

FY2027 H.2 BUDGET BRIEF

Maura T. Healey, Governor | Kimberley Driscoll, Lt. Governor

Keeping Massachusetts Moving – Safely, Reliably, and Affordably

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Transportation in Massachusetts plays a critical role in the movement of people and goods, supporting businesses, enabling economic activity, and connecting residents and visitors across the Commonwealth. The Healey-Driscoll Administration remains focused on building and maintaining a safe and reliable transit system for residents and visitors alike. The administration also works closely with municipalities, transit agencies, and other service providers to ensure that people can get where they need to go efficiently and safely.

Since taking office, Governor Maura Healey has prioritized reversing decades of underinvestment and neglect of the state's transportation networks. In 2025, the Governor launched and advanced an \$8 billion transportation plan to stabilize the Massachusetts Bay Transportation Authority's (MBTA's) finances, invest in local roads and bridges, support regional transit authorities (RTAs) and microtransit options, and improve transportation infrastructure in every Massachusetts city and town. Bolstered by the Fair Share surtax, the 4 percent surtax on personal incomes over \$1 million that Massachusetts voters approved in 2022, the administration has been able to make strategic investments in the transportation sector and increase support for transit systems throughout the state.

The House 2 budget recommendation furthers the administration's transportation goals by recommending \$2.8 billion in total transportation funding. This is a \$115 million (4 percent) increase above the FY26 GAA. The proposal includes \$1.4 billion in dedicated sales tax revenue for the MBTA and \$875 million of Fair Share revenues to support key investments across state and local transportation agencies. The administration's FY26 Fair Share supplemental budget bill proposes an additional \$784.7 million investment in Massachusetts transportation networks, including \$644.7 million in MBTA supports. Taken together, the proposed investments in House 2 and the supplemental budget will fully address the MBTA's projected operating deficit in Fiscal Year 2027 (FY27).

Progress of 10-Year Transportation Investment Plan

Last January, the administration proposed a historic \$8 billion investment in transportation for the next 10 years. The administration's plan enabled investments in the state's roads, bridges and regional transportation system and immediately stabilized the finances of the MBTA, putting it on a path of long-term stability. It also infused new capital dollars for infrastructure across the state, including municipal transportation through the Chapter 90 program. These investments were focused on stabilizing the state's transportation infrastructure and operations, particularly the financial solvency of the MBTA; addressing climate, congestion, and safety and deferred maintenance on pavement and bridges statewide; and supporting municipalities with their unique transportation needs.

Now in the second year of this plan, the administration is making additional progress:

- Proposing the highest ever operating support for transportation from Fair Share revenue, at \$1.659 billion
- Two new capital investments for a total of over \$7 billion in capital for Chapter 90, roads and bridges, and the MBTA

This is on top of already accomplished results:

- Two years of financial stability for the MBTA, building budgetary reserves, eliminating slow zones, and increasing ridership and reliability
- Enhanced Chapter 90 including a 50 percent increase in local road funding for cities and towns
- New investments for rural communities, including additional Chapter 90 funding allocated by road miles, programs addressing culvert and bridge repairs, and a new program specifically targeting unpaved roads
- Underway capital investment programs in various stages of planning, design, and delivery:
 - Bridge and Pavement Lifecycle Asset Management Programs (LAMP) (\$1.5 billion): Supports MassDOT's efforts to improve bridge and pavement conditions across the state, including a \$75 million Funding for Accelerated Infrastructure Repair Replacement Program for municipally-owned bridges. MassDOT also identified immediate opportunities to deploy approximately \$94 million in funding from Commonwealth Transportation Fund (CTF) Expansion on pavement and bridges the first year.
 - Rail Reliability Program (\$1.85 billion): Supports MBTA's capital investment needs including track, vehicles, maintenance facilities and other core capital projects that reduce deferred maintenance, improve reliability and safety, modernize and transform facilities and infrastructure needed to deploy battery electric buses and trains.
 - Community Culvert Grant Program (\$200 million): Supports grants to municipalities and tribal governments for the modernization, repair, replacement, removal, and improved resiliency of culverts on local public ways with an existing span of 10 feet or less. This grant program was launched in 2025.
 - Safety and Congestion Hotspot Investment Program (\$185 million): Supports safety, reliability, and travel experience; congestion mitigation and shorter, more reliable travel times are known to improve competitiveness, quality of life, productivity, and yield valuable co-benefits including less air pollution.
 - Allston Multimodal Transportation Project (\$615 million): As a result of the federal government rescinding the Neighborhood Access and Equity Grant program funds, MassDOT is in the process of engaging outside experts to examine how to deliver the most transportation benefits with available resources. MassDOT remains committed to achieving the goals of the Allston Multimodal Transportation Project and capital funding remains available to support these efforts.

