

The \$8.5 Billion “Marshall Plan” for MBTA needs...

A new approach for attracting and retaining the talent needed to implement the capital spending plan

by Ian M. Ollis and Gregory W. Sullivan



Pioneer's Mission

Pioneer Institute is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civic discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.



This paper is a publication of Pioneer Opportunity, which seeks to keep Massachusetts competitive by promoting a healthy business climate, transparent regulation, small business creation in urban areas and sound environmental and development policy. Current initiatives promote market reforms to increase the supply of affordable housing, reduce the cost of doing business, and revitalize urban areas.



Pioneer Education seeks to increase the education options available to parents and students, drive system-wide reform, and ensure accountability in public education. The Center's work builds on Pioneer's legacy as a recognized leader in the charter public school movement, and as a champion of greater academic rigor in Massachusetts' elementary and secondary schools. Current initiatives promote choice and competition, school-based management, and enhanced academic performance in public schools.



Pioneer Health seeks to refocus the Massachusetts conversation about health care costs away from government-imposed interventions, toward market-based reforms. Current initiatives include driving public discourse on Medicaid; presenting a strong consumer perspective as the state considers a dramatic overhaul of the health care payment process; and supporting thoughtful tort reforms.



Pioneer Public seeks limited, accountable government by promoting competitive delivery of public services, elimination of unnecessary regulation, and a focus on core government functions. Current initiatives promote reform of how the state builds, manages, repairs and finances its transportation assets as well as public employee benefit reform.

Table of Contents

1. State of Capital Projects	4
2. MBTA just doesn't have the people to achieve the aggressive new targets	5
3. Acquiring the talent for the job	6
3.1 A new approach to projects	6
3.2 Addressing hiring difficulties	8
4. Confusing leadership & management structure	8
5. Unbalanced workload	8
6. Better HR plan and management structure are required to meet much larger budget targets	8
7. Structure for Capital Projects and Maintenance	9
8. Key talent recruitment	10
8.1. Appropriate senior salary scales	10
8.2. Reduce length and complexity of hiring procedures	10
8.3. Monitoring of the staffing compliment of the Capital Investment Plan rollout	11
9. City to Regional Co-operation	11
Conclusion	11



Let's start with the good news for the MBTA. The Governor and the Massachusetts Legislature have committed over \$8.5 billion to repair and modernize the T between fiscal years 2020 and 2024. Now, the bad news. If the past is prologue, the T currently has nowhere near the capacity to spend that much. This paper is an urgent call to put all options on the table to meeting the challenge, including models for accomplishing the work but with a special focus on acquiring the talent to do the work.

As Pioneer recently reported in a paper on capital spending entitled "The MBTA's Capital Spending Crisis," the T has historically struggled severely when its capital spending budget was increased dramatically.¹ It is one thing to approve a capital budget on paper for \$1.6 billion per annum, but quite another to actually execute on that volume of projects.

Back in 2001, when the MBTA budgeted \$250 million in annual capital expenditures, it was generally able to achieve at least a 90 percent spend rate. But when, in 2009, the budget was hiked to meet the goal of spending an annual average of \$750 million over the five-year plan starting that year, it took the T four years to ratchet up its capacity to approximate that new objective.

Unsurprisingly, a key element in achieving a dramatically higher spend rate is attracting and retaining professional expertise in capital delivery.

The problem with the MBTA capital program is not a lack of money, but the ability to spend it. The MBTA suffers from a hiring crisis and has had great difficulty attracting the best and

