



Data Reveals Out of Control Administrative Staffing Budget Increases at MBTA

by Gregory W. Sullivan and Michael Weiner

We've had the fortune of a relatively mild winter on average this year so far. Thankfully, we have also experienced much less precipitation. Though we still have a few months of winter to go, we can safely assume we won't see nearly the same level of snowfall that paralyzed our city and transit system last January-February.

Though MBTA service routes have remained clear of snow, performance has remained an issue, with various subway and commuter rail lines scoring below their performance targets in the past month, according to [MBTA service summaries](#) (Green Line performance data is unavailable at this time). As a series of comprehensive reforms are considered by the Fiscal and Management Control Board to improve performance, many still call for significantly more funding. While more money for the MBTA must be weighed as the agency tries to steer itself on the right course going forward, careful consideration must be given to how the MBTA prioritizes its spending. As recently released data shows, administrative costs have exploded over the last decade in spite of a growing deferred maintenance backlog [that now adds up to over \\$7 billion](#).

Data released by the National Transit Database (NTD) reveals startling increases in MBTA expenditures on administrative personnel over the past several years, generating even more doubt surrounding the commitment of the Authority to cost-containment.

According to data made public by the NTD — based upon numbers released by the MBTA itself — the agency's general administration employee count increased by more than 79 percent between FY08 and FY14, from 279 to 481. The overall number of paid hours per year increased by more than 86 percent over the same period, from 493,853 to 921,191.

These staffing increases translate into huge management payroll increases. The NTD numbers show that the MBTA's general administrative (GA) personnel

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budget (including salaries and fringe benefits) increased by 120.5 percent between FY08 and FY14, going from slightly above \$27 million to more than \$60 million in just 6 years.

Comparative assessment of peer transit agencies

In order to properly put these numbers into perspective, Pioneer used the Federal Transit Administration-sponsored Integrated National Transit Database Analysis System (INTDAS). INTDAS is an extremely useful tool for assessing MBTA-related data, [as explained in an MBTA-focused report Pioneer released last year](#):

INTDAS is a web database system designed for retrieval and analysis of data from the National Transit Database (NTD) and is partially funded by the Federal Transit Administration in cooperation with and under the direction and leadership of the Florida Department of Transportation's Transit Information System. As one of its many useful functions, INTDAS includes an online automated transit agency peer selection process

that identifies comparable transit systems for peer analyses.

When compared to the MBTA, the Southeastern Pennsylvania Transportation Authority (SEPTA)—a close peer agency to the T, according to the INTDAS system—shows much greater budget stability. SEPTA lowered its GA personnel budget over the same time period from \$84.5 million to \$83.4 million, equal to a 1.2 percent decrease.

Between FY08 and FY14, the average salary and fringe benefits each MBTA employee received went from \$101,412 to \$124,848—a 23 percent increase. [A Boston Globe report defined the MBTA's fringe benefit budget as including “pensions, health care, life insurance, disability insurance, workers' compensation, and other benefits.”](#) Comparing these numbers again to SEPTA reveals another disparity: the Philadelphia area transit agency increased its average salary and fringe benefits per employee by just 0.7 percent (See Figures 1, 2).¹

Figure 1. MBTA GA Employee Count, Paid Hours, and Salary/Benefit Figures FY08 and FY14

| MBTA | 2008 | 2014 | % Change |
|-------------------------------------|--------------|--------------|----------|
| Employee Count | 269.0 | 481.7 | 79.1% |
| Paid Hours | 493,853 | 921,191 | 86.5% |
| Sal & Wages | \$15,564,158 | \$34,619,863 | 122.4% |
| Fringe benefits | \$11,715,665 | \$25,519,229 | 117.8% |
| Salary & Fringe | \$27,279,823 | \$60,139,092 | 120.5% |
| Salary and wages per employee | \$57,859 | \$71,870 | 24.2% |
| Salary, wages & fringe per employee | \$101,412 | \$124,848 | 23.1% |

Figure 2. SEPTA GA Employee Count, Paid Hours, and Salary/Benefit Figures FY08 and FY14

| SEPTA | 2008 | 2014 | % Change |
|-------------------------------------|--------------|--------------|----------|
| Employee Count | 627 | 615 | -1.9% |
| Paid Hours | \$1,244,432 | \$1,166,203 | -6.3% |
| Sal & Wages | \$44,730,170 | \$43,284,936 | -3.2% |
| Fringe benefits | \$39,787,365 | \$40,178,468 | 1.0% |
| Salary & Fringe | \$84,517,535 | \$83,463,404 | -1.2% |
| Salary and wages per employee | \$71,340 | \$70,382 | -1/3% |
| Salary, wages & fringe per employee | \$134,797 | \$135,713 | 0.7% |

The MBTA's other close peer according to INTDAS, the Maryland Transit Administration (MTA), was not included in the above analysis due to a restructuring effort that resulted in significant administrative staffing cuts between FY08 and FY14 of over 40 percent. The MTA was therefore not used for the comparison of general administrative budgets as a result of the anomalous circumstances in this category.

