FY26 ETF Supplemental transfer to MBTA

July 15, 2026

David W. Pottier, Chief Financial Officer, MassDOT

Adam Zeller, Senior Director of Capital Finance & Administration, MBTA

massDOT
Massachusetts Department of Transportation
Leading the Nation in Transportation Excellence

Table of Contents

Education and Transportation Fund (ETF) Transfer

Background on Fair Share Funding to MBTA

- 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.

FY26 ETF Supplemental Transfer Summary

Supporting operations and affordability

The FY26 Fair Share Supplemental Budget, signed on June 12, 2026, provides $530 million in Education and Transportation Funds (ETF) for the MBTA.

MBTA Operating Subsidy ($450M)

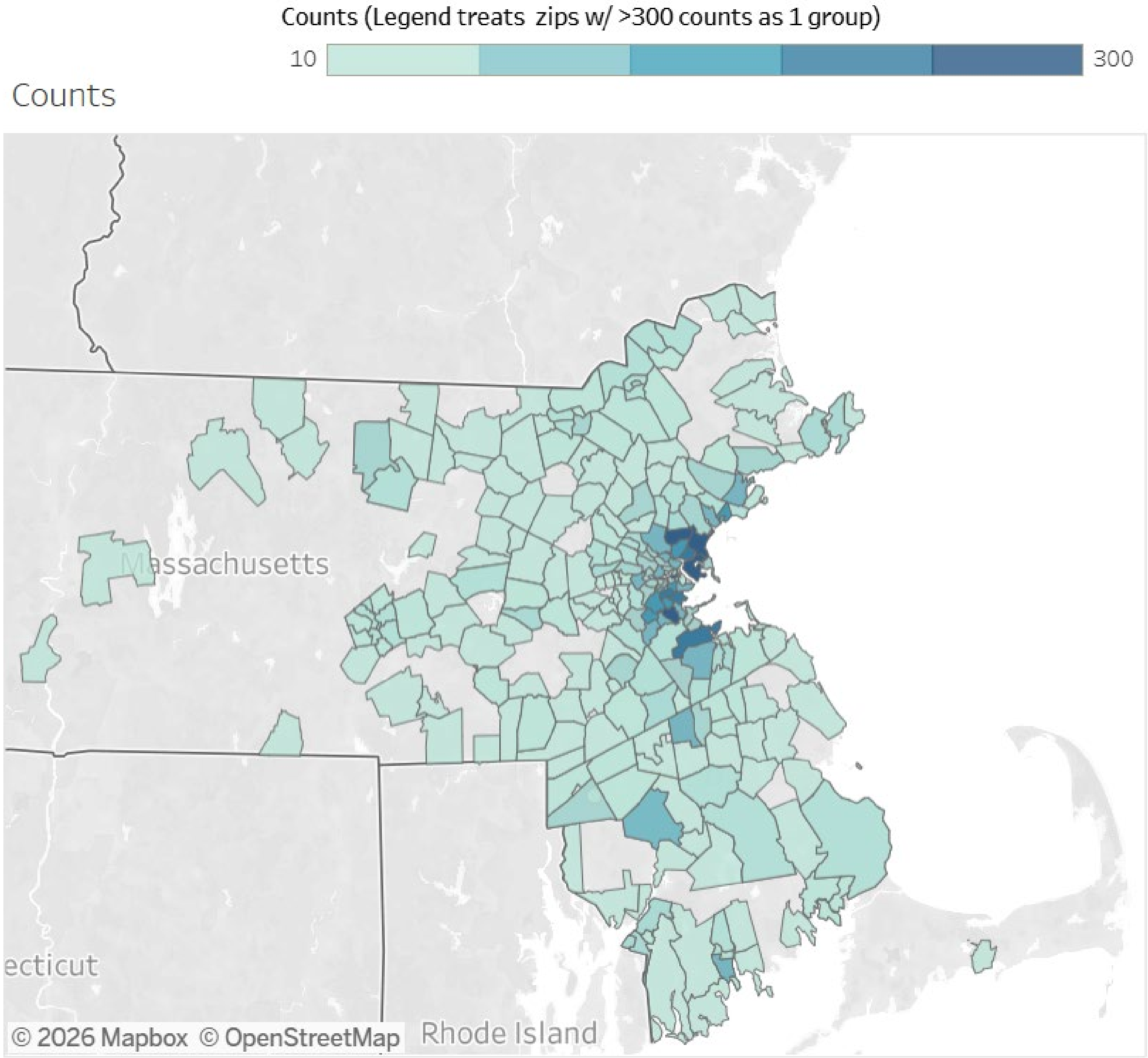
- Replenishes MBTA Deficiency Fund.
- Supplements MBTA revenues to enable consistent, reliable service and maintenance across all modes.
- Transfers of funding in and out of the Deficiency Fund is at the discretion of the MBTA's General Manager, Chief Administrative Officer, and/or Chief Financial Officer.

