May 2024

REGIONAL TRANSIT IN MASSACHUSETTS

Where we are and where we need to go

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This study was commissioned by the Quaboag Connector with funding from The Health Foundation of Central Massachusetts. Research support was provided by the Center for State Policy Analysis.

The Health Foundation of Central Mass

THE CENTER FOR STATE POLICY ANALYSIS

Quaboag Connector

INTRODUCTION

Public transit plays a crucial role in communities across the Commonwealth. It connects people to jobs, reduces auto emissions, links rural areas with regional hubs, and provides a lifeline to residents who cannot afford the costs of car ownership or who choose not to own a personal vehicle.

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While debates about public transit often focus on Greater Boston and the core service of the Massachusetts Bay Transportation Authority (MBTA), the state's regional transit providers offer millions of fixed-route and on-demand rides each year to residents from Gateway Cities and rural hamlets who otherwise might not be able to access jobs, health care, and other essential services. Regional transit providers, including Regional Transit Authorities (RTAs) and independent transit providers, play a critical role in mobility, yet they lack sufficient and sustained state investments to fully meet the transportation needs of residents statewide.

This report examines the operational funding landscape for RTAs, the largest regional transit providers, to provide a common understanding of inequities between the MBTA region and other regions of the state. The analysis that follows focuses on RTAs because they collectively serve a significant portion of the state. Independent regional transit providers, which are typically smaller than RTAs, also play an important role, especially in rural regions where there are gaps in existing RTA services, but we do not explicitly examine them here because of their limited reach and the lack of data. *(One such example of a small, independent regional transit provider is the Quaboag Connector, which is described in the Appendix on page 10).*

Based on our analysis of available information:

- The state's current approach to regional bus and shuttle service is fragmented and incomplete, particularly in rural areas.
- The funding mechanism for regional transit lacks transparency, is overly reliant on local contributions relative to the MBTA, and does not adequately account for issues of regional, rural, or economic equity.
- Any robust solution must involve sustainable funding for transit providers to provide flexible micro-transit and for other innovative solutions in regions not currently served by RTAs.

With the right refinements, investments, and innovation, Massachusetts could greatly improve the efficacy and fairness of its transit system as a whole, helping countless residents and spreading the benefits more equitably. A statewide poll by MassINC conducted in 2023 found that four out of five residents support increased investment in regional transit beyond the MBTA.

This report should guide future conversations about the level and distribution of longer-term state funding for transportation across the state.

STUDY APPROACH

The analysis behind this study was conducted by the Center for State Policy Analysis (cSPA) at Tufts University. It was commissioned by the Quaboag Connector, a rural micro-transit initiative led by the Quaboag Valley Community Development Corporation (QVCDC) and the Town of Ware. QVCDC wanted to analyze regional transit funding across the state, focused on RTAs, to inform upcoming discussions about longer-term financing of the state's future transportation needs. The Health Foundation of Central Massachusetts funded the study through a Synergy Initiative grant for the Quaboag Connector.

Funding data for this analysis came from the audited financial reports of each individual RTA covering fiscal years 2014 through 2022. Public records requests to share the funding formula governing state support for individual RTAs were met with limited responses. RTA performance data, including ridership, came from the 2022 Annual Report on the Regional Transit Authority Performance Management Program.

Details about the income, demographics, population density, vehicle ownership, and driving patterns of individual towns were drawn from the Census Bureau's American Community Survey 5-year sample, 2017-2021, accessed through data.census.gov and the Missouri Census Data Center's Geocorr (geographic correspondence engine).

Background on the regional transit system

As a whole, regional transit providers enable a remarkable amount of mobility across Massachusetts. The various buses and shuttles carry hundreds of thousands of people each year—amounting to nearly 19 million rides in 2021—chiefly on fixed bus routes but also with some more flexible, on-demand services.

