

# FY 2025 BUDGET RECOMMENDATION BUDGET BRIEF

*Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor*



## **Transportation in Massachusetts**

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### **Introduction**

A well-functioning transportation system and access to mobility are key to a thriving economy and a successful state. Ensuring residents and visitors can get to the places they need to for commerce, work, community, and recreation safely, reliably, and efficiently is a priority of the Healey-Driscoll Administration – whether it is across town, or from Boston to the Berkshires, down to the Cape, or the last mile from a transit stop to home. The Massachusetts Department of Transportation (MassDOT) is the state’s central hub for managing transportation programs and coordinating with municipalities, transit agencies, and other transportation service providers. MassDOT includes four divisions: Highway, Registry, Rail and Transit, and Aeronautics.

| <b>Division</b> | <b>Focus Areas</b>  |
|-----------------|---|
| Highway         | Capital planning and delivery, municipal grants and technical assistance, snow and ice operations – toll roads, non-toll roads, interstates, bicycle and pedestrian paths, and sidewalks  |
| RMV             | Vehicle and driver credentials/services, customer service and transactions  |
| Rail & Transit  | Passenger and Freight Rail investments; partnerships with Regional Transit Authorities, MBTA, and Amtrak; administration of grant programs (e.g., Community Transit Grant Program to meet the mobility needs of seniors and people with disabilities) |
| Aeronautics     | Public use airports (other than Logan, Hanscom, and Worcester), advanced technologies (e.g., drones and electronic helicopters to support disaster response along with medicine and organ delivery)   |

The FY25 House 2 budget funds transportation at \$3 billion to support the operations of our state’s transportation agencies, including all modes by which people and goods travel in Massachusetts – train, bus, subway, bike, car, commuter rail, ferry, airplane, or as a pedestrian. The House 2 proposal of \$3 billion also includes \$1.5 billion of sales tax dedicated to the Massachusetts Bay Transportation Authority (MBTA) and \$550 million of Fair Share revenues. House 2 proposes significant investments in stabilization and affordability at the MBTA, sustains customer-friendly service at the Registry of Motor Vehicles (RMV), expands capital funding available for transportation, invests in mobility statewide, and strengthens state-municipal partnerships.

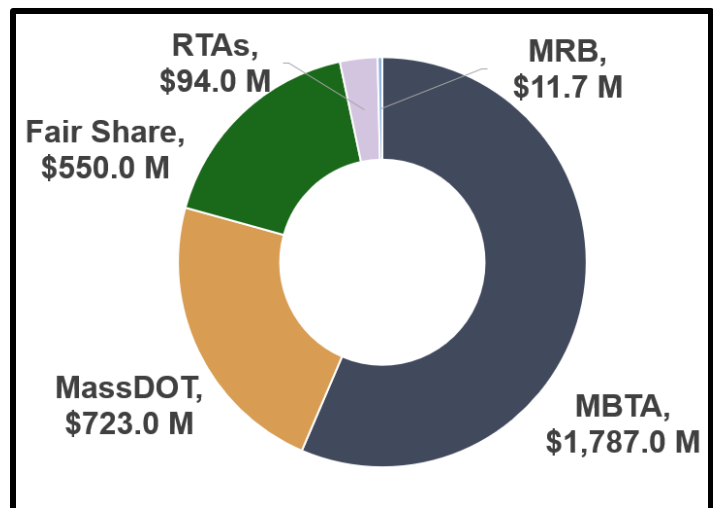
Notably, House 2 proposes to:

- Expand bonding capacity of the Commonwealth Transportation Fund (CTF), financing \$1.1 billion of additional transportation capital projects
- Double state operating support to the MBTA
- Invest \$45 million to implement low-income fare relief for MBTA riders
- Sustain \$150 million of elevated operating support for Regional Transit Authorities (RTAs)
- Support \$15 million in fare equity programs across RTAs
- Provide an additional \$124 million for local road aid, including \$100 million in supplemental Chapter 90 and \$24 million specifically for rural communities
- Invest \$56 million in safety, sustainability, and service improvements across the state to make our transportation system safer and more resilient

### Operating Funding for Transportation at a Glance

House 2 represents a historic investment in transportation, proposing \$3 billion through operating, sales tax revenue and Fair Share resources. The state budget primarily supports transportation spending from the CTF, which collects over \$2 billion annually in revenue from taxes and fees on motor fuel and motor vehicle sales and from transactions at the RMV.

