

FY25 ETF Supplemental transfer to MBTA

September 10, 2025



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Fair Share Transfers to the MBTA

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The Massachusetts Bay Transportation Authority (MBTA) is funded through the Legislature in several ways. Depending on the source of the funding and the specifics of the legislation, the MBTA may receive funds directly from the Executive Office for Administration & Finance (ANF), through MassDOT or via any designated line item.

When the MBTA receives funding through MassDOT, these funds are transmitted following a contract between the two agencies. As with all MassDOT contracts, if these exceed \$15 million, they require approval of the MassDOT Board of Directors.

These approval requests are routine and are intended to effectuate the intent of the Legislature.

Summary of this request

- \$300 million in MBTA funding from the FY25 Fair Share supplemental budget (signed June 2025) has been transferred to MassDOT
- MassDOT is serving as a passthrough entity to enable the transfer of funds to the MBTA
- “For an operating transfer to the Massachusetts Bay Transportation Authority to replenish the Massachusetts Bay Transportation Authority deficiency fund; provided, that the Massachusetts Bay Transportation Authority shall notify the Massachusetts Department of Transportation, the executive office for administration and finance, the house and senate committees on ways and means and the joint committee on transportation not less than 30 days prior to withdrawing funds from the Massachusetts Bay Transportation Authority deficiency fund; and provided further, that not later than June 30, 2025, the Massachusetts Bay Transportation Authority shall submit a written deficiency fund policy to the Massachusetts Department of Transportation, the executive office for administration and finance, the joint committee on transportation and the house and senate committees on ways and means”

MBTA Deficiency Fund

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The MBTA has created a Deficiency Fund, which acts as a savings account for the Authority. Its primary use is to fund operating budget shortfalls (i.e. when expenses exceed revenue) on an annual basis. These funds help the Authority avoid drastic budget cuts, fare increases, and other adverse measures when revenues fall short. Transfers of funding in and out of the Deficiency Fund is at the discretion of the MBTA's General Manager, Chief Financial Officer and/or Chief Administrative Officer.

- Deposits into the fund are typically made when:
 - Additional funding is received from the Commonwealth, not tied to a specific project or purpose
 - The Authority's annual operating revenues exceed expenses
- Withdrawals and transfers out of the fund are typically made to:
 - Cover the projected net operating fund loss for the upcoming fiscal year
 - Offset any unforeseen expenditures that occur during the fiscal year
 - Support any shortfall or need as determined by the GM, CFO and/or CAO

Request of Finance & Audit Committee

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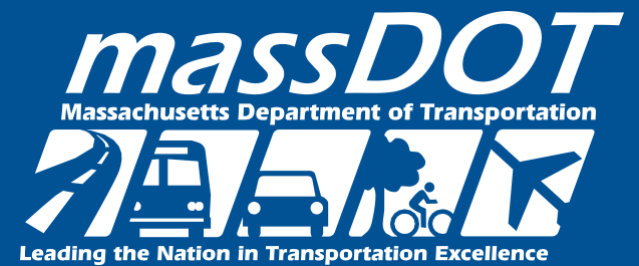
VOTED:

That the Finance and Audit Committee recommend the MassDOT Board of Directors authorize the Department, through the Secretary or their designee, to execute an Agreement with the Massachusetts Bay Transportation Authority (MBTA) to replenish the MBTA Deficiency Fund, as called for in the FY25 Fair Share Supplemental Budget Filing signed June 24, 2025, and subject to the terms agreed upon during the meeting of the Board on or about September 17, 2025;

VOTED:

To recommend to the MassDOT Board of Directors hereby approve the transfer of \$300,000,000.00 to the MBTA pursuant to this Agreement.

Thank You



Appendix

Recent Fair Share Transfers

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October 2024

- MassDOT Board of Directors authorized the transfer of \$601,000,000 in Commonwealth Transportation Fund (CTF) funded bond capacity to the MBTA which established the Rail Reliability Program (RRP) and Station Accessibility and Resilience (STAR), for the following investment areas: track improvements, Red and Orange line car amendments, the procurement of Bi-level Commuter Rail coaches, station accessibility, and power and system resiliency.

January 2024

- MassDOT Board of Directors authorized \$20,000,000 transfer to the MBTA for Workforce and Safety Reserve.
- MassDOT Board of Directors authorized \$180,000,000 to the MBTA for Physical Infrastructure Improvements.