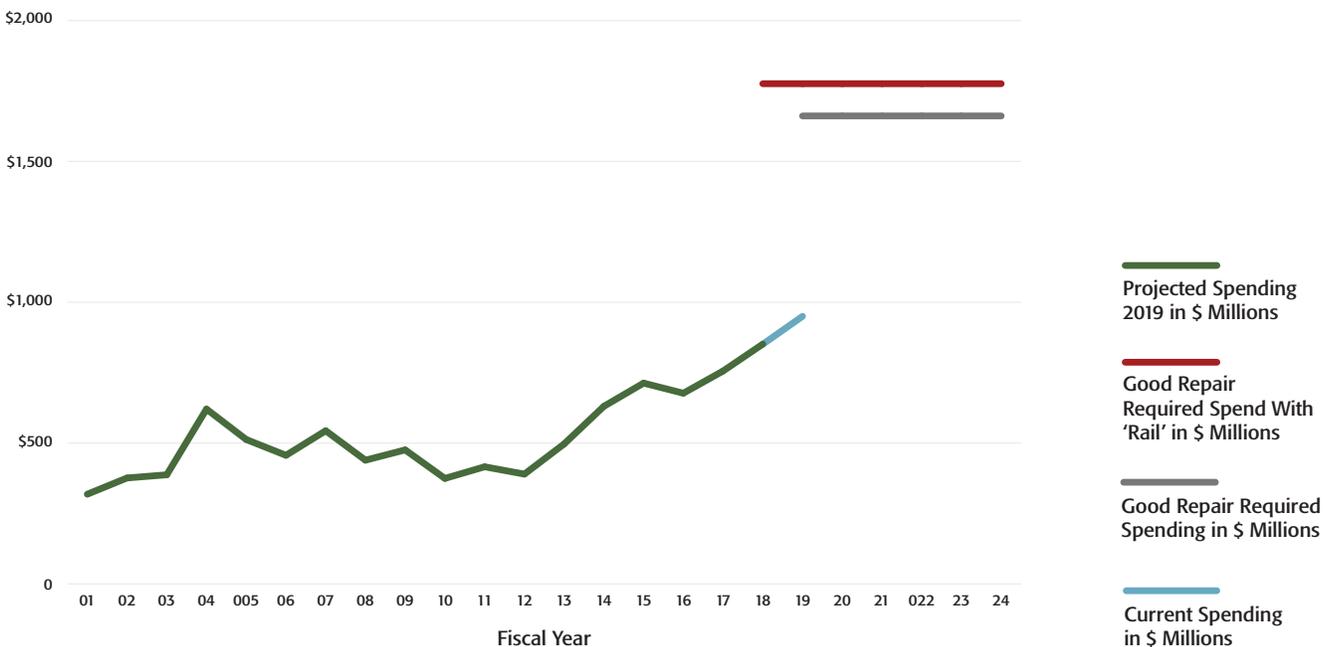
brightest in key positions, with the result that some positions have remained vacant for extended periods of time. Cumbersome hiring policies are part of the reason for a shortage of critical skills that prevent the T from ramping up rollout of the capital investment projects needed to meet significant infrastructure shortcomings.

This paper makes recommendations that will ramp up the deployment of the right talent in the right positions. Our ultimate objective is to significantly increase capital investment delivery. Revitalizing the MBTA will require five major changes that amount to a Marshall Plan for hiring and contracting — better hiring practices, improved internal organization, strategic use of external expertise, appropriate procurement models and city-to-regional co-operation. Nothing less will get the MBTA riders the modernization of transit services they need.

1. State of Capital Projects

The MBTA has suffered from underspending on capital projects and the effects of this can be seen in the poor state of repair of the Red, Orange, Blue and Green Lines and commuter rail, recent derailments, fires, and long delays. Management has ramped up capital spending targets, but has a long way to go to achieve a state of good repair and modernize the system. The graph below illustrates the underspending of capital budgets.

Figure 1. Actual spending in \$Millions versus the Budgeted 2020–2025 Capital Spending



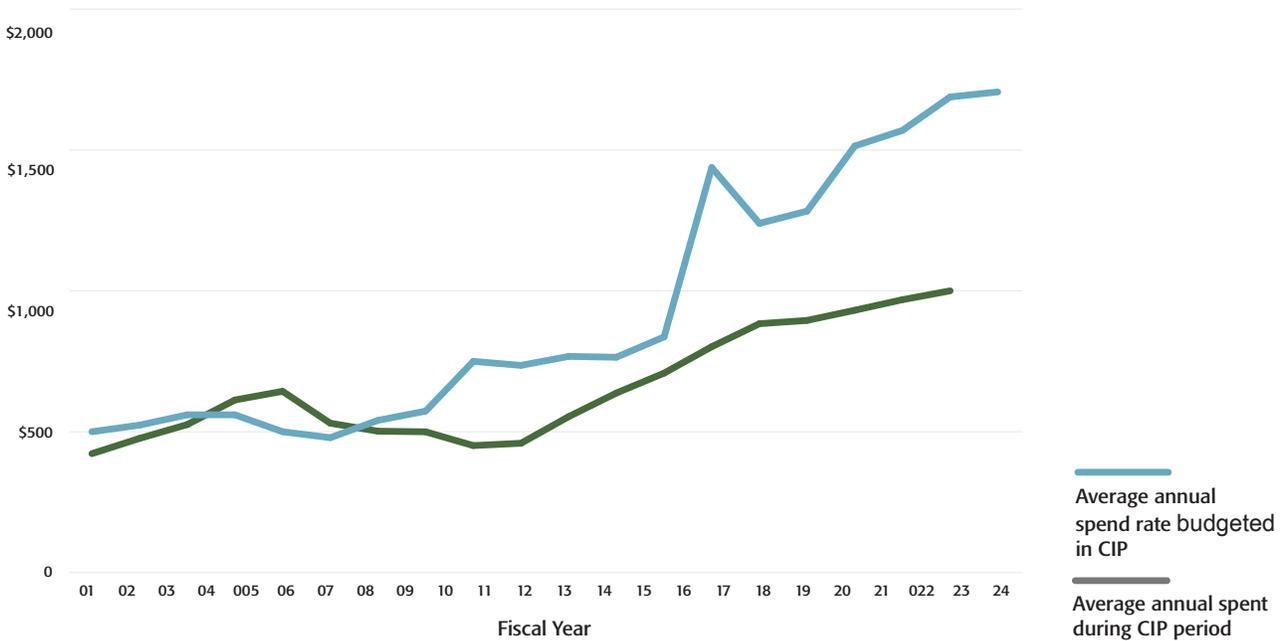
Source: MBTA Audited Financial Statements