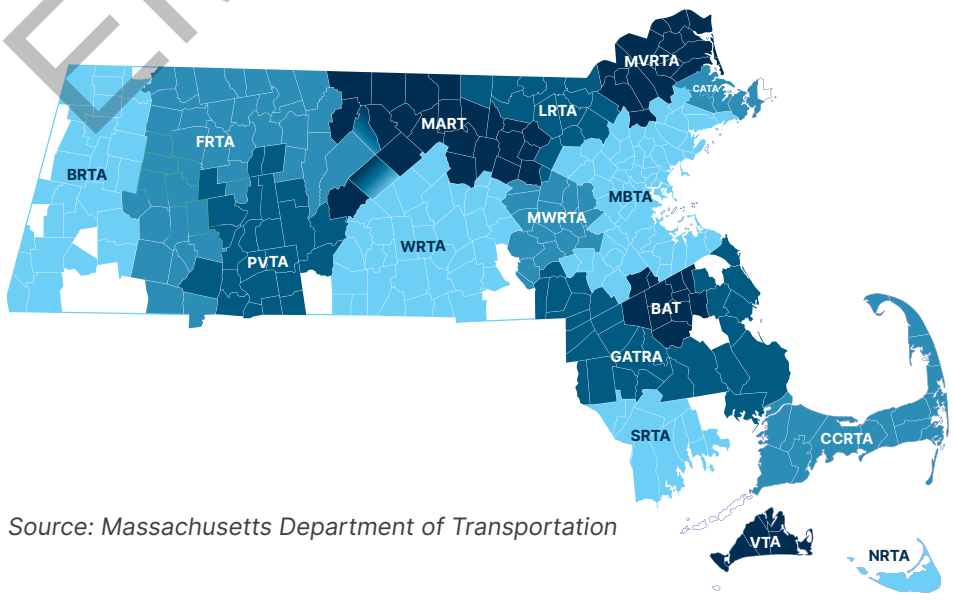
Though there are many different regional transit providers across the state, there is little coordination across providers or integration as a unified system. Massachusetts has a patchwork of 15 different RTAs that provide public transit in discrete pockets outside of Greater Boston, supplemented by a handful of independent providers trying to pursue micro-transit and other innovative approaches in transportation deserts.

The 15 RTAs do not span the entire state, and there is little connectivity between RTAs. Some towns remain outside of the RTA system entirely, as demonstrated by the blank spots on the regional transit map below. Even communities that belong to an RTA are not guaranteed a certain level of service; there are member towns where RTA service is limited to paratransit and/or rides for seniors and therefore not available to the broader population.

Despite being collectively overseen by the Massachusetts Department of Transportation (MassDOT), each RTA takes its own approach to service and governance, with wide latitude to set routes, rates, and services.

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RTA boundaries do not fit familiar regional contours



Source: Massachusetts Department of Transportation

Funding of the regional transit system

Operating-related revenue for the RTAs is derived from several different sources and varies from agency to agency.

When overall RTA funding rises, it tends to rise proportionally for each agency; it is rare to find individual agencies whose fiscal fortunes diverge from the group.

Consider the stacked area chart below, which shows total operating-related revenue for each agency, based on an analysis of audited funding information from fiscal years 2014 through 2022 and organized from the highest-revenue agency at bottom (Pioneer Valley RTA) to the lowest-revenue at top (Nantucket RTA).

The limited change in the height of each colored bar in this chart indicates the stability of the funding system as a whole. The annual funding level for each agency is quite stable, free of agency-threatening shocks (a statistical analysis of the variance confirms the observation).

