

NOTE: This assignment should be done in new teams of two.

Transit Finance and Budgeting

This assignment is based on the following documents:

1. Silver Line Finance Plan (New Starts submittal);
2. The MBTA budget (extracts);
3. The MBTA Authorizing Legislation - (revised) Chapter 161A of the General Laws of The Commonwealth of Massachusetts;
<http://www.state.ma.us/legis/laws/mgl/gl-161A-toc.htm>
(*or, search for MBTA within the General Laws*)
4. A summary of the re-write of Chapter 161A.

These documents collectively provide a good picture of the current state of the MBTA budget, the major change in governance and funding for the MBTA which became effective July 1, 2000, and the recent finance plan for a major capital project.

With these documents, supplemented by our class discussions, address the following questions:

1. Compare the budgets for FY1991 to FY2005 in terms of income, expenses, debt service, contract assistance and net cost of service. In each category look at the growth of the item as well as (where appropriate) the major components. Comment on the most significant changes. How would you describe the changes in the MBTA's financial position over this period?
2. Comment on the Silver Line Finance Plan, especially with respect to the assumptions regarding the local sources of capital and operating funds for the years 2010-2015. What uncertainties do you see in the projections, and how would you suggest that the MBTA move to reduce these uncertainties?
3. Critically assess from the perspectives of the MBTA, the Commonwealth, the communities within the MBTA district, and the riders of the MBTA, the impacts of the most important changes in financing, funding and governance for the MBTA resulting from the "forward funding" legislation and the re-write of Chapter 161A.