ATTACHMENT N

July 16, 2021

To the Honorable Senate and House of Representatives:

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth of Massachusetts, I am returning to you for amendment Section 113 of House Bill No. 4002, “An Act Making Appropriations for the Fiscal Year 2022 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.”

Section 113 sets forth the Fiscal Year 2022 (FY22) funding distribution for the Commonwealth’s regional transit authorities (RTAs). The section increases my House 1 recommendation to $94 million and eliminates the existing amount and structure that distributes performance grants based on Memoranda of Understanding executed between the RTAs and the Massachusetts Department of Transportation. The section also adds an additional $3.5 million to be allocated by a new funding formula that is not consistent with my recommendations.

The RTAs received approximately $214 million as part of the CARES Act, $39 million from CRRSA, and more than $165 million from ARPA. This is in addition to the $90.5 million in State Contract Assistance that the RTAs received in FY21, as well as the $72 million in existing Federal Fiscal Year 2021 federal distributions from the Urbanized/Rural Area formulas. As a result, all 15 RTAs ended FY21 with significant cash reserves.

Because of the significant amount of federal and state funding dispensed to RTAs recently and the continuing need to incentivize improved RTA performance, I am recommending that the distribution revert to my House 1 recommendation of $90.5 million, with $3.5 million distributed as performance grants.

For these reasons, I recommend that Section 113 be amended by striking out the section and inserting in place thereof the following section:-

SECTION 113. Notwithstanding any special or general law to the contrary, for fiscal year 2022, of the $90,500,000 transferred in item 1595-6370 of section 2E, $87,000,000 shall be considered operating assistance and distributed to regional transit authorities as determined by a formula that is based upon clearly established metrics and principles and that has been agreed to by each RTA and approved by the Massachusetts Department of Transportation, hereinafter referred to as the department. The operating assistance distributed shall be spent to advance the goals and targets as agreed to in an updated FY22 Bilateral Memoranda of Understanding, which shall also consider each RTA's comprehensive regional transit plan, and shall be entered into by each regional transit authority and the department. Of the amount to be distributed under item 1595-6370 of section 2E, $3,500,000 shall be distributed as performance grants to regional transit authorities. The performance grants shall be distributed to regional transit authorities that best demonstrate compliance with, or a commitment to, the service decisions, quality of service and environmental sustainability recommendations from the report of the task force on regional transit authority performance and funding established pursuant to section 72 of chapter 154 of the acts of 2018. The department may require each regional transit authority to provide data on ridership, customer service and satisfaction, asset management and financial performance, including farebox recovery, and shall compile any collected data into a report on the performance of regional transit authorities and each authority's progress toward meeting the performance metrics established in the memorandum of understanding. The report shall be filed with the clerks of the senate and house of representatives, the senate and house committees on ways and means and the joint committee on transportation not later than December 31, 2021.

 Respectfully submitted,

Charles D. Baker

 Governor