



# Fiscal & Management Control Board

### **Why does the MBTA need a Fiscal & Management Control Board?**

Following the collapse of the MBTA during the winter of 2015, the Panel undertook a ‘rapid diagnostic’ of the financial, managerial, governance, and operational challenges at the T. What they found was a profoundly troubled organization, lacking workplace discipline, cost control, accountability for the execution of its capital program, and a focus on its customers. To address these failings and others, the Panel proposed the establishment of a temporary Fiscal & Management Control Board (FMCB), to bring an intense focus to fixing the MBTA – for its riders, employees, and the taxpayers.

### **What will the Fiscal & Management Control Board do?**

As proposed in H3347, *An Act for a Reliable, Sustainable Massachusetts Bay Transportation Authority*, the FMCB will be in place for 3-5 years and will be made up of five members. The FMCB, which will work with a Chief Administrator to run the day-to-day operations of the MBTA, will be responsible for bringing a new level of discipline and responsibility to the management of the MBTA. Among other duties, the FMCB will oversee contracts, procurement, staff management, labor relations, the rebuilding of the MBTA’s physical infrastructure, and the setting of fare policies. The FMCB will meet frequently; will engage in a hands-on way to tackle and address deep-seated problems at the T; and will act as a champion for change within the agency. The FMCB will also establish and manage to a set of customer-focused performance metrics that will publicly track the improvement of the MBTA on a wide variety of measures.

Most importantly, the FMCB will bring an intensity of focus to the MBTA – a commitment to driving meaningful and sustained change – with an emphasis on improving the experience of the MBTA for its hundreds of thousands of riders.

### **Are control boards proven to work?**

Yes. The Commonwealth has been successful at turning around other troubled public entities using Control Board and Control Board-like models (some involving receivership, which is not proposed for the MBTA). Examples include the Cities of Springfield and Chelsea and the public school systems of Lawrence and Holyoke. Former leaders of both the Springfield and Chelsea efforts have spoken in favor of the MBTA FMCB, citing the great value to their own communities of the attention, urgency, and management discipline that a Control Board model can bring.

### **Doesn’t the MBTA already have a board?**

Yes, but it will never function the way that a Control Board does. The MBTA is

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currently governed by the all-volunteer MassDOT Board of Directors, which meets monthly in an open forum to review the activities not only of the MBTA but also of the Registry of Motor Vehicles and the MassDOT Highway, Aeronautics, and Rail & Transit Divisions. The MassDOT Board ably handles many issues in the limited time available to it, but is not constituted to ‘get into the weeds’ on the type of long-standing financial and management challenges facing the T (many of which have persisted in the six years since the creation of the MassDOT Board). The MassDOT Board is not able to provide the level of intense focus and work that the MBTA needs and deserves in order to get its house in order.

**Isn't the FMCB just more unnecessary bureaucracy?**

No. The FMCB is a proven tool that adds real value to the effort to fix the T. As envisioned, the FMCB will be temporary and will be lean, made up of five people and a small staff (which will also serve as the senior staff of the MBTA). The members of the FMCB will likely not be paid for their service, and will work as seamlessly as possible with both the existing staff of the MBTA and the leadership of MassDOT to turn around the MBTA. The FMCB will be dedicated to increasing efficiency, streamlining processes, and improving productivity, and will not to be a bottleneck or a hindrance to change and process-improvement.

**Won't the creation of the FMCB detract from the efforts to create one unified MassDOT overseeing an integrated transportation system?**

No, on the contrary, the creation of the FMCB will strengthen the MBTA and all of the MassDOT agencies. Since 2009, MassDOT has been moving toward integration, but the needs of the MBTA are so great and so pressing that they require the full attention of the FMCB so as to not swamp the other parts of MassDOT that still need work. The FMCB will report to the Secretary of Transportation, who will be responsible for coordinating the work of MassDOT and the FMCB-governed MBTA. MassDOT ‘shared service’ departments will continue to support the needs of the MBTA.

**Doesn't the MBTA really just need more funding to repair its facilities and purchase new vehicles?**

No, money alone will not solve the MBTA's problems. As the Panel discovered, the MBTA is currently unable to spend the dollars available to it for the types of modernizing investments that will improve the experience of its riders. For a host of reasons, the T is unable to invest at an appropriate pace in the public assets for which it is responsible, causing its infrastructure to slip further into disrepair and unreliability. This inability to execute on one of its core responsibilities is a microcosm of the overall organizational problems at the MBTA found by the Panel, and is a key reason for the recommendation of the establishment of the FMCB.

**Who will sit on the FMCB?**

As proposed, the FMCB will be made up of five members: three appointed

directly by the Governor, one recommended by the Speaker of the House and appointed by the Governor, and one recommended by the Senate President and appointed by the Governor. In this way, the FMCB will reflect the crucial partnership between the Governor and the Legislature that is needed to fix the T.

**Will the FMCB be transparent and open to the public?**

Yes. The FMCB will hold regular public meetings, at which the public can speak and be heard, and will be directly accountable to elected officials. It will also publicize performance metrics to track the progress of the MBTA under its stewardship.

**Will the FMCB understand and respect the needs of MBTA riders and employees?**

As proposed, the FMCB will be a collaborative entity, working in cooperation with MBTA labor unions, rider advocates, municipalities, and elected officials to bring much-needed improvements to the MBTA. The goal of the FMCB will be to stabilize the MBTA as an organization so that it can provide better public transit service for everyone, and to do so in a way that honors the needs of both its riders and its workers.

**Will the MBTA continue to receive financial assistance from the Commonwealth with the establishment of the FMCB?**

Yes. At present, the MBTA receives close to \$1 billion per year in different types of guaranteed funding from the Commonwealth. Nothing in *An Act for a Reliable, Sustainable Massachusetts Bay Transportation Authority* would change that guaranteed funding amount. What *An Act for a Reliable, Sustainable Massachusetts Bay Transportation Authority* does recommend is that the so-called Additional Assistance provided to the MBTA since 2013 be converted from open-ended and increasing subsidies to dedicated funds for debt relief and the transition of employees from the capital to operating budgets. Should this dedicated additional support prove insufficient for the MBTA to be able to balance its budget, however, the FMCB would then be able to provide a rigorous, scrutinized plan to the Legislature for its additional operating needs.