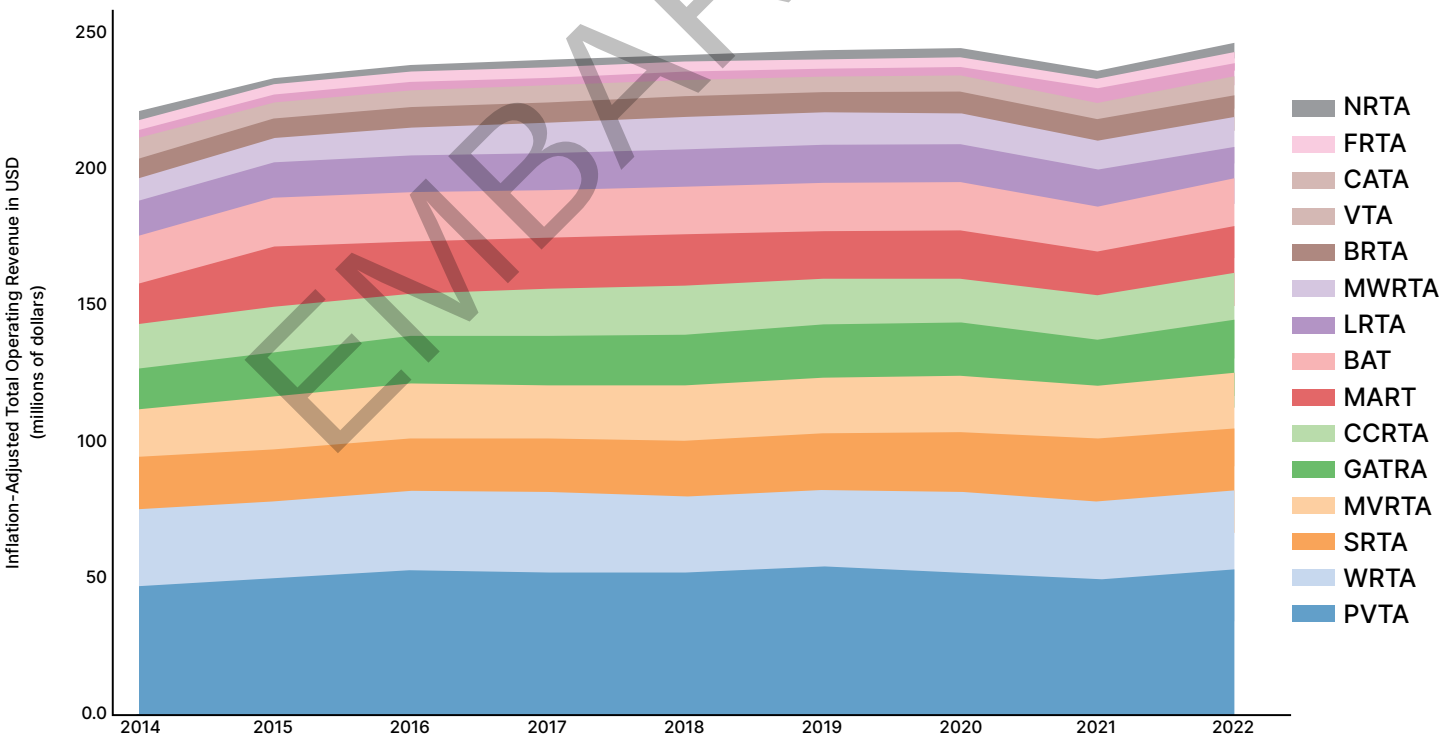
All 15 RTAs receive roughly the same mix of federal, state, and local funding to support operating expenses. The state provides by far the largest share, about 40 percent, with the other sources providing 15 percent to 25 percent each.

Of note, this analysis is focused on operating-related funding, which is the money needed to provide services each year. RTAs receive different funding for repairs and expansion, generally referred to as capital funding, which has distinct rules and patterns that are commonly treated separate from operating funding.

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Each RTA gets a consistent share of funding

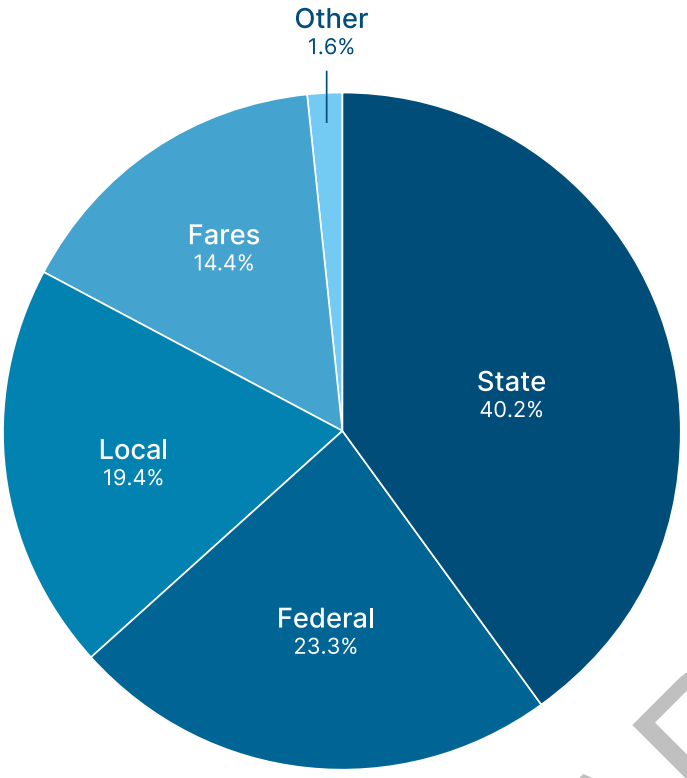
Inflation-adjusted operating revenue, 2022 dollars