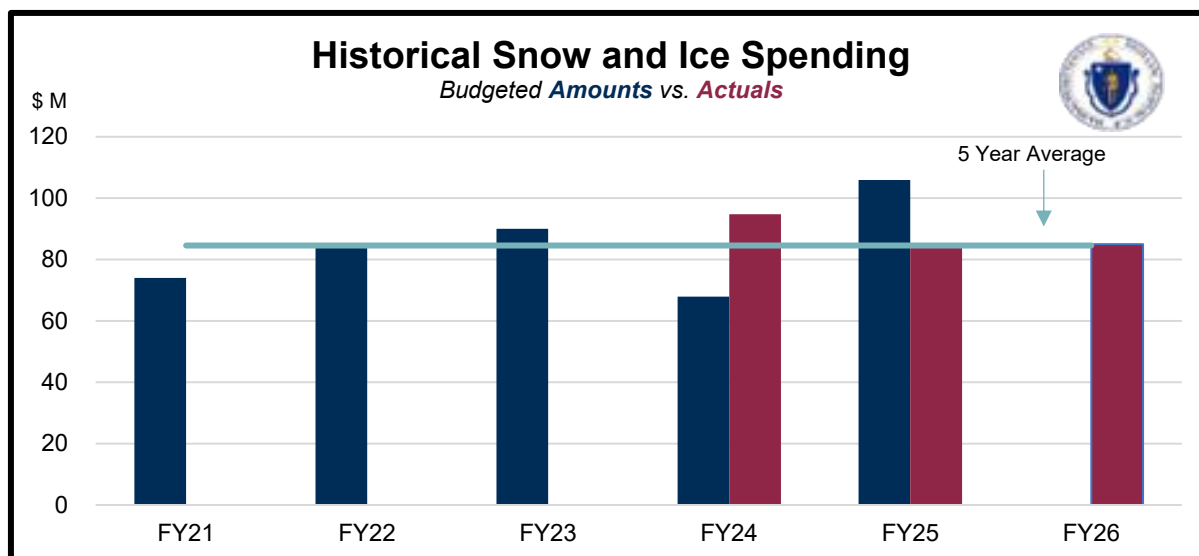
- Two new capital investment programs linked to this \$8 billion overall investment are included in the administration's Chapter 90 legislative proposal filed in January 2026:
 - Unlocking Housing with Transportation Investments (\$200 million): This proposal will fund transportation infrastructure that directly supports new housing development, including but not limited to road upgrades, sidewalks, intersection improvements, signals and safety features, bicycle racks, landscape design and traffic management improvements. It is a flexible tool to unlock housing around the state to make Massachusetts more affordable and competitive. These investments are consistent with the recommendations of the Transportation Funding Task Force (TFTF) to enhance transportation infrastructure that supports connections to housing, economic opportunities, and workforce mobility, to ensure that Massachusetts communities and our state economy continue to grow and thrive.
 - Parkway Resilience Improvement and Safety Modernization (PRISM) investment program (\$200 million): This proposal will accelerate repairs, improve safety, and enhance resilience of transportation assets under the care and control of the Department of Conservation and Recreation (DCR), including roads, bridges, culverts, and multi-use paths. These investments are consistent with the recommendations of the TFTF to evaluate critical aspects of the state's core transportation infrastructure that are in poor condition, vulnerable to climate change, and in need of repair and modernization.
 - The latest Chapter 90 legislative proposal also includes increased authorization for the Rail Reliability Program for vehicle renewal, including new, cleaner, quieter locomotives for commuter rail, and various reauthorizations for MassDOT highway programs and grants.

MassDOT: Providing safe, reliable, and resilient roads and bridges across the Commonwealth

House 2 recommends \$645 million in funding for MassDOT operations. This proposal includes \$85 million for snow and ice removal and continues efforts to strengthen the MassDOT workforce pipeline.