Funds are appropriated from the CTF to support the operations of MassDOT, including the Merit Rating Board (MRB), RMV, highway centers, snow and ice removal, RTAs, debt service on transportation bonds, and other MassDOT agencies. CTF funding also provides assistance to the MBTA for operating expenses and capital needs. In addition to annual assistance from the CTF, nearly \$1.5 billion of the state’s annual sales tax revenue is dedicated to the MBTA.



House 2 funding for transportation also includes \$550 million in Fair Share programs and initiatives, including:

- \$250 million of Fair Share revenues will be dedicated to the CTF to increase borrowing capacity by \$1.1 billion, more than double the remaining capacity. House 2 proposes permanently pledging Fair Share revenues to the CTF in future years.
- \$124 million for municipal funding including \$100 million for supplemental Chapter 90 funding for all 351 cities and towns and \$24 million specifically for rural communities.
- \$56 million for regional transit grants to expand and enhance operations at RTAs.
- \$56 million for MassDOT Safety, Service, and Sustainability programs.
- \$45 million for MBTA to implement Low-Income Fare Relief.
- \$15 million for RTA fare equity programs.
- \$4 million for transit providers to support expanded mobility options for older adults, people with disabilities, and low-income individuals.

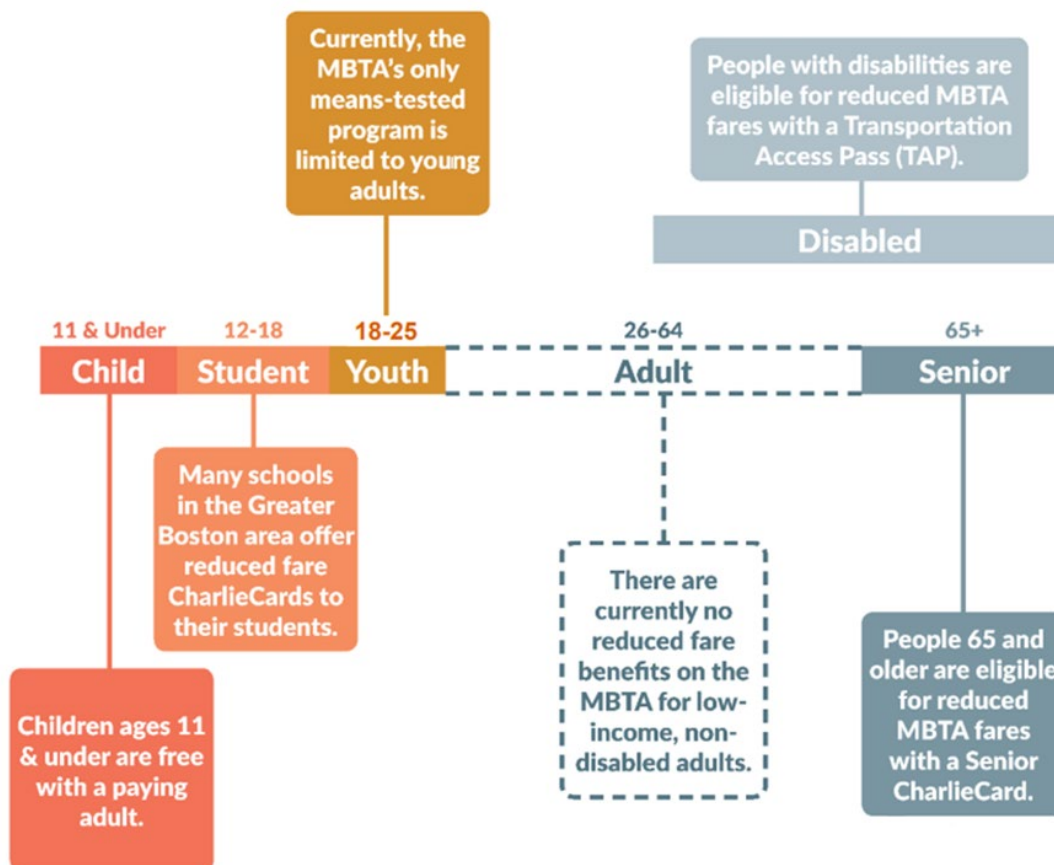
For more information, please see the **Fair Share Investments in Education and Transportation** budget brief.

