

**[Opinion](https://commonwealthbeacon.org/category/opinion/)**

**Without a watchdog, T operating costs spiral**

*Since 2021, when the Fiscal and Management Control Board was dissolved, costs have risen steeply every year*

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A train on the tracks

AI-generated content may be incorrect.An MBTA Red Line train. (Photo from Canva)

**SINCE ITS** collapse into the snows of February 2015, the MBTA has ramped up capital spending on much-needed maintenance and repairs to move the agency closer to a state of good repair.

The capital investment was long overdue. But since the Fiscal and Management Control Board established in 2015 to oversee MBTA finances [was dissolved six years later](https://www.boston.com/news/local-news/2021/06/30/mbta-fmcb-rip/), operating costs have spiraled.  Addressing out-of-control costs will require the reinstatement of an operating budget watchdog like the FMCB.

In 2018, the MBTA [balanced its operating budget](https://cdn.mbta.com/sites/default/files/fmcb-meeting-docs/2019/04-april/2018-04-08-fmcb-K-fy20-final-itemized-operating-budget-support-accessible.pdf) without state contract assistance or federal funds.  With the onset of the pandemic, [MBTA fare revenue](https://www.transit.dot.gov/ntd/transit-agency-profiles/massachusetts-bay-transportation-authority) fell by $285 million and unlinked passenger trips fell by 37 percent between fiscal 2018 and fiscal 2023. But state operating support [increased by $539 million](https://www.transit.dot.gov/ntd/transit-agency-profiles/massachusetts-bay-transportation-authority) during that time and the T also received about [$2 billion in federal COVID relief money](https://www.ctps.org/data/pdf/studies/transit/MBTA-Sources-of-Community-Value-Report/MBTA-Sources-of-Community-Value-Report.pdf).

Nonetheless, the MBTA was looking at a $700 million deficit for this fiscal year before Gov. Healey [approved $535 million](https://www.mma.org/healey-signs-surplus-surtax-bill-with-investments-for-cities-towns/) for the T in June.  The money comes in addition to funding the agency receives from state sales tax receipts, assessments on the municipalities it serves, and self-generated revenue such as fares.

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Since fiscal 2021, system operating costs have [risen more steeply every year](https://www.mbta.com/financials/mbta-budget), including by nearly 15 percent between fiscal 2023 and 2024.

The biggest culprit is the bus system. In 2019, the MBTA [spent $153 per hour](https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2019/10003.pdf) in operating costs to run a bus, [compared to $220](https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2019/20188.pdf) at New York’s Metropolitan Transit Authority. By 2023, costs had risen slightly to $263 [in New York](https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2023/20188.pdf), but the hourly cost of operating [an MBTA bus](https://www.transit.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2023/10003.pdf) nearly doubled to $297, exceeding New York’s costs.

An [analysis of eight comparable US transit agencies](https://pioneerinstitute.org/wp-content/uploads/MBTA-Brief-07142025.pdf) found that MBTA bus operating costs rose by more than 90 percent.  The Chicago Transit Authority had the next sharpest increase at less than 40 percent.

One way the T control board succeeded at keeping operating costs under control was through the agency’s three-year exemption from the Commonwealth’s so-called Pacheco Law. That unique statute makes it exceptionally difficult to contract out any service provided by state (or MBTA) employees.

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During the exemption, the T contracted out operation of its secure cash counting facility.  It reduced costs [by 65 percent](https://pioneerinstitute.org/wp-content/uploads/MBTA-Back-on-Track-February-2018.pptx) and the time it takes to deposit funds [by 80 percent](https://pioneerinstitute.org/wp-content/uploads/MBTA-Back-on-Track-February-2018.pptx).  Contracting out the operation of warehousing and logistics cut costs and improved inventory accuracy [from 57 percent to 80 percent](https://malegislature.gov/Bills/190/SD2757.pdf), with [99.8 percent of deliveries](https://pioneerinstitute.org/wp-content/uploads/MBTA-Back-on-Track-February-2018.pptx) completed within 10 hours.

The threat of competition also brought the Carmen, the MBTA’s largest union, to the table to renegotiate their contract, [saving an estimated $218 million](https://pioneerinstitute.org/wp-content/uploads/MBTA-Back-on-Track-February-2018.pptx) over a decade.  All told, the T estimated the 1o-year savings from actions taken under the Pacheco Law exemption at [more than $450 million](https://pioneerinstitute.org/wp-content/uploads/MBTA-Back-on-Track-February-2018.pptx).  This exemption expired before the pandemic and should be restored.

It’s also long past time for the Commonwealth to address the MBTA’s nearly bankrupt pension system.  When the T contributed $37.7 million to the retirement fund [in fiscal 2007](https://www.bostonglobe.com/business/2017/05/21/mbtapension%20/bUtQQmpyps6sADWqBPOKPL/story.html), its funding ratio was [over 90 percent](https://www.wbur.org/news/2023/04/25/mbta-pension-fund-costs).  The fiscal 2025 budget called for the MBTA to [contribute $207.7 million](https://cdn.mbta.com/sites/default/files/2024-06/2024-06-FY25-MBTA-Budget.pdf) to a system that is just [56 percent funded](https://mbtarf.com/wp-content/uploads/2025/06/2024-ACFR.pdf).

The fundamental problem is that there are more people collecting benefits than paying in, mostly due to how early MBTA employees can retire. Those hired before December 2012 can retire with a full pension [after 23 years of service](https://mbtarf.com/about-us/frequently-asked-questions/), regardless of age. Those hired after December 2012 can retire with a full pension at age 55 [after 25 years](https://mbtarf.com/about-us/frequently-asked-questions/).  In addition, T employees receive pensions that are [significantly more generous](https://mbtarf.com/wp-content/uploads/2023/09/MBTA-Retirement-Fund-Pension-Agreement-Effective-3-31-2023.pdf) than those of [their state government counterparts](https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIV/Chapter32/Section5).

 There has been progress at the MBTA of late.  Thanks to increased capital funding and the leadership of [General Manager Phillip Eng](https://www.bostonglobe.com/2025/05/28/metro/phil-eng-mbta-general-manager/), service is more reliable and subway slow zones have disappeared.

But making T finances more sustainable by bringing them in line with other large urban transit agencies takes more than just capital improvements.  It will require legislative leaders and Gov. Healey to reinstate and empower an entity like the Fiscal and Management Control Board to explicitly focus on operating cost control.

*Charles Chieppo and Andrew Mikula are senior fellows at Pioneer Institute.  Together with Aidan Enright, they authored the recent report*[*“Cost Control Takes the Wheel: Priority Reform Areas for Balancing the MBTA’s Operating Budget.”*](https://pioneerinstitute.org/wp-content/uploads/MBTA-Brief-07142025.pdf)