MBTA Income-Eligible Reduced Fare Program ($20M)

- Program is for Riders under 200% of the federal poverty level and are eligible via enrollment in SNAP and MassHealth program.
- Riders can apply primarily via an online application with connections to RMV and HHS data to confirm identity and eligibility with opportunities to be auto-enrolled.
- Approximately +55,000 applications have been approved since inception and program includes all modes.

FY26 ETF Supplemental Transfer Summary

Income-Eligible Reduced Fare Program Impact



Income-Eligible Reduced Fare Program Applicants

- Program applications come from across the Commonwealth.
- Top zip codes for applications come from Boston, Malden, Revere, Quincy, Chelsea, and Everett.
- This map shows towns with more than 10 applicants.

massDOT Massachusetts Department of Transportation

FY26 ETF Transfers Summary

Supporting capital improvements

MBTA Infrastructure Improvements ($60M)

- Continuation of $40M physical infrastructure funding received last year, which supported improvements to our facilities and yards; repairs to track and other right of way infrastructure, and upgrades to stations.
- This year's allocation will be programmed for similar purpose, providing funding for new projects or supplementing existing project scopes.

Request of the MassDOT Board of Directors

Vote 1 – Replenishing the MBTA Deficiency Fund

Staff requests that the Finance & Audit Committee recommend approval of MBTA Fair Share Transfer as presented:

VOTED:
To authorize the Secretary, or his designee, to approve and execute an Agreement with the Massachusetts Bay Transportation Authority (MBTA) to transfer $450,000,000.00 to the MBTA in order to replenish the MBTA's Deficiency Fund.

FURTHER VOTED:
That the Secretary, or his designee, is hereby authorized to execute any necessary or ancillary documents to effectuate the transfer of $450,000,000.00 to the MBTA in accordance with the terms of the Agreement.

Request of the MassDOT Board of Directors

Vote 2 – MBTA's Income-Eligible Reduced Fair Program

Staff requests that the Finance & Audit Committee recommend approval of MBTA Fair Share Transfer as presented:

VOTED:
To authorize the Secretary, or his designee, to approve and execute an Agreement with the Massachusetts Bay Transportation Authority (MBTA) to transfer $20,000,000.00 to the MBTA for the implementation of the MBTA's Income-Eligible Reduced Fare Program.

FURTHER VOTED:
That the Secretary, or his designee, is hereby authorized to execute any necessary or ancillary documents to effectuate the transfer of $20,000,000.00 to the MBTA in accordance with the terms of the Agreement.

Request of the MassDOT Board of Directors

Vote 3 – Improvements to the MBTA's Physical Infrastructure

Staff requests that the Finance & Audit Committee recommend approval of MBTA Fair Share Transfer as presented:

VOTED:
To authorize the Secretary, or his designee, to approve and execute an Agreement with the Massachusetts Bay Transportation Authority (MBTA) to transfer $60,000,000.00 to the MBTA for improvements to the MBTA's physical infrastructure.

FURTHER VOTED:
That the Secretary, or his designee, is hereby authorized to execute any necessary or ancillary documents to effectuate the transfer of $60,000,000.00 to the MBTA in accordance with the terms of the Agreement.

Thank You

massDOT
Massachusetts Department of Transportation
Leading the Nation in Transportation Excellence