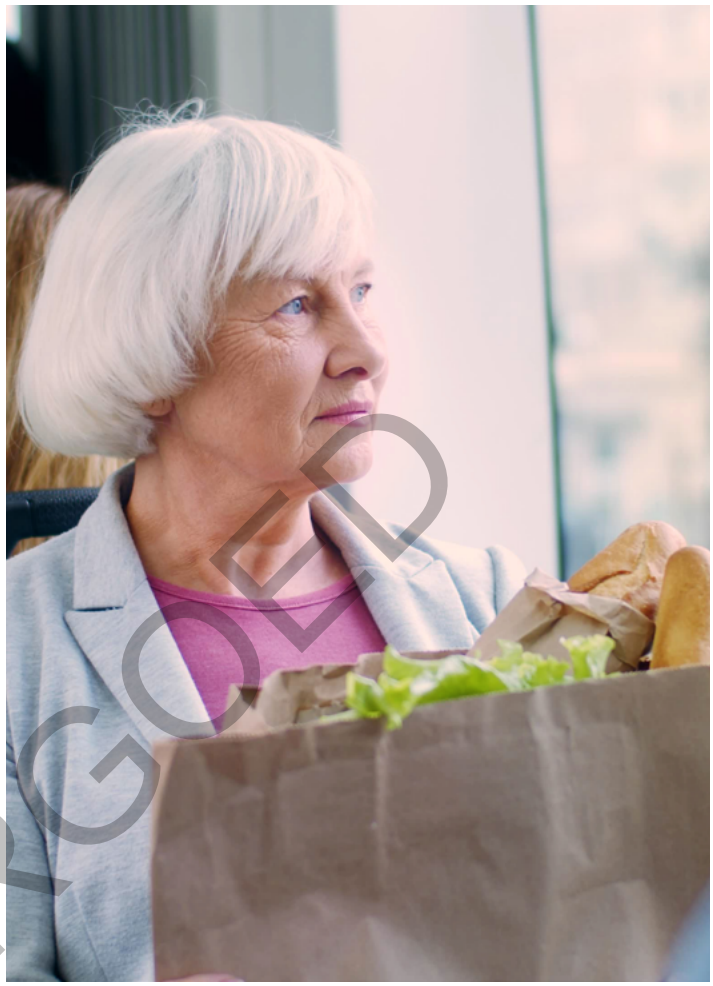
Source: RTA audited financial reports

Majority of RTA funding comes from the state

Share of total operating revenue by source, 2014-2022



Source: RTA audited financial reports



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Local contributions to the regional transit system

RTAs are highly reliant on local contributions from the communities they serve, especially compared to the MBTA. Local contributions are assessments charged to municipalities for membership to a particular RTA.

To fund RTAs, local member communities contribute about 20 percent of the funding to cover operating expenses. In the MBTA system, municipalities contribute just 8 percent. In rural parts of the state, where the residential and commercial tax base is more limited, the local contributions can be a significant financial burden.

And, in some ways, this comparison understates the gap. If federal dollars are set aside, and the funding controlled by Massachusetts policy is examined separately—namely state aid and local support—then the discrepancy is even sharper: 32 percent of non-federal funding in the RTA system is supplied by local communities, as compared to 12 percent in the MBTA.

Advocacy efforts, including those led by the RTA Advocates Coalition, have called for increased state funding to support RTA operating expenses and advance transportation equity in the Commonwealth, promoting a transportation system that is reliable, accessible, sustainable, and safe for all.

In addition to increased funding, the distribution of funding across RTAs should be reassessed as well, along with the incentives to expand service to underserved populations.