### Focus on Equity

Transportation equity is a part of everything that MassDOT does, and a key consideration in how MassDOT plans, designs, constructs, and implements all elements of transportation policy, from roads to subways and freight to ferries. House 2 reflects a sustained focus on equity through key investments in fare equity programs across RTAs and the MBTA. Notably, House 2 proposes \$45 million to support the MBTA's implementation of a Low-Income Fare Relief plan in FY25.

The Healey-Driscoll Administration funded a study for development of a Low-Income Fare Relief program for riders of the MBTA with a \$5 million investment in the FY25 budget. The MBTA has existing reduced-price fare programs for students, disabled, elder, and younger riders, but does not currently have a program to address the affordability of transit for low-income adults. The Low-Income Fare Relief policy aims to offer reduced-price fares to nondisabled riders aged 24-64, to improve equity and affordability for low-income MBTA customers on all modes, driving mode shift toward sustainable transit options, and encouraging ridership of the MBTA.

### Current MBTA Reduced Fares



MBTA engaged in significant stakeholder outreach, rider feedback, research and studies, data and technology review, and developed interagency partnerships with other state agencies and peer transit agencies to develop its Low-Income Fare Relief program. House 2 proposes \$45 million from Fair Share revenues to help the MBTA implement its Low-Income Fare Relief program to improve equity and affordability for all MBTA riders, whether they use bus, subway, commuter rail, ferry, or paratransit services.

The commitment to equity is also reflected in MassDOT's administrative practices. In FY24, MassDOT launched the first-ever Environmental, Social, and Governance Department in state government. House 2 sustains this investment to spearhead climate and equity initiatives in transportation, complementing efforts of local highway programs to invest in equity through grants to environmental justice communities and rural areas.

House 2 also advances equity in transportation through grants to RTAs, municipalities, and non-profit organizations. Through Fair Share funding, MassDOT's Rail and Transit Division was able to expand the Community Transit Grant Program to additional projects serving low-income riders, as well as seniors and people with disabilities, and significantly expand grants to rural areas.

In its recent funding rounds, the Community Transit Grant Program provided:

- Over \$4.7 million for 55 operating and mobility management projects, to expand mobility for older adults, people with disabilities, and low-income riders.
- 133 fully accessible vehicles to 32 recipients, including 13 electric vehicles

### **MassDOT**

House 2 recommends \$588 million for MassDOT operations, including \$85 million for snow removal and de-icing. This supplements roughly \$85 million in MassDOT's own-source revenue from motor vehicle inspections and departmental, lease and investment income.

The House 2 budget invests in service across MassDOT divisions, including RMV to ensure a streamlined, customer-friendly experience for Massachusetts motorists.

House 2 also proposes leveraging Fair Share revenues to expand the CTF's borrowing capacity by over \$1.1 billion in the next 5 years to finance more critically needed capital projects at both MassDOT and the MBTA, building upon the Accelerated Bridge Program and Rail Enhancement Program.

### **RMV**

The Massachusetts Registry of Motor Vehicles (RMV) ensures safe roadways for travelers by verifying the credentials and knowledge of drivers and vehicles across the state. The RMV operates 29 service centers across Massachusetts, processing over 9 million online and in-person transactions each year.

Some notable accomplishments include:

- Driver's license-related documents are now available in 15 different languages and learner's permit testing is now in 37 languages.
- RMV is committed to providing the commercial general knowledge exam and associated endorsement exams in Spanish and Portuguese.
- Interpreter requests for road tests were made available in 100 languages for over 14,000 road tests.

House 2 recommends continued investment in the RMV to maintain a robust and streamlined customer experience. This will allow the RMV to maintain service hours, fund customer service representatives and road test examiners, and ensure records and credentials are properly vetted and processed.

### **MBTA**

The MBTA's budget is supported by several revenue sources, including a portion of the state's sales tax revenue, direct assistance from the CTF, and rider fares. Ridership changes brought on by the pandemic have led to decreases in fare revenue for the MBTA, but this has been offset by sales tax strength and federal and state supplemental funding.

House 2 recommends a historic investment in the MBTA totaling \$1.8 billion. This includes a \$1.5 billion sales tax transfer and \$45 million for Fair Share revenues to help the MBTA implement Low-Income Fare Relief. House 2 also proposes doubling the state's operating assistance for the MBTA from \$127 million to \$254 million and provides an additional \$60 million for pay-as-you-go capital funding, for a total of \$314 million in direct support.