In "The MBTA's Capital Spending Crisis," Pioneer Institute mentioned the onerous legal obstacles to speeding up capital delivery, such as the filed sub-bid law. The MBTA is required to conduct a separate trade contractor selection process for 18 types of sub-contractors when the it uses Construction Manager at Risk contracts (M.G.L c 149A). Furthermore, state law prohibits the MBTA from using Design-Build and Construction Manager-at-Risk project delivery methods for contracts of less than \$5 million. Most other states do not place dollar values on alternative project delivery methods.

The real solution is put the MBTA on a similar (and shorter) procurement footing as other U.S. transit agencies. **The state Legislature should allow the MBTA to use any Federal Transit Agency-approved standard procurement procedures for transit agencies with approval of the Massachusetts Inspector General, which would achieve this.**

The table below puts the capital spending problem in stark relief. We have looked at the five-year plans and translated the average amount budgeted for in each five-year into an average annual target. We then compared this number to the average annual spend over the CIP period for each of these CIPs for each of these years to show how spending has been falling behind.

Figure 2. MBTA Average annual budget versus average annual spend.



Source: MBTA Audited Financial Statements²

The MBTA clearly has a problem meeting capital expenditure targets. Part of the reason is that internal staffing, management and internal structural limitations make procurement excruciatingly difficult. All this can be overcome, however, with the correct plan to attract and retain the correct people. Cooperation of all at the MBTA and MassDOT is needed to meet the challenge of modernizing the MBTA. A sense of ownership and community will go a long way, but some key interventions will be needed to ramp up delivery.

2. MBTA just doesn't have the people to achieve the aggressive new targets.

In "The MBTA Capital Spending Crisis," we pointed out three massive jumps in spending targets that were followed by lags of several years before the T could ramp up capital expenditures. These lags were caused by not having capital delivery staff and internal systems that were sufficient to meet the targets.

In comments made to Boston 25 News, it was clear that MBTA leadership recognizes the staffing problem:

Steve Poftak, who took over as head of the MBTA in January, told the authority’s oversight board Monday that the figures outlined in the existing five-year capital investment plan — a 66 percent jump in spending for expansion, reliability and modernization project — is ‘not something the MBTA will be able to execute.’³ Instead, he suggested a new model with smaller but steady annual increases for those categories. The change would give the MBTA time to add the staff and capacity needed to spend at least \$1.5 billion per year on maintenance by fiscal year 2024, officials said, and bring the entire transit system up to a state of good repair by 2032. That’s the spending that is going to rebuild the system and create a reliable and dependable MBTA that we want to run...By focusing on the whole five years and, in fact, the whole 15 years, it could mean you don’t spend as much this year, but you get those contracts in place and those studies in place so we’re ramping up.’⁴

The MBTA currently has around 6,200 employees, but has a number of key vacancies that stretch back a number of years. Poftak recently hired a head of capital projects and has highlighted the 80 to 90 key vacancies he is attempting to fill to ramp up capital project delivery. This new appointment is clearly a step in the right direction.

However a number of key vacancies pre-date Poftak and were a challenge for his predecessors to fill. For the T to fulfill its capital spending mandate will require a number of additional highly skilled professionals with construction experience, and perhaps a new approach to these capital projects is required.

3. Acquiring the talent for the job

There are broadly two approaches to acquiring the talent to ramp up capital delivery and service at the MBTA that are outlined in this paper. The first is to take a new approach to projects, particularly Capital Projects, but in some cases operations also. Broadly speaking this means finding an organization that already has the talent for a particular project or service. The other broad approach is to hire the right talent, particularly senior talent needed at the T, deploy them in improved internal structures and retain them over time.

3.1 A new approach to projects

It is clear that even with revamped hiring procedures and improved internal structures there will still be gaps in what’s needed to complete modernization of MBTA systems and

infrastructure. Other transit agencies, other state agencies and big infrastructure companies have used alternative models to get projects done more quickly that will be helpful to the MBTA and will fill those gaps. Management should look at solutions utilized by other successful agencies.

