physical infrastructure; provided, that the authority shall consult with the executive office for administration and finance on the projects to be funded by this item; provided further, that in distributing funds from this item, the authority shall prioritize projects that advance a rail system that is fully integrated into the commonwealth's transportation system and designed to make the system more productive, equitable and decarbonized; provided further, that the authority prioritizes upgrades and deferred maintenance projects in the core subway system; provided further, that funds shall be expended to facilitate the electrification of commuter rails; provided further, that not less than \$1,000,000 shall be expended to the Massachusetts Bay Transportation Authority to prepare, in consultation with the Massachusetts Department of Transportation, a regional rail vision and implementation report; provided further, that not later than July 1, 2028, the authority shall submit the report to the joint committee on transportation, the house and senate committees on ways and means and the clerks of the house of representatives and the senate which shall include, but not be limited to: (a) a proposal for the end-state of the regional rail system, including an idealized operating plan defining optimal service frequencies across all lines, a comprehensive ridership and revenue study evaluating fluctuations in travel patterns against various fare scenarios, an operating pro forma detailing total system costs and projected revenue improvements resulting from increased ridership and a rail simulation tool which shall be made available to the public with an operating instruction booklet; (b) an examination of potential productivity gains to ensure that the regional rail system is affordable to riders and residents, including operating strategies, technology and other investments that may reduce operating expenses; (c) a regulatory master plan identifying all necessary state and federal environmental filings and a comprehensive strategy for federal funding sources, including an assessment of a reasonable long-term federal cost-share; (d) a comprehensive assessment of the impacts on existing power grids resulting from the electrification and expanded service of the regional rail system which shall explore avenues for enhancing power capacity, including necessary substation upgrades, decentralized energy resources and partnerships with utility providers to ensure grid stability and sufficiency; (e) a quantified measure of direct and indirect emissions reductions, including reductions achieved through the transition of rolling stock and equipment and reductions achieved via mode-switch from private vehicles to the rail system; and (f) an explicit sequencing plan that establishes a clear timeline for infrastructure and service delivery, detailing which regions and corridors will receive specific improvements and the corresponding dates of implementation, assuming a 2030 start date and a financially constrained scenario; and provided further, that not later than April 1, 2027, the authority shall submit a report to the joint committee on transportation and the house and senate committees on ways and means that shall include, but not be limited to: (a) the criteria used for distributing funds from this item; and (b) a list and description of the projects funded or planned to be funded through this item, including the estimated cost for each project and the expected timeline for the completion of each project.....\$60,000,000

Appendix - Legislative Language for 1596-2405

MBTA Low Income Fare Program \$20M

1596-2405 For a reserve to implement a low-income reduced fare program under the Massachusetts Bay Transportation Authority for riders of all modes with low-incomes; provided, that funds from this item may be expended on uses which may include, but shall not be limited to: (i) replacement of foregone fare revenues; (ii) operating and administrative costs relating to the program; (iii) data and technology improvements, systems integration and support; and (iv) community engagement; provided further, that prior to expending funds from this item, the authority shall submit a proposed plan for implementing a low-income reduced fare program to the secretary of transportation for the approval of the secretary; and provided further, that not later than December 30, 2026, the authority shall submit a report detailing the expenditures from this item including rider enrollment in the low-income reduced fare program as of October 31, 2026, to the Massachusetts Department of Transportation, the joint committee on transportation and the house and senate committees on ways and means.....\$20,000,000