In addition to these investments, House 2 proposes leveraging Fair Share revenues to expand the CTF's borrowing capacity by over \$1.1 billion in the next 5 years. Dedicated Fair Share revenue will increase debt service coverage in the CTF, unlocking the capacity to finance more capital projects at both MassDOT and the MBTA.

This will significantly boost the state's ability to finance capital investments over the next 5 years, starting with an additional \$300 million of capital for the MBTA in FY25 to support the Track Improvement Plan, which will address slow zones and improve rider experience. Without an expansion of the CTF credit using new revenues, the CTF's borrowing capacity is limited to approximately \$740 million over the next 5 years. The House 2 budget proposes to more than double that amount, for a total of \$1.85 billion in CTF future bonding capacity.

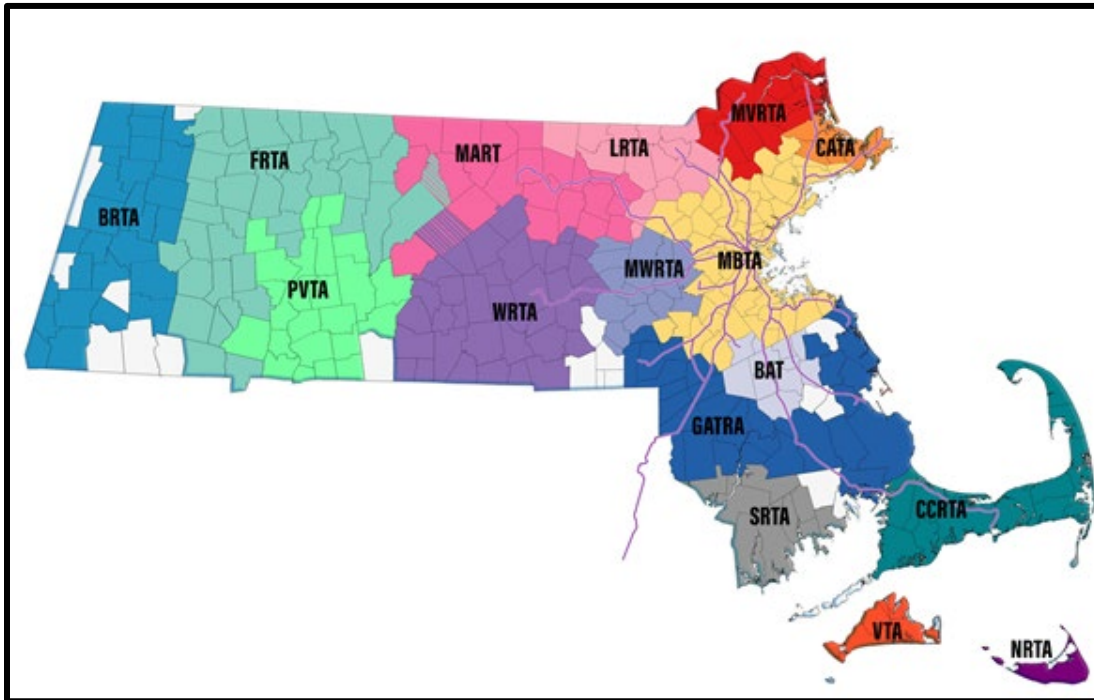
### **Regional Transit Authorities**

The Commonwealth's 15 Regional Transit Authorities (RTAs) are independently run entities providing integral transit services for communities across the state, particularly for elderly and disabled residents that rely on paratransit.

House 2 recommends \$150 million of support for the RTAs, including \$56 million from Fair Share funding to support operational enhancements, expanded service hours, weekend services and route expansions. House 2 also includes \$15 million for fare equity programs

across the RTAs and \$4 million for expanded mobility grants to increase ridership and make Massachusetts more accessible and affordable for all communities.

**Map of Massachusetts Transit Authorities**



**Local Partnerships**

House 2 proposes significant Fair Share funding to support critical partnerships between the state and its 351 local cities and towns for local road and bridge aid. House 2 proposes \$100 million in supplemental Chapter 90 - in addition to \$200 million of traditional Chapter 90 funding from legislation that is being filed separately from House 2, for a total of \$300 million for local road aid in FY25. In addition, House 2 proposes another \$24 million for rural and regional transportation funding to address the needs of smaller communities across the state.