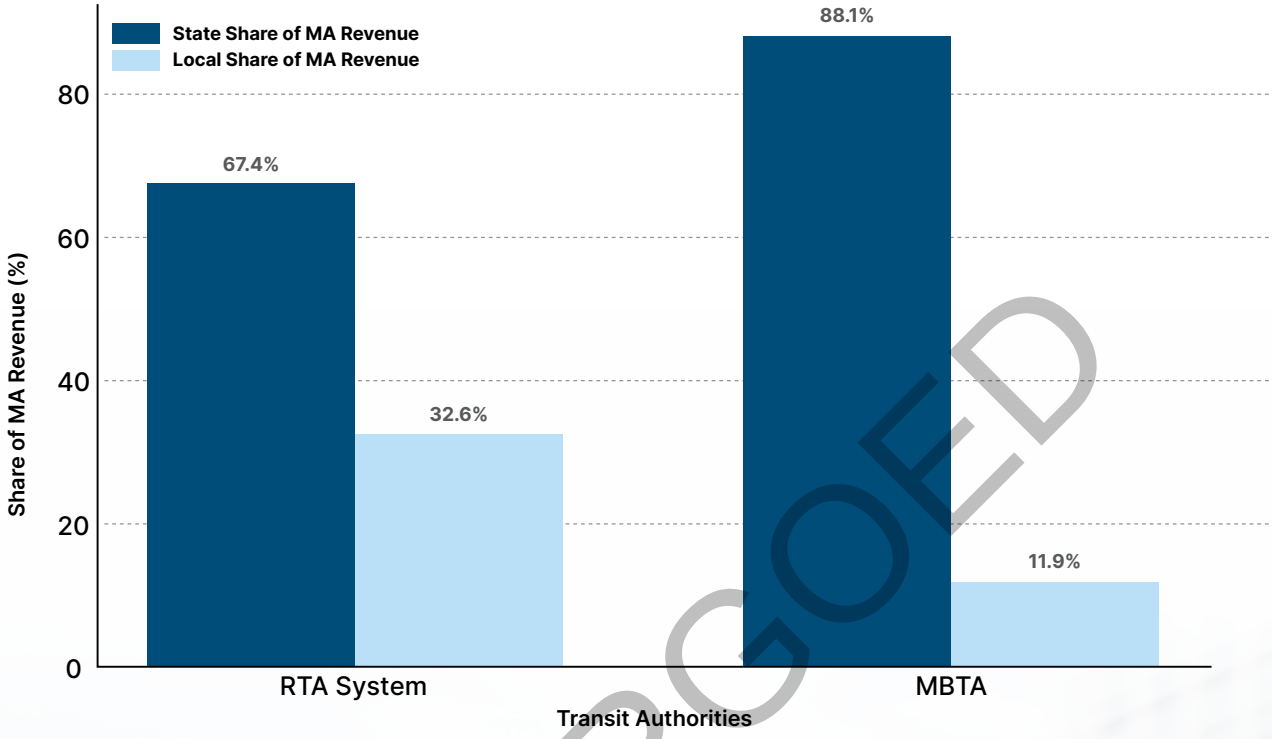
And, perhaps most basically, the funding system we use should be built on a clear set of publicly shared principles and reliable resources.

Again, comparison with the MBTA can be instructive. While it is widely acknowledged that the MBTA has been consistently underfunded, it can at least rely on a consistent pool of revenue, namely a fixed portion of the state sales tax.

Regional transit providers have no such funding bedrock to rely on, only the vicissitudes of the annual budget process.

Local communities cover far higher share of RTA funding

Share of revenue from state, local sources (federal excluded)



Source: RTA and MBTA audited financial reports

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Unclear formula for regional transit funding

The current approach to regional transit funding is not built on a clear set of publicly shared principles. Funding levels in any given year seem to reflect funding levels the year before—which were themselves correlated with funding levels the year before that.

Absent an explicit formula for RTAs, the de facto effect of this funding-by-inertia approach is that funding levels mostly reflect ridership, with no obvious adjustments for need, capacity, or otherwise. Looking across all RTAs from 2014 through 2022, our analysis found that total ridership explains 94 percent of all funding allocations.

The emphasis on ridership for RTA funding does not adequately account for other key factors such as:

