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# MBTA anticipates smaller budget deficit next year

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By **Matt Rocheleau**

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The Massachusetts Bay Transportation Authority released new figures Tuesday showing the agency expects to have an even smaller budget deficit in the coming fiscal year, thanks to increased revenue, including from fare hikes and advertising, and cost-cutting in areas like employee overtime and ending late-night service.

The T projects a deficit of \$80.3 million for fiscal year 2017, which begins July 1.

That's 42 percent lower than the \$138 million deficit the agency projected for fiscal 2017 just two weeks ago, and 67 percent lower than the T's original projection of a \$242 million funding gap.

The deficit in next year's budget would also be about 15 percent lower than the current year's deficit of \$95 million.

The agency says that to close the \$80.3 million gap next year, it plans to use some of the \$187 million in anticipated state aid — an amount officials said is similar to what the T received last year and included in Governor Charlie Baker's recent state budget proposal.

The improved outlook for the next fiscal year will allow the T to make badly needed, long-term fixes



throughout the system, particularly to upgrade signal and power infrastructure, officials said.

The T estimates it would need to spend more than \$7 billion on repairs and upgrades to get its trains, buses, and other assets in good working order.

“By cutting the operating budget, we’re investing that in the capital budget,” T chief administrator Brian Shortsleeve said. “In the aggregate, there will be a doubling of spending in power and signals over the next five years.”

“I think the riders will very much notice the improved service,” he told reporters during a meeting at the T’s headquarters in Boston on Tuesday.

The T will present its breakdown of the fiscal 2017 budget to the fiscal control board Wednesday. The T must finalize next year’s budget by April 15.

Shortsleeve said the T plans to continue to look for more ways to increase revenue and cut costs with the goal of no budget deficit for fiscal 2018.

“Once it gets to zero, every dollar of additional state assistance will be dedicated to capital,” he said.

T officials said they hope to create additional savings by seeking discounts from vendors and generating more revenue from parking lots and garages.

The T also hopes to negotiate reduced compensation for its unionized employees. Officials said the agency had talked with union leaders about such concessions. Most union contracts expire in 2018.

Shortsleeve said there is particular concern with rising pension costs; the agency’s annual contribution to pensions has more than doubled since 2008.

“That’s something we really have to keep an eye on,” he said.

The T also plans to have private contractors perform some work it currently does in-house —



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changes that agency officials said could lead to layoffs and cutting positions through attrition or by reassigning workers.

And the T said it might change, contract out, or cut services that are expensive to run but have low ridership, such as weekend commuter rail service and unpopular bus routes.

“We’ve got a lot of work to do,” Shortsleeve said.

Charlie Ticotsky, policy director of Transportation for Massachusetts, an advocacy group, said he’s disappointed that some of the positive financial news for the T will come at an increased expense for riders.

The fare hikes approved this month — an average increase of 9.3 percent due to go into effect July 1 — were too steep, he said.

But overall, “They’re doing a good job digging into the budget and finding savings.”

Ticotsky said he supports the agency’s hope to not have a budget deficit by fiscal 2018: “As long as it doesn’t mean harm to riders; where we’re concerned are service cuts and fare increases that hurt riders.”

Rafael Mares, vice president of the Conservation Law Foundation, said the T did not need to increase fares or cut service to balance its budget. “There is [a] way to reduce the MBTA budget gap without any tangible impact on the [rider’s] experience,” he said in an e-mail. “Unfortunately, the T went further than necessary.”

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