In 2003, the National Highway Research Program, in conjunction with the Transportation Research Board, published a paper dealing with the practice of outsourcing where it makes sense:

What is new is that some state DOTs have begun to outsource their capital program delivery functions, e.g. major facility designs and related PS&E (plans, specifications, and estimates) production, major project construction supervision, and comprehensive, long term major area or system maintenance functions... Although most states retain overall ultimate management responsibility of the delivery process, some are beginning to consider delegating some of that responsibility as well.⁵

In April 2019, a report by the Federal Highway Administration’s Office of International Programs entitled “Construction Management Practices in Europe and Canada” lays out the staffing issues being experienced internationally with regard to construction and project management:

Historically, agencies have maintained design and construction administration staff in-house to ensure quality design and construction. However, increasing industry demand for engineers and technicians, more competition for workers, a large number of retirements, the need for broader skill sets, and different expectations of young engineers are making it difficult for some agencies to maintain an appropriate staffing level. (FHWA 2003).

U.S. transportation agencies are shifting methodology, with much of the planning, design, and construction work being outsourced. This is as much a trend in transit agencies as in highway departments.

Figure 3. provides a useful summary from the Federal Highway Authority report. The column on the left lists planning, design, and construction activities, which traditionally have been done in-house. The remaining columns list the approximate amount of work outsourced to the private sector. The percentages are only estimates provided by international highway agency interviewees, but they reflect the overall use of in-house staff versus consultants.

These lags were caused by not having capital delivery staff and internal systems that were sufficient to meet the targets.

Figure 3. Construction management outsourcing analysis

Outsourcing Activity	Ontario	Germany	England ²	Scotland	The Netherlands	Finland
Design	80–90%	30–100% ³	100%	100% ⁴	70% ⁵	100%
Testing	100%	50%	100%	100% ⁶	100%	100%
Construction	100%	100%	100%	100%	100%	100%
Construction Contract Administration	95%	0%	90%	100%	50%	0%
Maintenance	100%	0% ⁷	100% ⁸	100%	100%	100%

Source: Federal Highway Administration

Some international agencies use private consultants for some of the work, while others have almost completely outsourced traditional state agency functions:

Germany and the Netherlands are most like the United States in their approach to design and construction staffing. They maintain a higher level of in-house engineers to perform design and construction administration. The Bavarian highway agency in Munich, Germany, performs about 30 percent of its design for interstates in-house and about 70 percent for federal highways and state roads... Germany also maintains its system with state staff, but it is the only country that still performs that function.⁶

The Netherlands department is being downsized, but recognizes the need to maintain expertise for technical aspects of the program such as for bridges and tunnels.

England and Scotland are perhaps the most different from the United States in their use of in-house staff. The Private Finance Initiative of 1991 and a series of other issues have led the Highways Agency in England to outsource 95 percent of its expenditures. It has only a small engineering staff in-house, and has changed from the role of providing engineering functions to overseeing them.⁶

Closer to home, the Chicago Transit Authority (CTA) has used an outside project management agency to roll out its Capital Investment Program. Historically service had deteriorated and the infrastructure was old. The decision was taken to get outside expertise to handle system modernization. Chicago Transit Partners (CTP), a joint venture of three companies specializing in construction, engineering and design management: DMJM+Harris, Inc. and Consoer, Townsend Envirodyne Engineers, Inc., both of Chicago, and Kenny Construction Company of Wheeling, Ill was ultimately chosen to become the effective project manager and their contract has been renewed several times since 2005.⁷ It is an extraordinarily large project and they have been paid significant fees for their work. Since this program has rolled out, the authority has rebuilt over 40 stations and added an additional three, among other advances. Winning accolades from the public and the American Public Transit Association for much-improved service and reliability.⁸ In 2019 CTP was again chosen to head up improvement projects for the CTA.

To get projects completed, some large private firms have already retained skills the MBTA may be struggling to recruit. To speed delivery, some projects are best handled by such firms, even on the operational side in some instances.

For its current projects, the MBTA should explore whether it would be desirable to outsource some of the project management and have only internal senior staff to oversee, inspect and sign off as the project unfolds, with external contracts including much of the project management.

Some operations can be outsourced for efficiency gains. After a rough start, Keolis has recently improved commuter rail service. However the full impact of outsourcing is probably not being felt in this case, as the equipment, infrastructure and staffing are largely the same that had been used by the previous contractor. Some efficiency gains should result from the outsourced model alone, but with faster trains, better fare collection systems, fast boarding stations and a better-drafted contract with Keolis, much more could be achieved. There may be other operational systems that are currently not functioning well that may benefit from private expertise in cases where bringing on significant internal expertise is proving unachievable.

