

Remarks of Transportation Secretary James A. Aloisi, Jr
(as prepared for delivery)
June 4, 2009 MBTA Board meeting

At this time, I'd like to address the serious fiscal challenges facing the MBTA.

As we all know, the MBTA faces a minimum \$160 million budget gap in FY10 with larger gaps projected for FY11 and FY12. Just last week the MBTA Advisory Board voted to close the project FY10 deficit with a staggering amount of layoffs that would dramatically impact service throughout our system. But, without new revenue that is the stark future we face. And to me that is unacceptable.

We also have to recognize that the MBTA continues to face serious budget strains that could further impact its deficit beyond the projected \$160 million. When First Transit walked away from their RIDE contract it cost the MBTA an additional \$9.6 million in next year's budget (\$66 million over the next 5 years). Additionally, a national trend of falling advertising revenue combined with increased energy and fuel costs will continue to put stress on the budget. All of these pressures make our fiscal challenge more difficult not easier.

I remain optimistic as legislative conference committees continue to meet to finalize a reform and revenue bill that could provide some measure of relief to the MBTA. Based on the proposals passed by both the House and Senate we can reasonably assume that up to \$160 million may become available to help the MBTA.

However, this additional funding alone will not provide long term fiscal stability to the MBTA. In particular, it will not help us eliminate the Authority's enormous debt burden. Without significant reforms that will result in real cost savings – especially by bringing parity to health and pension benefits – combined with a more sustainable revenue source the MBTA will continue to face fiscal instability.

Recognizing the intense pressures the MBTA's budget faces, it is fiscally prudent to prepare for a two to three year solution. We must therefore begin the process of considering a fare increase and/or service cuts to address the MBTA's long term budget outlook.

The General Manager and I have discussed an updated public process for vetting a proposal for fare increases and service cuts. This updated public process which you all have been provided with proposes an expedited timeline that ensures the same level of robust public workshops and public outreach that riders have come to expect. In fact, it ensures public involvement earlier in the process and encourages more interaction. This process will ensure significant opportunity for public input and I ask the Board to join me in approving this updated public process today.

Within the next few weeks, I have asked the GM and MBTA staff to present the public with the options we are considering and to receive public input on those options. Concurrently, I expect the MBTA to announce the times and locations of the public workshops that will be essential to the public comment period.

No one, especially me, takes a decision to raise fares or cut service lightly. Our decisions will impact people's lives. But we have inherited a legacy of debt and inaction that we must confront today. Almost one-third of MBTA revenues go, not toward service improvements or system enhancements, but to interest payments on a mountain of burdensome debt. At the same time I can assure you that the General Manager and I are committed to implementing ongoing reforms that will produce efficiencies, reduce costs and save the MBTA money.

I want to finish my remarks by speaking directly to the hundreds and thousands of T riders who rely on the MBTA every day to get to work, school or a doctor's appointment.

Throughout this process I want to hear from you about your preference – do we rely solely on an increase in fares to avoid service cuts or is a mix more appropriate. I want you to know that I value the role that public transit plays in our lives and in our region's economy. I understand how important the MBTA is to you and I promise that I will fight every day to strengthen our public transit system.