To determine a more comprehensive picture in examining other agencies, Pioneer also compared the changes in overall operating expenses between the MBTA and its closest peer agencies, SEPTA and the MTA. We include this comparison in our analysis for two reasons:

- INTDAS designates the MTA as an official peer group to the MBTA based on a number of metrics. SEPTA and the MTA received likeness

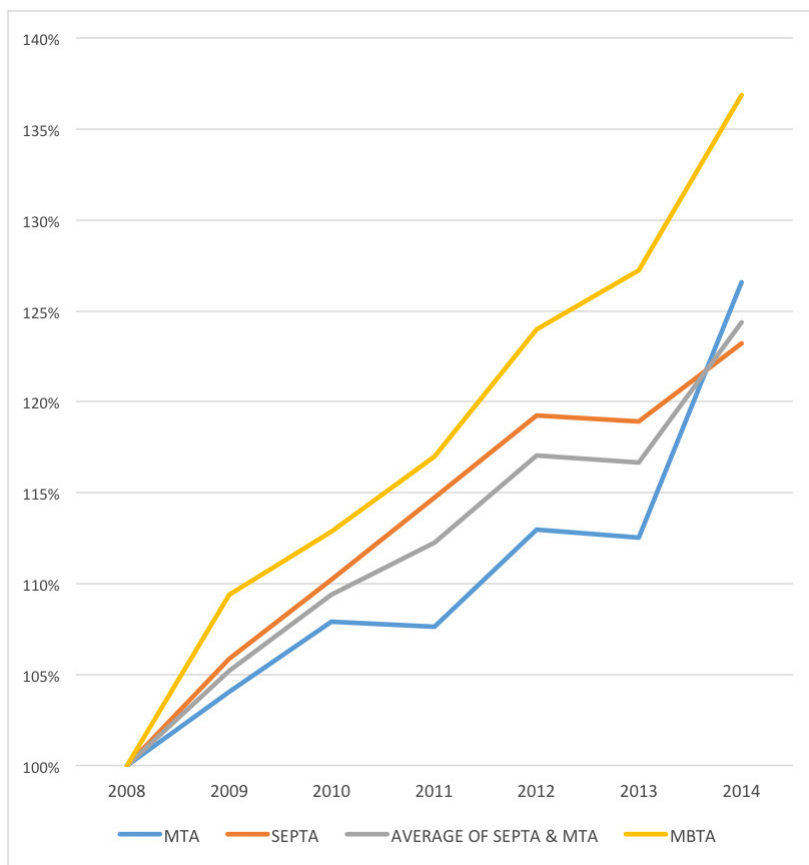
scores from the automated system of 0.65 and 0.57, respectively, making them the only transit agencies that fall within the satisfactory match range of scores between 0.50 and 0.74 (a total likeness score of 0 indicates a perfect match);

- General operating expenses form a broad category that is not only affected by general administrative staff restructuring (See Figures 3, 4, 5).

In this category, the difference between the MBTA and its peer agencies is striking, as the MBTA increased its expenses by 36.9 percent compared with just a 24.4 percent average increase between SEPTA and the MTA.

These numbers illustrate that the rate of increase in operating expenses at the MBTA far exceeds that of its closest peer agencies. Some may see the MBTA's

Figure 3. Percent Increases in Operating Expenses by Transit Agency, FY08-FY14



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Figure 4. Percent Increases in Operating Expenses by Transit Agency, FY08-FY14

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-----------|--------|--------|--------|--------|--------|--------|
| MTA | Base Year | 104.0% | 107.9% | 107.6% | 113.0% | 112.5% | 126.6% |
| SEPTA | Base Year | 105.9% | 110.2% | 114.7% | 119.2% | 118.9% | 123.2% |
| Average of 2 Peer Agencies | Base Year | 105.2% | 109.4% | 112.2% | 117.0% | 116.7% | 124.4% |
| MBTA | Base Year | 109.4% | 112.9% | 117.0% | 124.0% | 127.2% | 136.9% |

Figure 5. Increases in Operating Expenses by Transit Agency, FY08-FY14, in thousands

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| MTA | \$528,990 | \$550,285 | \$570,763 | \$569,246 | \$597,623 | \$595,274 | \$669,556 |
| SEPTA | \$975,578 | \$1,032,869 | \$1,075,163 | \$1,119,378 | \$1,163,327 | \$1,160,054 | \$1,201,907 |
| Average of 2 Peer Agencies | \$752,284 | \$791,577 | \$822,963 | \$844,312 | \$880,475 | \$877,664 | \$935,731 |
| MBTA | \$1,045,214 | \$1,143,484 | \$1,179,805 | \$1,222,770 | \$1,295,890 | \$1,329,646 | \$1,430,424 |

staffing increases and higher operating expenses as a sign of a commitment toward improved service—but as any commuter who suffered through the disastrous winter of 2015 can attest, the significant investment of the past several years has not yet yielded acceptable returns. Before we give serious consideration to expanding the agency’s management and administrative personnel, we must exercise a thoughtful assessment of the best ways to ensure any additional funds go towards fixing the infrastructure and making the agency fiscally sustainable.

Given the financial difficulties at the T, these large incongruities in salary and benefits packages certainly don’t seem to be sustainable. The MBTA has been dealing with increasingly unsustainable fiscal management issues over the last decade, with billions of dollars in deferred maintenance backlog and a massive budget deficit highlighting the Authority’s state of disarray. Reversing the MBTA’s tide of dysfunction starts with undoing its culture of mismanagement. Bringing its expenses, including employees’ salaries and benefits more in line with comparable transit agencies in other states would be a good start.

Endnotes

1. It's important to note that these numbers refer only to spending on administrative employees.



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