For its current projects, the MBTA should explore whether it would be desirable to outsource much of the project management and have only internal senior staff to oversee, inspect and sign off as the project unfolds, with external contracts including much of the project management.

The MBTA has already brought in outside companies to work with in-house staff on important projects. Specialists were brought in for the Green Line Extension, the Red Line/Orange Line Program office, and the Positive Train Control Project to beef up the team’s efforts. However these teams still have to be managed by senior internal experts. This method, or even complete project outsourcing, should be used when it is the best fit.

3.2 Addressing hiring difficulties

We should be asking why it has been so difficult to the talent necessary for the key positions the T so urgently needs.

We should be asking why it has been so difficult to the talent necessary for the key positions the T so urgently needs. One of the problems is that there are around 96 steps that have to be followed to hire a single person at the MBTA.

One of the problems is that there are around 96 steps that have to be followed to hire a single person at the MBTA. This is borne out by the Human Resources Quarterly Update presented at the July 22, 2019 Fiscal and Management Control Board joint meeting⁹. According to the report, it takes between 62 and 145 days to complete these steps. Union leaders need to work with MBTA management to reduce the grind associated with getting

staff hired. The laborious process prevents the T from operating at full capacity.

The human resources department has announced a target to reduce the 96 steps to 47. They could perhaps be further reduced, but 47 would certainly be a giant leap forward. Additionally, many of these remaining steps should be conducted simultaneously to speed up the process. The MBTA urgently needs to hire senior executive project managers, contract managers and other senior staff who can quantify problems and turn them into contracts that can be funded and let.

A second problem is that advertised salaries for these positions are **below industry norms** for highly skilled positions. Senior project managers or engineers with multiple years of real world experience come at a premium, and the current environment can prevent management from negotiating aggressively to attract the talent needed to rapidly ramp up capital delivery.

Retaining or replacing good people is difficult at the MBTA. Bruce Mohl wrote in a revealing April 2019 article of the employee exodus: “According to numbers presented, ... the T has hired 2,520 employees since 2015, but over that same time period 3,052 employees have left the agency.”¹⁰ That represents almost half of the staff turning over in four years. “The biggest imbalance occurred in fiscal 2017, when a voluntary retirement program was implemented and 348 employees were hired at the T and 746 left the agency.”¹¹

Poftak’s plan involves hiring another 80 full-time employees to focus on capital projects, bringing the staff up to the budgeted level in that area, and a high-ranking official to oversee the programs.¹² Chief of Capital Projects Jay Neider was hired in May 2019 and a process is underway to staff his office¹³. However the timelines to fill the capital positions is likely to be too long to facilitate the required capital spending increase.

4. Confusing leadership & management structure.

Senior MBTA leadership has acknowledged that T management structures are messy. Poftak said as much to the FMCB: “the T’s management structure is very confusing. He said 271 of the 278 nonaffiliated (nonunion) management positions at the agency have different titles. Transportation Secretary Stephanie Pollack seemed taken aback by the statistic, and asked (Matt) St. Hilaire (the HR director) to confirm the numbers were accurate. When he confirmed the numbers, she said: “That can be tough to manage.”¹⁴

With complex reporting lines, progress slows, duplication can occur, or items fall off the radar. Take the Aquarium station on the Blue Line for example. Several years have gone by since the decision to “weatherproof” the subway station after two storms severely damaged the elevators and escalators, which had to be replaced and rewired. Engineering reports and plans to carry out the improvements needed to keep water out of the station are apparently gathering dust at the MBTA offices. This item should have been completed immediately after the last major station flood, but it has not yet been done. When the next major storm again wrecks the access equipment, everyone will ask why the project hasn’t been completed. A simpler reporting structure, with predetermined roles and responsibilities will make clear exactly who is responsible to complete each project.

5. Unbalanced workload

Pioneer institute is reliably informed that project managers often simultaneously oversee many diverse projects, with some handling up to 16 projects. If true, this results in a dilution of focus and may be one of the reasons why some projects get lost in the noise of the system. Clear reporting lines and realistic workloads are a must.

6. Better HR plan and management structure are required to meet much larger budget targets

Key areas need attention to meet the increased capital spending included in the 2020–2024 Capital Investment Plan,

plus additional maintenance funding Governor Baker has announced. While the current staff and systems have significantly increased spending in recent years, a much larger effort will be needed to meet dramatically higher targets.