Snow and Ice Removal

As winter storms grow increasingly more severe and unpredictable, the administration's \$85 million investment aligns with the five-year average annual spending level of \$84.6 million. Proactively funding snow and ice removal is critical to ensuring public safety and maintaining mobility throughout the winter months.



MassDOT Workforce Pipeline and Project Delivery

House 2 also supports MassDOT’s capital delivery capacity by funding 166 new capital delivery personnel to inspect, engineer, and maintain the condition of highway and bridge infrastructure across the Commonwealth. These projects range from megaprojects, such as the replacement of Cape Cod bridges, to smaller scale improvements to ease congestion, improve safe routes to school, and support local priorities. Meaningful investments in our workforce will ensure that these projects are completed successfully. Examples of planned investments that rely on capable workforce include:

- Programs to preserve and improve highway bridge infrastructure and pavement
- Upgrades to municipal culverts and bridges to address deferred maintenance, prevent closures, and proactively adapt to climate challenges
- Projects that improve safety and ease congestion in hotspots around the state
- Projects that unlock housing development, enhance multimodal infrastructure, and make mobility more accessible and enjoyable to people in our state

In addition to the support in House 2, the FY26 Fair Share supplemental budget invests in developing a pipeline for skilled workers. The Healey-Driscoll Administration is committed to attracting and retaining talent, with a focus on civil engineers. By creating a targeted pipeline in partnership with in-state universities and colleges, MassDOT is developing a robust and resilient workforce for the future. MassDOT has been successfully transitioning civil engineer interns into full-time roles. Last summer, MassDOT employed 76 rising seniors as civil engineering interns, 60 of whom received return offers for full-time positions.

Support for Cities and Towns

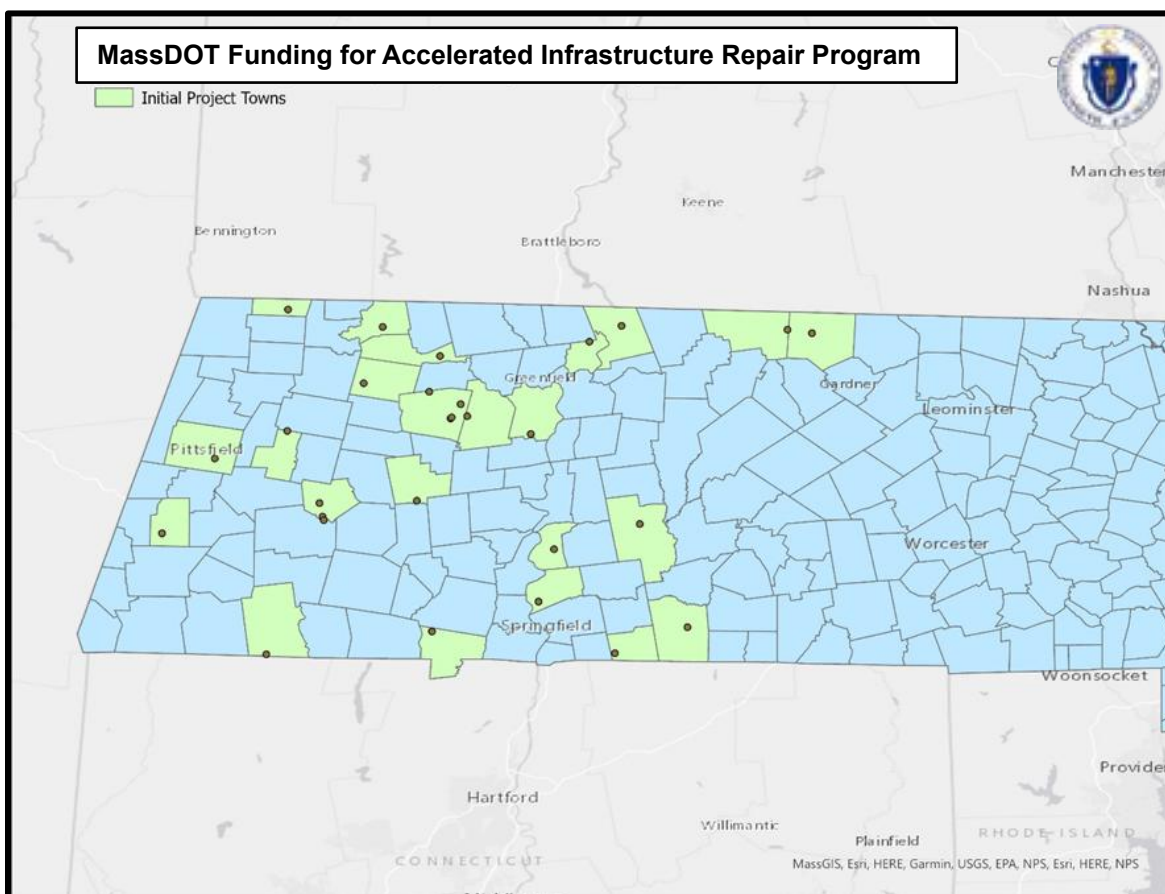
The administration continues to prioritize support for municipalities as they work to enhance local transportation infrastructure. Alongside the House 2 budget recommendation, in the *Chapter 90 Bond Bill*, Fair Share revenues are being used to strengthen the Chapter 90 program by once again increasing the annual allocation to cities and towns to \$300 million. This represents a \$100 million increase over the historical funding level of \$200 million. Of

