MBTA FY2014
Deficit Reduction

Board Of Directors
Finance Subcommittee

Discussion

March 19, 2013

Status

- Initial deficit: $140m
- March 5, 2013: Board approved preliminary budget, with TBD for $118m
- Identified $21m revenue enhancement and cost containment measures
- Identified $75m in one-time gap funding for FY14
  - Capital project deferral (i.e. T-GAPS)
- Current challenge: **$42m** deficit

Budget Deficit Reduction Measures

Transportation Reform / Transformation

- Internal productivity / cost containment
- New revenue sources
- Innovation and technology / business models

Transit Service Levels

- Reduced operating costs
- Reduced incoming fare revenue

Fares

- Increased fare revenue
- Reduced ridership

Short Term Bridge

FY14 deficit reduction

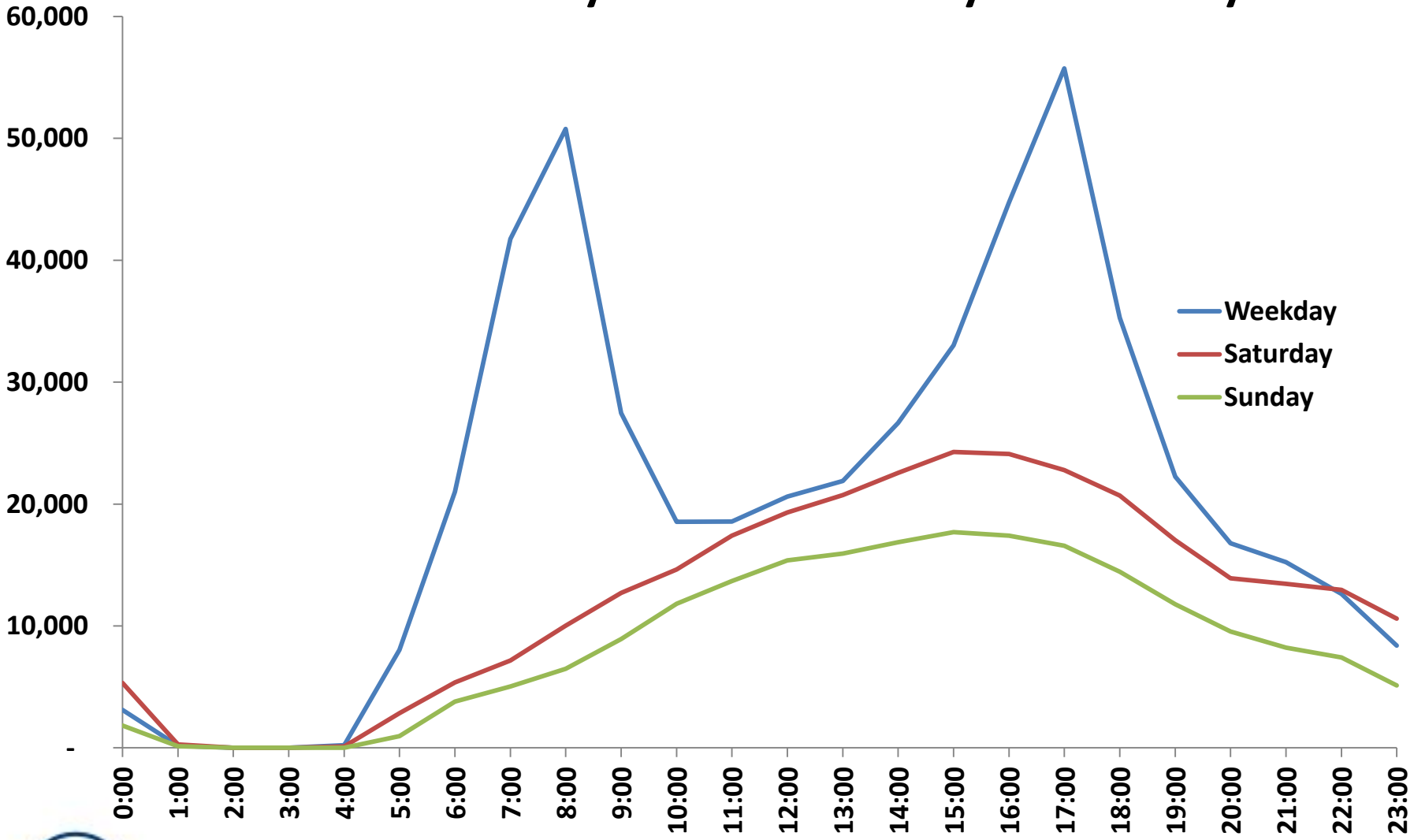
- Continued cost containment
- Revenue enhancements
- One-time gap funding (capital project deferral)
- Service reductions to affect fewest customers
- Reversible changes
  - Two-year plan