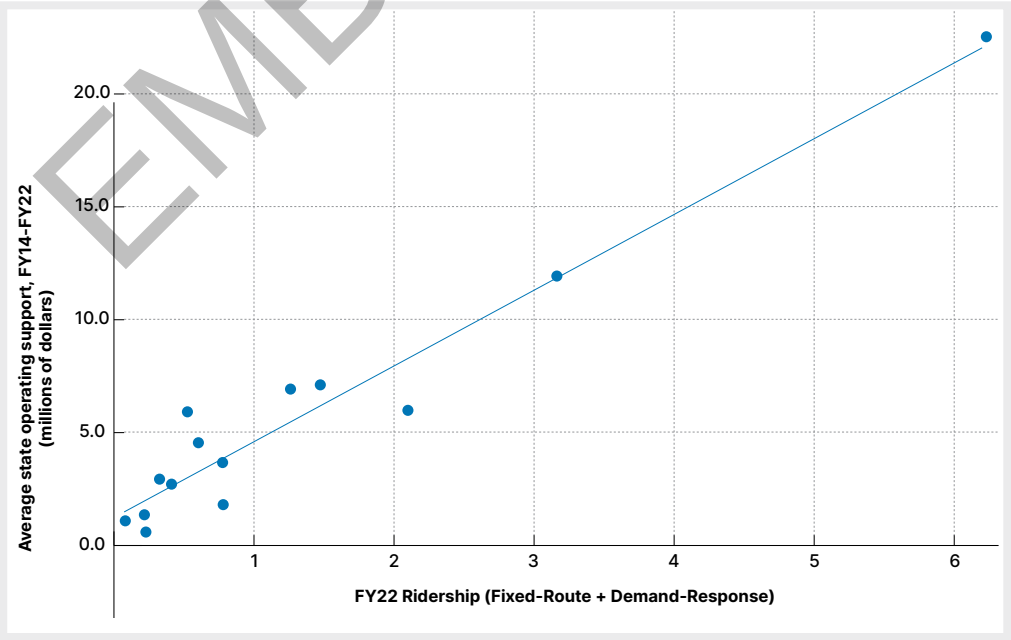
- **Innovation & Connectivity**: RTAs currently have little incentive to explore enhancements and innovation, including connectivity across RTA service areas, expansion to rural areas, and partnerships with other transportation providers, as these changes may not immediately result in increased ridership or additional funding.

  Perhaps the most glaring omission is that there is no dedicated long-term funding stream to support independent micro-transit efforts like the Quaboag Connector that aim to fill known gaps in public transit. A new Regional Transit Innovative Grant (RTIG) program administered by MassDOT was approved in the state's fiscal year 2024 budget, funded through Fair Share revenues. The $15 million program aims to provide discretionary operating and capital funding to transit providers to "enhance and expand existing transit services; implement new and innovative transit services; expand service hours or weekend service; improve rural connectivity; improve connectivity across regional transit service areas; transit electrification; and/or operating and capital expenses." This program is a step in the right direction, yet it is unclear if it will be continued in future years, as there are many competing education and transportation priorities for the Fair Share revenues.
- **Economic Disparities**: While there is some progressivity in the current funding approach, with lower-income regions receiving additional state aid, the effect is somewhat arbitrary and highly variable, favoring select low-income regions over others (the Southeastern RTA is relatively underfunded, given its income level while the Pioneer Valley RTA is generously funded).
- **Regional Equity**: Under the current funding model, there is no consideration or adjustment for the added challenges of rural transit, such as the fact that low population density complicates efforts to run fixed bus routes. Additionally, the current approach requires local towns to cover a higher share of RTA costs compared to the MBTA system.

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State support is overwhelmingly determined by ridership

Each dot represents an individual RTA



Source: RTA audited financial reports; 2022 Annual Report on the RTA Performance Management Program

Heightened challenges of rural transit

Public transit can be especially valuable in rural communities as a way to help employees and job-seekers connect with opportunities; ensure seniors and individuals with disabilities can stay connected to services and to their communities even when they cannot or chose not to drive; facilitate access to health care that requires traveling greater distances in rural areas; and reduce car dependence.

Residents in rural Massachusetts towns are more likely to own cars, which creates a double burden—both for those individuals and families (since it is costly to own and maintain one or more cars) and for others (since cars contribute to pollution and global warming). For rural residents who cannot afford a car, who are unable to drive, or who choose not to drive, their ability to stay connected to their social networks and to access jobs, education, and essential services including health care is severely hindered by the lack of public transit and by limited walkability.

Some of these residents may be long-time denizens of rural towns who want to stay in their communities. Others may be newer arrivals who have left more urban and transit-oriented municipalities for housing or other reasons. Regardless of the specific circumstances, the lack of public transit limits the opportunities for rural residents and communities to continue to develop and evolve.