this total, \$200 million will continue to be distributed through the traditional formula based on road mileage, population, and employment, with the additional \$100 million distributed through a road mileage-based formula that prioritizes rural communities. In addition to House 2 funding, a supplemental budget signed in June 2025 appropriated additional Fair Share revenues to support local transportation priorities. For municipalities, the supplemental budget included \$103 million for regionally equitable, shovel-ready transportation improvements.

Together, these investments help cities and towns address critical maintenance needs and advance local projects that improve safety, connectivity, and mobility.

MassDOT Funding for Accelerated Infrastructure Repair Program

MassDOT is quickly capitalizing on expansion of the CTF to assist municipalities with a backlog of repair for locally owned bridges. MassDOT has historically assisted municipalities by inspecting locally-owned bridges and prioritizing replacement projects. Regular maintenance and preservation are the responsibility of the local owner, and municipal bridge replacement projects must complete for funding. As a result, there is a growing backlog of municipal bridges in need of repair, most notably in Western Massachusetts. Recognizing this need, through expansion of the CTF, MassDOT has announced a \$75 million MassDOT Funding for Accelerated Infrastructure Repair Program, with the first projects already underway.



The investment will be used to reopen closed bridges, remove postings on restricted bridges, and preserve additional bridges from falling into either category. MassDOT is currently advancing and evaluating projects in Franklin, Hampden, Berkshire, and Hampshire counties in Western Massachusetts, with additional locations across the state to follow.

Cape Cod Bridges

The Sagamore and Bourne Bridges on Cape Cod are approaching 90 years old. Their replacement remains a priority to the Healey-Driscoll Administration due to their importance as regional and statewide transportation links for residents, visitors, and commerce. MassDOT capital delivery staff will advance design, permitting, right-of-way acquisition, utility relocation activities, and construction over the next several years.

Massachusetts Bay Transportation Authority: Advancing an Efficient and Dependable Transit Network

Recent investments in the MBTA have begun to deliver measurable improvements in safety, reliability, and service quality for riders. In FY25, service reliability increased across the system – driven by fewer cancelled trips, increased staffing levels, and the removal of speed restrictions. Safety improvements have also contributed to lower rates of safety events across the MBTA's bus and subway systems.

Building on these improvements, the administration continues to prioritize stabilizing MBTA operations and addressing deferred maintenance needs. Like transit systems nationwide, the MBTA is working to restore pre-pandemic ridership while managing rising personnel costs, higher material prices, and investments in new technology. The House 2 budget recommendation would fund the MBTA at \$1.9 billion in total funding, including a \$1.4 billion sales tax transfer and \$470 million in annual operating support from Fair Share revenues. This operating support would allow the MBTA to continue strengthening the system, improving reliability, and funding priority initiatives. In addition, the 2026 Fair Share supplemental budget filed by the administration alongside House 2 proposes an additional \$644.7 million in Fair Share revenues be spent on the MBTA.

Stabilizing Operations and Financial Planning

House 2 includes \$470 million in contract assistance to help stabilize MBTA operations through FY27. Together with Fair Share investments included in the FY26 Fair Share supplemental budget, this funding will fully address the projected operating deficit in FY27 based on the MBTA pro forma. This funding continues to support safety and reliability improvements consistent with recommendations from the TTF.