Next Steps

- Re-Size MBTA
  - Reduce peak service
- Closure of facilities
- Fleet, facility disposal
- Workforce reduction
- Ridership / revenue loss

massDOT
Massachusetts Department of Transportation
Rail & Transit Division

FY2012 MBTA Subway Station Entries by Time of Day



Income	Bus	Subway	Commuter Rail	Ferry	THE RIDE
Under $30,000	30%	17%	4%	1%	84%
$30,000-$59,999	30%	24%	13%	8%	12%
$60,000-$99,999	23%	28%	29%	18%	4%
$100,000 or more	17%	31%	54%	73%	0%

Race/ethnicity	Bus	Subway	Commuter Rail	Ferry	THE RIDE
Black or African-American	26%	10%	4%	0%	9%
Asian	8%	9%	5%	2%	1%
White	57%	76%	87%	95%	86%
Other	12%	7%	4%	2%	3%
Hispanic/Latino	**Bus**	**Subway**	**Commuter Rail**	**Ferry**	**THE RIDE**
Hispanic/Latino	12%	7%	3%	1%	2%
Not Hispanic/Latino	88%	93%	97%	99%	98%

Useable Vehicles Per Household	Bus	Subway	Commuter Rail	Ferry
None	40%	27%	6%	3%
One	39%	42%	27%	21%
Two	16%	24%	50%	55%
Three or More	5%	7%	17%	21%

Service Reduction Examples

massDOT Massachusetts Department of Transportation Rail & Transit Division

Reduction	Ops Savings	Fare Revenue Impact	Annual Net Savings	Annual Passenger Trips Lost	% of Passengers
41 weekday bus routes	$6.5m	($2.2m)	$4.1m	1.3m	0.5%
All bus service after 8pm	$22.9m	($14.4)	$8.5m	14.3m	3.8%
RIDE service after 8pm	$2m	($200k)	$1.8m	~40k	~1.9%
Suburban and contracted bus	$2.5m	n/a	$2.5m	<25k	<0.1%
All Ferry subsidy	$13.2m	($6.3m)	$6.8m	(740k)	0.5%
Raise bus fare to Subway fare	n/a	$4m	$4.0m	~1.5m	1.6%
Commuter Rail			TBD		
Subway and Light Rail			TBD		
Total			**$27.7m**		

Fare Scenarios

A. Generate ~$130m in new fare revenue

	Medium Elasticity	Low Elasticity
Fare Increase	33%	27%
Passenger Trips Lost	29.3m	15m
% of Ridership	8%	4%

B. Generate ~$65m in new fare revenue

	Medium Elasticity	Low Elasticity
Fare Increase	15%	13%
Passenger Trips Lost	13m	7.4m
% of Ridership	3.4%	2%

Board Policy and Process

Fare Policy and Public Process

- Multiple public meetings, depending on scope of service changes
  - 10% service reduction
  - 10% fare increase

Service Delivery Policy

- Minimum standards by mode for
  - Span of service, frequency, coverage
  - Schedule adherence
  - Crowding
  - Cost effectiveness

Federal Title VI Equity and Environmental Justice Analyses

- For all fare changes, for major (10%) service changes
- Demonstrate no disparate impact to low income, minority populations
  - Fare, wait time, walk access
  - Travel time, transfers
  - Highway congestion, air quality
  - Access to jobs, health care, higher education

Process and Timeline

From decision to implementation: ~6 Months

Example: April decision = November fare / service changes