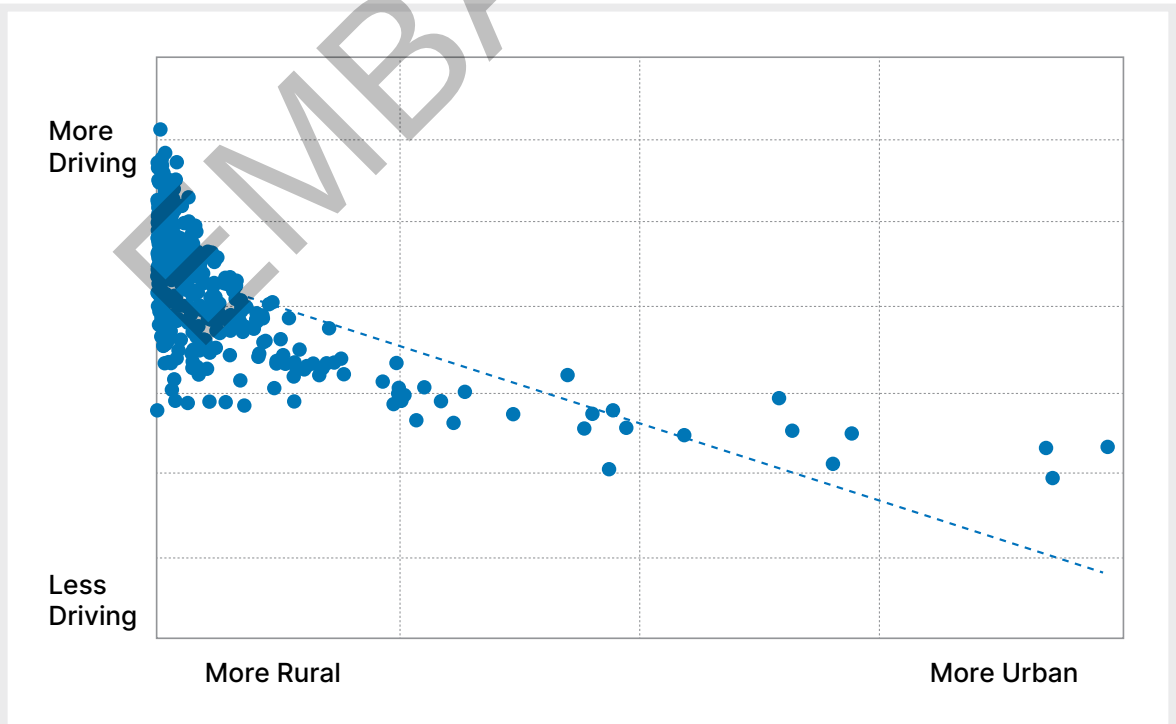
Redressing such inequities would require an explicit funding adjustment, along with dedicated funding for independent transit providers working in rural areas, which does not appear to be a consideration under the current approach.

Regional Mobility Management is another potential strategy for addressing gaps in transit services and optimizing available resources to support transportation-disadvantaged populations, and it would complement changes to regional transit funding. In August 2023, MassDOT released a study aimed to better understand how establishing a statewide system of Regional Mobility Managers (RMMs) focused on supporting both riders and transit providers has been successful in other states. A key finding was the need to obtain sustainable funding that does not take away from already lacking transportation services, which may involve blending funding from federal, state, and local sources.

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Rural residents are more dependent on cars

Each dot represents a municipality in Massachusetts



Source: MAPC vehicle census; US Census Bureau

A principled basis for funding regional transit

The limitations of Massachusetts' current funding system for regional transit have not gone unnoticed. In the years before the pandemic, lawmakers started looking for a fairer, more deliberate approach.

In 2019, the Task Force on Regional Transit Authority Performance and Funding released a detailed and comprehensive report on the steps needed to invigorate the system, including new funding options and calls for improved coordination between agencies. Then in 2021, the Legislature introduced a new, rough funding formula as a kind of appropriations add-on. The amount of money subject to this formula was extremely small, however, and the era of experimentation it seemed to portend did not take hold.

Fortunately, one can build on this work and identify the core principles that should guide the development of a fair and effective approach to regional transit funding.

They include:

- **Regional and rural equity**, so that urban and rural regions alike have access to meaningful public transit options.
- **Progressivity**, where the state provides extra support to lower-income areas with the least ability to generate their own funding and to lower-income rural residents without access to personal vehicles.
- **Transparency**, including a formula built on easily measured criteria that can be evaluated and refined as needed.
- **Flexibility**, to support micro-transit and other innovative approaches in underserved areas and across RTA boundaries.
- **Stability**, limiting any shocks to existing RTA agencies, independent transit providers, or established rider needs, and providing multi-year funding which enables providers to plan over a longer time horizon.