Key areas that need restructuring:

- Clear internal structures for capital projects & maintenance
- Recruitment of key talent
- Appropriate senior salary scales
- Shorter, simpler hiring processes
- Monitoring the filling of positions in the Capital Programs office.
- Limited project manager workloads for focused and speedy implementation
- Hiring selected outside expertise to complement internal competencies

Collectively, these steps will reorganize internal structures, improve management and bring in much-needed new talent, which should be complemented by critical external skills.

7. Structure for Capital Projects and Maintenance

Subsequent to the organizational review ordered by Governor Baker, staff were transferred from the capital to the operational budget to separate the two functions and prevent the funding of operations from the capital budget. However this

process was eventually halted with approval of the Legislature as the rationale for paying capital staff from the capital budget became clear.

In its fourth annual report to the Massachusetts Legislature, the Fiscal and Management Control Board wrote:

Because the Legislature agreed in the FY19 budget that some employees are appropriately paid from capital budget funds, the Authority will not complete the transfer of all capital employees to its operating budget, reflecting this new guidance (see Section III C, below). In FY19, the Authority will implement a Capital Policy to further ensure capital and operating funds are used appropriately in the future.¹⁵

This kind of messy restructuring, by shifting some people and then halting the process midway, is bad for morale and speed of delivery. However it does establish the principle that some capital project staff can be funded from the capital budget.

When looking at the overall picture of senior staff, one way to simplify the reporting lines and ensure sufficient senior staffing would be to populate a simple grid structure such as figure 4 below. This would clarify how senior executive project management and engineering heads should relate to each other. Individual project managers can then be linked to each head to clarify reporting lines and project responsibilities clarified. Implementing a structure like this will enable experienced senior project managers to focus on clearly delineated responsibilities with a clearly identified team of people who handle each project.

Figure 4.
Proposed MBTA project delivery structure

		- RED LINE - CAPITAL PROJECTS	- ORANGE LINE - CAPITAL PROJECTS	- BLUE LINE - CAPITAL PROJECTS	- GREEN LINE - CAPITAL PROJECTS	- COMMUTER RAIL - CAPITAL PROJECTS	- BUS - CAPITAL PROJECTS
		Chief	Chief	Chief	Chief	Chief	Chief
		Deputy Chief(s)	Deputy Chief(s)	Deputy Chief(s)	Deputy Chief(s)	Deputy Chief(s)	Deputy Chief(s)
		Chief Engineer	Chief Engineer	Chief Engineer	Chief Engineer	Chief Engineer	Chief Engineer
DIRECTOR OF CAPITAL PROJECTS OF	Vehicles	Projects	Projects	Projects	Projects	Projects	Projects
	Power	Projects	Projects	Projects	Projects	Projects	Projects
	Signal and Communication	Projects	Projects	Projects	Projects	Projects	Projects
	Stations and Fare Collection	Projects	Projects	Projects	Projects	Projects	Projects
	Bridges and Tunnels	Projects	Projects	Projects	Projects	Projects	Projects
	Right of Way	Projects	Projects	Projects	Projects	Projects	Projects
ASST DIRECTOR OF CAPITAL PROJECTS OF							

Note: the MBTA often refers to Right of Way (ROW) as the Track Department.

Of course these new directors must be connected to the engineering and maintenance (E & M) people for their relevant competency. Capital project solutions must link to the ongoing problems on the ground to ensure that the new work addresses ongoing maintenance needs.

8. Key talent recruitment

Current project staff have done a great job of ramping up capital projects, but quickly growing from \$900 million or \$1 billion annually to \$1.6 billion will require a combination of additional internal and external expertise.

Many problems at the MBTA are tied up in complex legal requirements. However the hiring of senior management staff is not one of these. The Massachusetts Labor Relations Commission decision of December 7, 2000 excluded from collective bargaining a significant number of T position titles including the terms chief, division chief, deputy chief, major section chief, deputy division chief, director, and assistant director, as well as several senior project manager and organizational manager positions. This allows the MBTA to appoint senior people at negotiated competitive salaries in key positions needed to expedite urgently needed capital projects. Basically, the idea would be to have the T use the “exempt positions” ruling to hire experienced new capital project delivery staff from the outside at market rates.¹⁶ All subsequent collective bargaining agreements have subscribed to this delineation of managerial jobs. Pioneer believes key executive level positions should be created under the rulings, including ones in procurement, project management, contract management, engineering and project design.

The MBTA needs to recruit senior and experienced project managers, engineers, contract managers and the like to oversee the multitude of new repair projects that will improve service at the T. As stated above, some of these positions can be funded from the capital projects budget, as they will exclusively be rolling out capital projects. There are times when this is the right thing to do; now is one of those times.

8.1 Appropriate senior salary scales

Salary scales for the positions identified above are below industry standards, making it difficult to attract and retain high-caliber employees. Benefit and remuneration packages, together with working conditions, need to be improved.

