

Fiscal crisis: From piecemeal to no meal at the T

By Amanda Patterson, LivableStreets Alliance Staff Writer
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“We are talking about transit not as something that moves people from one place to another. We’re talking about transit as a regional asset. One of the key assets upon which we can build a future in which Boston remains economically competitive is our transit system.”

Stephanie Pollack
Center for Urban and Regional Policy (CURP)
Northeastern University

BOSTON— At a legislative briefing on June 6, transportation advocates set the stage for the MBTA’s next move in financing: debt relief. Advocates from Northeastern University’s Center for Urban and Regional Policy, the Conservation Law Foundation, and Alternatives for Community and Environment, delivered the following message to 30 legislators and aides: the MBTA can not continue to survive without massive changes. The first step requires the state to reassume the debt it handed to the T in 2001, when it shifted the T to Forward Funding.

Although Forward Funding is not usually seen as contributing to increased fares, it is actually the driving force behind the T’s recently announced fare hike. Under Forward Funding the T has two options, neither of which have a desirable outcome for riders— raise fares or reduce service. The Legislature however could mitigate fare hikes and improve service on the T by reassuming the debt it shifted to the T in FY2001.

Though the T’s current financial woes began when the state economy tanked in 2001, the roots of the fiscal crisis go back to 1918, when the state first assumed some control of the public transportation system. By the 1990’s, the T’s debt-load had become such a concern that Gov. Paul Celucci empanelled a Blue Ribbon Commission to study the best way to pay for mass transportation. The Commission advocated moving the T from a funding system that saw it send a bill to the state, to Forward Funding, which gave the T a regular income with which to establish budgets.

The T began receiving 20 percent of the state sales tax to cover all expenses not covered by fares and local assessments. The projections of the Blue Ribbon Commission showed the sales tax income continuing to grow well into the new century. But when sales tax revenue dropped dramatically during the 2001 recession, the T was forced to tighten its belt. Under the Forward Funding system, the agency could no longer go back to the state for financial assistance, and instead raised fares twice

The economic downturn of the early 2000’s has also left the T with a revenue shortfall of nearly \$100 million. “The economy went soft,” explains Paul Regan of the MBTA Advisory

Board. "You can't look at it and say they mismanaged this or that. It was supposed to be funded at a level that was much higher. It's a pretty lean organization at this point and nobody wants to see a fare increase, but I don't know where else that money is going to come from."

Debt service is another major issue for the MBTA. The T spends 28% of its annual operating budget on debt service, a number far higher than most of the nation's other states which keep their transit agencies' debt service to under 15% of their budgets.

The State Transportation Finance Commission is currently looking for solutions, but is holding their report until after this fall's elections. Conservation Law Foundation Staff Attorney Carrie Russell told legislators it is inappropriate to pass a fare increase before the commission has made their recommendations.

"The problem with the T goes far beyond fare increases," said Jeff Rosenblum, Executive Director of LivableStreets Alliance. "Fare increases are a short term fix for a system that is broken. The legislature and the Governor need to come up with a plan for a financially sustainable MBTA, and debt relief has the most common ground among advocates and professionals."

The Best Cities in the World Have Great Transit

The Commonwealth is in trouble. Not only is Massachusetts the only state to lose population since the year 2000, but young families *continue* to leave Massachusetts, because of real estate prices which have become unaffordable even to the upper-middle class.

The Boston Foundation, the region's foremost philanthropic group, has expressed concern about Boston's ability to attract the "creative class." Young professionals, who wish to be urban dwellers, tend to migrate toward more livable cities, equipped with good transit, bike-friendly roads, and cultural activities.

Portland, Oregon is now widely recognized as a leader in forward-thinking transit planning. They established a commitment to "transit oriented development" in the mid 1990's as part of a broader investment strategy, which includes re-zoning transit areas for higher density housing, and working with developers to get well designed projects moving.

Right now, developers in Greater Boston are using proximity to the T as a selling point for housing units, and according to Northeastern's Stephanie Pollack, there is a high demand for more housing near transit stops. These are the very places that will attract "creative class" professionals, but without debt relief, the MBTA will slowly deteriorate. Pollack said that private money will not move towards transit if there is a question about its solvency.

Pollack argues that Boston's future as a successful city depends on a broad-spectrum approach to development, as modeled by former Commonwealth Development Secretary Doug Foy, who coordinated housing, transit, and environmental planning at the Office of Commonwealth Development. Foy recently developed a Transit Oriented Development program for Massachusetts which he defines as, "a thoughtful combination of different kinds of development - such as housing, shopping, and employment - around transit, creating walkable communities where residents and employees have greater transportation choices."

The solution to this quandary is to solve financial problems, plan wisely, and to resist halting expansion by coming up with new and effective ways to fund this financial predicament. Curtailing expansion and reducing service is not the answer to the T's current financial predicament. Instead, new and innovative ways to fund the system must be embraced in order to maintain Boston's "livable city" status into the future.

The Future Takes a Long Time to Build

We need to start planning today for the city we want to have in the future. This includes planning for the needs of the future demographic of the city. Projections indicate that Boston will be about 30% non-white, and one in three residents will be over 55 by 2030. Both of these groups are consistent transit users, and planning for both development *and* transit should be accounted for now, rather than become a problem later.

Boston started building for the future when they began the Big Dig. The original plan included improvements to public transit service because, as former state transportation chief Fred Salvucci said in a February 2005 *Boston Globe* column, "We always knew that this thing would create a very brief improvement and things would re-congest if we did not improve public transportation."

Expanded highway capacity fills up as people make use of it. Congestion in the new tunnels is on its way, yet the promised expansions of the Green Line to Somerville and the Red/Blue-Line connector, remain unplanned and unfunded. CLF is currently suing the T for failing to meet these obligations. The completion of the Silver Line phase III, the "Indigo Line" to Dorchester and the "Urban Ring" project also have barely gotten off the ground.

Portland, Oregon laid out a 30-year plan for the growth of their transit system, and since then they have added a new line every three to five years.

As things stand, the T needs more money to meet its obligations. And the kind of planning that Portland has been able to do will remain beyond the horizon of possibility until the funding issues are addressed.

But visioning the future of transit in Massachusetts wasn't always bound by the financial limitations of the system. Fred Salvucci said that in order to think about the future of transit, all of the projects that have been put on the table by communities should be taken as far as 10% design, so they are ready to move forward, and then evaluate them on their merits.

"At this point, the public thinks that expansion projects like the Green Line to Somerville are just about to happen, but in reality they are at 0% design and aren't going anywhere," said Rosenblum. "The state needs to make a commitment to start the design process such that funding can then be identified."

LivableStreets Alliance fears that at this trajectory, the T will collapse. If fares continue to increase, ridership will decrease along with service, and there will be no money for expansion.

"What the public sees is the T's inability to address service problems," said Rosenblum, "but the issue is the fundamental structure of the organization." Governor Romney emphasized

the switch over from thinking about moving cars to moving people, in the draft of his 20-year transportation plan. "Right now, all we have seen is lip service," said Rosenblum.

LivableStreets Alliance is a non-profit organization that believes urban transportation has the power to make Boston a more connected, livable city. We challenge people to think differently and to demand a system that balances transit, walking, and biking with automobiles. We promote safe, convenient, and affordable transportation for all users in urban Boston. Streets that are enjoyable to use will better support neighborhoods and business districts. LivableStreets believes that to remain a competitive, world-class city, Boston needs a world-class transportation network – one that makes our city a better place to live, work, and play.

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