Together, these principles could inspire a more thoughtful, more effective approach to regional transit funding in Massachusetts.

CONCLUSION

Improving our state's regional bus and shuttle network would bring myriad benefits to residents, communities, and our economy.

With better commuting options, people would have an easier time finding and maintaining jobs; without the need to own multiple cars, family budgets would be lightened; and for older citizens and those with limited mobility, health care and social services would become more accessible.

With the right reforms, investments, new entrants, and new technologies, it should be possible to seed key changes and watch them blossom, moving us toward a future where Massachusetts regional transit is more comprehensive, effective, and equitable.

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APPENDIX

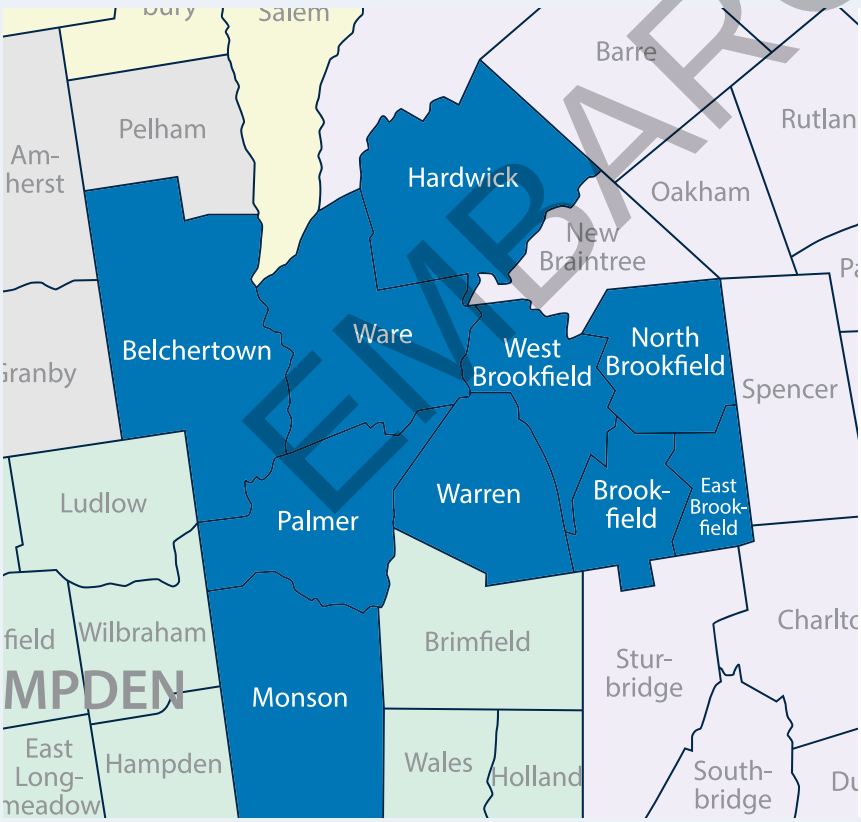
ABOUT THE QUABOAG CONNECTOR

Established in 2017, the Quaboag Connector is an affordable, demand-response shuttle service operated by the Quaboag Valley Community Development Corporation in partnership with the Town of Ware, which serves 10 towns in the Quaboag Valley of Central and Western Massachusetts. The region was identified as an "Area of Economic Distress" by the Massachusetts Rural Policy Plan (2019) and is among the most rural, least dense, and most isolated areas of the state, generally characterized by declining populations and lower income levels. Towns in this region are located outside the trunk lines of the Pioneer Valley Transit Authority (PVTA) and the Worcester Regional Transit Authority (WRTA), so access to public transit is extremely limited.

Since its inception, the Quaboag Connector has been informed by ongoing community input, and it has grown and evolved to meet community needs and bridge gaps in public transportation options, expanding mobility for seniors, veterans, people with disabilities, and people in need of rides to jobs and medical appointments through partnerships with local municipalities, RTAs, health care providers, and employers.

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Quaboag Connector Coverage Map



Quaboag Connector

AT A GLANCE

- Monday – Friday with limited hours on Saturday (no service on Sunday)
- **$2** Cost is $0-$2 per ride (and no request is denied based on ability to pay)
- Covers 10 towns in the Quaboag Valley of Western MA
- 66,000+ trips to date and 650+ unique riders to date

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