Two MBTA job vacancies have recently been advertised, one for a project manager and another for a senior project manager. Below is a rough comparison from www.glassdoor.com and <https://www.salary.com/> of commensurate salary offerings in Boston.

In addition, Pioneer is advocating for additional senior executives above these levels to take charge of significant projects and lead the conversion of problems into projects in the Chief Engineer’s office, in contract management to let contracts, and in project management to oversee project delivery. The use of capital dollars to fund this Marshall Plan would be justified so long as the funds are used exclusively for capital project delivery.

8.2 Reduce length and complexity of hiring procedures

This paper earlier alluded to the 96 administrative steps it takes to hire one person. Those not experienced in large bureaucracies might find this difficult to believe. It is a product of past errors and complex bargaining agreements that lead to adding steps to prevent the same mistakes from being made again. However the more steps are added, the more difficult the process becomes. And in many instances lengthening the process does not solve the problem. A bold approach is needed to simplify hiring. We laud efforts to halve the number of steps in the hiring process and encourage additional steps in this direction.

Retaining good staff is the other half of the hiring problem. Competitive compensation and a good corporate culture often go a long way toward keeping good staff. A key indicator that these elements are lacking at the MBTA is the high turnover rate. Almost half the staff has turned over in the past four years, and the difficulty the T has had filling these positions is a sign of not offering competitive salaries and a positive work environment.

Retaining staff requires a good work environment. Many surveys¹⁷ of staff workplace concerns identify key issues that help retain good staff:

- Appropriate compensation and benefits
- Opportunities for advancement
- Supportive management (not micro-managing but expecting results)
- Peer respect and recognition play a significant role (Brag on the good results)¹⁸

Figure 5. Salary offerings at the MBTA comparison

	MBTA Advert	Glass Door Ave Base Pay	Salary.com
Project Manager	\$90,892–\$105,379	Average \$106,565	\$103,000–133,000
Senior Project Manager	\$105,379–\$117,279	Average \$129,386	\$143,000–183,000

Source: www.glassdoor.com and <https://www.salary.com/>

8.3 Monitoring of the staffing compliment of the Capital Investment Plan rollout

Pioneer Institute is calling for monthly reporting to the FMCB about the staff compliment specifically allocated to the Capital Investment Plan. This is distinct from overall HR quarterly reporting of the whole MBTA staff compliment. With a large ramp up of the five year Capital Investment Plan approved, the people needed to achieve the spending goals need to be in place. Without aggressive monitoring, key vacancies may again go unfilled, causing delays in issuing new contracts and the management of existing projects.

9. City to Regional Co-operation

The T operates in and for the Metropolitan region. This means

that the Trains, busses, stations and transit routes function in multiple cities in the Metro region, within the state of Massachusetts. By definition then this means that multiple City and state organizations and structures have a role to play in making the T successful. The MBTA cannot do what it needs to do in terms of bus route scheduling, coordinated construction projects, and planning for the future without the hands-on involvement of the City of Boston and other key communities in the Metro region. Successful transit systems around the world have a good working relationship with cities and state regional planning, and political authorities. Everyone needs to give a bit to make transit work. Collaboration will bring about the changes necessary to make the system supply a much improved service to the communities in the T's areas of geographical reach.

Conclusion

Pioneer recommends the following key steps to deal with ongoing capital project and infrastructure delays that are causing the MBTA to function poorly and to significantly modernize the subway, commuter rail and bus systems.

1. We reiterate our call for the Legislature to allow the MBTA to place the MBTA on the same footing as other Massachusetts departments and entities and to use any of the Federal Transit Authority's standard procurement procedures with the approval of the state Inspector General, which would effectively put it on a similar (and shorter) procurement footing as other U.S. transit agencies.
2. The human resources department needs to explore legal methods to reduce the 96 steps to recruit new talent even lower than the 47-step target which the MBTA is aiming for and plan systems to conduct many of these steps simultaneously to speed the recruitment process. Even 47 steps, while an improvement, is still a lengthy process.
3. The MBTA needs to conduct an assessment of project and contract management reporting lines, and simplify its current internal organizational structure. In doing so, it must alleviate the complex reporting lines that are slowing progress.
4. The MBTA should undertake a review of the workload of individual project and contract managers, to ensure that the workload is reasonable and that managers are working on a realistic number of projects at any one time.
5. The MBTA should offer appropriate salaries to attract and retain the talent needed in senior positions. Currently, pay scales are well below industry standards; leave, and working condition package need to be improved.
6. The MBTA must hire select outside skills where necessary in order to speed up delivery of the Capital Investment Program.
7. The MBTA Fiscal and Management Control Board must receive a regular report on filling of position specifically allocated to capital investment projects to ensure swift replacement of key skills when the vacancies occur. Capital project staff should be monitored separately from overall human resources quarterly reporting.
8. MBTA management should assemble projects that can be operated by an outside contractor where effective internal capacity is not easily found. Other agencies, such as the Chicago Transit Authority, have been doing this on a large scale.

