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With low ridership, MBTA could face \$400 million budget shortfall next year

By [Adam Vaccaro](#) Globe Staff, Updated August 17, 2020, 6:53 p.m.



The morning rush hour on the Red Line. Ridership on most subway lines remind about 20 percent of their previous numbers. David L. Ryan/Globe Staff

With mostly empty trains still rumbling through Boston, an emergency influx of federal funding is helping the Massachusetts Bay Transportation Authority paper over massive declines in fares and other revenue. But without that aid, the agency is heading toward a severe budget crisis next summer, raising concerns that officials will be forced to reduce service to bridge a gap that could surpass \$400 million.

Like transit agencies across the country, the MBTA faces looming financial woes that are largely due to the pandemic-era plummet in ridership and the economic contraction that could threaten other revenue sources. The virus hit as the MBTA was gearing up for a series of costly new programs, including addressing safety concerns laid out in [a 2019 report](#) that slammed the agency for cutting corners [due to financial considerations](#). Taken together, the MBTA is staring down a staggering budget deficit in the fiscal year that starts next July, according to an analysis by the Massachusetts Taxpayers Foundation.

That's assuming fare revenue rebounds to 75 percent of its previous levels. While some [bus routes have recovered more than half their ridership](#), others aren't close to that level. Most subway lines are closer to 20 percent of their previous ridership, and commuter rail trains are especially empty.

It's a grim forecast that seems to put service cuts on the table, said Andrew Bagley, the watchdog group's senior vice president of policy and research.

"With the loss in ridership, depending on how much they can cobble together on the revenue side, they're going to have to find a way to fill the gap, which means they will undoubtedly have to look at service delivery in some form," Bagley said.

The MBTA's annual budget for daily operations is about \$2.3 billion this year and is projected to grow to more than \$2.4 billion next year, when the agency may barely top \$2 billion in revenue, according to the Taxpayers Foundation.

Service cuts aren't the only option for savings. Brian Shortsleeve, a former member of the T's governing board, said in a parting message in June that the agency should rein in fast-growing pension costs.

But Stacy Thompson, director of the pro-transit Livable Streets Alliance, worried the MBTA may seek to cut costs from programs that are less noticeable to riders but will be important in the future, such as overhauling the bus system.

"What happens to all these things that were really necessary that we fought for?" she asked.

The MBTA said officials will give a presentation on the financial outlook at a meeting next week. Spokesman Joe Pesaturo said the agency "has adequate time to ... mitigate expenses and build a reserve to avoid more difficult budget decisions later."

In recessions, transit agencies often move toward fare hikes and service reductions to balance the budget, said James Aloisi, a former state transportation secretary during the Great Recession. [Back in 2009](#), the MBTA considered a series of fare hikes and service cuts, but an increase to the state sales tax helped "avert the crisis," Aloisi said.

Advocacy groups are similarly hoping for outside help from federal or state lawmakers, saying the MBTA has limited options otherwise.

"We cannot allow the T to go into a death spiral of increased fares and decreased service and abandon a necessary part of the economy," said Chris Dempsey, director of Transportation for Massachusetts.

The MBTA is staving off its losses this year with a [big influx of federal funds from the CARES Act](#). House Democrats have proposed a second, smaller round of public transit aid in their latest stimulus pitch, but negotiations have stalled.

Local advocates are also eyeing options like the gas tax. While the state House of Representatives voted to raise it by a nickel before the pandemic, [Senate leaders have since said](#) they have no plans to raise transportation taxes this year.

One point of respite for riders: Fare hikes may not be an easy solution. The MBTA's oversight board promised [as part of the most recent increased fares](#) it would not do so again until at least July 2022, although that pledge could be reversed with a vote.

Two other possible revenue sources are on the horizon, though they are uncertain and a ways off: a regional cap-and-trade system on auto fuel championed by Governor Charlie Baker, which has been [delayed by the pandemic](#); and a 2022 ballot initiative that would raise taxes on annual personal income over \$1 million.

For transit agencies, the pandemic is not a normal recession. While ridership may tail off slightly during a slow economic cycle, the lost commuters are mitigated by those who begin taking buses and trains to save

money. Since the coronavirus downturn was caused by a movement to keep people at home, ridership losses are far steeper.

Even so, it would be unacceptable for agencies to reduce service because they need to run enough vehicles to help riders keep social distance, said Beth Osborne, director of Transportation for America, a national advocacy organization that is not affiliated with Dempsey's Massachusetts group.

"If you cut it down to a point where it's getting its value, it's getting its value because people are standing face to face," she said. "Add that to the pandemic, and that's not good."

But there are also outstanding questions about whether transit ridership will return, even if a coronavirus vaccine becomes widely available. Many commuters who are able to work from home [say they would like to continue to do so](#), if only for a couple days a week. That could have a major impact on both ridership and the traffic congestion that transit officials have worked to ease in recent years.

Overseeing these difficult decisions will be the MBTA's Fiscal and Management Control Board, which was created in 2015 by Baker and the state Legislature with the goal of putting the budget-strapped agency into better financial shape. Its term was slated to expire this summer but was extended one year by [lawmakers this summer](#).

The board spent its early years realigning the agency's income and expenses, in large part by hiking fares and renegotiating labor deals. More recently, the board has focused on initiatives such as bolstering bus service, revamping the commuter rail, and improving safety protocols.

Those initiatives would all cost money, but officials had pegged their hopes on windfalls from increased sales tax revenue in a hot economy and a hike in fees for services including Uber and Lyft. The pandemic has toppled those projections.

Current board members either could not be reached for comment or declined to say how they expect to address the issue.

"That's what we're all trying to figure out," said Brian Lang, a board member. "It's premature to jump to any conclusions yet."