Endnotes

- 1 <https://pioneerinstitute.org/featured/study-calls-for-easing-mbta-procurement-restrictions-and-beefing-up-project-management-capacity/>
- 2 NOTE: “MBTA average annual budget” is the total five-year capital budget divided by five; i.e., the average amount that would need to be spent each year over the five year period to achieve a 100 percent spend rate. “Average annual spend” is the average of amounts reported as having been “Expended on completion of major construction projects and improvements” in MBTA Audited Financial Statements over the five-year CIP period. For 5-year CIP periods beginning with FY2016–2020 that have not yet been fully realized, “Average annual spend” is the average annual amount that has been spent thus far; i.e. for the FY2016–2020 CIP it is averaged over four years since FY2020 spending has not yet occurred, for the FY2017–2021 CIP it is averaged over three years, etc. The \$1 billion amount included in the above chart for FY2019 is the amount reported by GM Poftak in Commonwealth Magazine in July 2019 as FY2019 capital spending. The audited amount is expected to be reported in November, 2019.
- 3 <https://www.boston25news.com/news/mbta-altering-approach-to-system-repairs/947122285>
- 4 <https://www.boston25news.com/news/mbta-altering-approach-to-system-repairs/947122285>
- 5 <http://www.trb.org/Main/Blurbs/153218.aspx>
- 6 https://international.fhwa.dot.gov/construction_mgmt/chapter_two_b.cfm
- 7 <https://www.pocketlist.com/chicago-transit-authority-again-selects-chicago-transit-partners-oversee-capital-improvements>
- 8 https://www.washingtonpost.com/local/trafficandcommuting/chicago-remade-its-127-year-old-rapid-transit-system-are-there-lessons-for-metro/2019/08/02/b369c240-8326-11e9-bce7-40b4105f7ca0_story.html?noredirect=on
- 9 <https://cdn.mbta.com/sites/default/files/2019-07/02.%20Human%20Resources%20Quarterly%20Update.pdf>
- 10 <https://commonwealthmagazine.org/transportation/t-notes-the-great-employee-exodus/>
- 11 <https://commonwealthmagazine.org/transportation/t-notes-the-great-employee-exodus/>
- 12 <https://www.boston25news.com/news/mbta-altering-approach-to-system-repairs/947122285>
- 13 <https://cdn.mbta.com/sites/default/files/2019-07/02.%20Human%20Resources%20Quarterly%20Update.pdf>
- 14 <https://commonwealthmagazine.org/transportation/t-notes-the-great-employee-exodus/>
- 15 FMCB Fourth Annual Report to the Massachusetts Legislature. December 17, 2018.
- 16 M.G.L. Chapter 161A Section 26: State labor relations law; applicability.
- 17 <https://www.hrbartender.com/2019/recruiting/turnover-2019-employees-leave/>
- 18 <https://www.forbes.com/sites/victorlipman/2015/10/10/why-do-employees-leave-their-jobs-new-survey-offers-answers/#3b6ab7467ea1>

About the Authors

Gregory Sullivan is Pioneer's Research Director, and oversees PioneerPublic and PioneerOpportunity. Prior to joining Pioneer, Sullivan served two five-year terms as Inspector General of the Commonwealth of Massachusetts by appointment of the Governor, Attorney General, and Auditor. Prior to serving as Inspector General, Greg held several positions within the state Office of Inspector General. Sullivan was a 17-year member of the Massachusetts House of Representatives, serving on the committees of Ways and Means, Human Services, and Post-Audit and Oversight. Greg holds a bachelor's degree from Harvard College, a master's degree in public administration from The Kennedy School of Public Administration at Harvard, and a master's degree from the Sloan School at M.I.T., with a concentration in finance.

Ian Ollis is a former South African Member of Parliament having served two terms. He was the Shadow Minister of Transportation, Shadow Minister of Labor, and Shadow Minister Education during this time. In 2013 he drafted the Democratic Alliance national Transportation Policy. During his time as Member of Parliament Ian exposed a number of cases of corruption leading to major reforms. Previously Ian served as a City Councillor in Johannesburg, serving on the Transportation and City Planning Committees. He has a Masters Degree in Arts from the University of the Witwatersrand in South Africa. Ian is currently completing a City Planning Masters degree in transportation at M.I.T and interning at Pioneer Institute as a Senior Research Analyst developing a transportation policy platform.

About Pioneer

Pioneer Institute is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civic discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.