Operating support in House 2 and the FY26 Fair Share supplemental budget would fully fund the MBTA's low-income fare relief program through FY27, maintain investments in water transportation, and sustain the MBTA Academy, which supports workforce development and retention. These investments also help replenish reserves that allow the MBTA to manage costs, mitigate risk, and plan multi-year capital and operating needs. The FY26 Fair Share supplemental budget recommends an additional \$523 million for the MBTA's Operating Reserve and \$121.7 million for the FTA reserve. The Commonwealth's

sustained efforts to boost reserves at the MBTA, including proposed investments in House 2 and the FY26 Fair Share supplemental budget, will fully address the MBTA's projected operating deficits in FY26 and FY27, helping support the MBTA's fiscal stability.

Regional Transit Authorities and Community Transit: Providing Robust Mobility Options Outside of Boston

The Healey-Driscoll Administration remains committed to strengthening the Commonwealth's Regional Transportation Authorities (RTAs), which provide essential connections to jobs, health care, education, and other important destinations, and supporting affordable mobility options for communities across Massachusetts. Recent investments have translated into tangible service improvements: for the first time, all 15 RTAs now offer night and weekend service, and every RTA has increased weekday service frequency. In FY25, RTA ridership increased by 20 percent over the prior year and exceeded pre-pandemic levels by 13 percent, reflecting both improved service and growing rider demand.

Building on this progress, the House 2 budget recommendation would provide \$217.5 million in total funding for RTAs. This includes \$94 million to maintain historical levels of state assistance and \$123.5 million in Fair Share revenues to maintain and expand service improvements. This is an increase of \$8.5 million to support enhanced and regionally-equitable transit service. This investment continues the administration's focus on affordability, workforce stability, and expanded service across the RTA network.

Operating Support and Service Enhancements

The \$123.5 million in Fair Share funding included in House 2 maintains and builds upon prior-year investments that have supported service expansion and operational improvements at RTAs, including:

- \$66 million in additional State Contract Assistance for RTAs to support expanded service hours, weekend services, and route expansions
- \$35 million to continue fare-free fixed routes and ADA compliant service across all 15 RTAs, ensuring year-round fare-free regional transit statewide
- \$10 million for projects that improve connections among transit delivering enhanced service and workforce initiatives networks, including between RTAs and the MBTA
- \$8.5 million to support RTAs in delivering enhanced service and workforce initiatives
- \$4 million for the Community Transit Grant Program, which expands mobility options for older adults, people with disabilities, and low-income residents through funding for mobility management and operating support

The \$35 million investment to support fare-free fixed routes and ADA compliant service across all RTAs advances the administration's focus on affordability and access to transportation. Many residents rely on regional transit for daily travel, and eliminating fares reduces cost barriers to mobility across the Commonwealth. FY26 marked the first year in which all 15 RTAs provided year-round, fare-free service, reflecting the cumulative impact of recent operating investments. In addition to the House 2 investments above, the FY26 Fair Share supplemental budget would increase total RTA investments with \$45 million and

would provide an additional \$15 million for Microtransit and Last Mile Grants, supporting residents' mobility needs with added resources.

Supporting Transportation for Vulnerable and Underserved Populations

Investments in transportation are particularly significant for vulnerable families, seniors, people with disabilities, and veterans, offering access to medical appointments, programs and services like early intervention and day habilitation. Microtransit and other small transportation providers, RTAs and the Executive Office of Health and Human Services (HHS) work together to provide critical transportation links for Massachusetts residents across the complex Massachusetts transportation network. These offerings — generally included in the definition of public transit but with reach beyond traditional public transit service providers and areas — address unique transportation needs, especially in rural and underserved areas of the state, and for populations with specialized needs.

Across House 2 and the FY26 Supplemental Budget, the administration is proposing targeted funding for RTAs, microtransit, and HHS transportation to meet the moment and support mobility needs and access. Serving primarily low-income, elders and disabled populations, including clients of MassHealth, Department of Developmental Services, Department of Public Health (Early Intervention), MassAbility, Massachusetts Commission for the Blind, and Department of Mental Health, HHS agencies coordinate through the Human Services Transportation Office (HST) in partnerships with two RTAs – Montachusett Regional Transit Authority (MART) and Greater Attleboro Taunton Regional Transit Authority (GATRA) – who contract with over 300 transportation vendors to provide transportation for people accessing healthcare, social services, and other essential human services. These transportation services can be life changing and for their users, amounting to over 4.4 million trips per year for over 88,000 MassHealth members receiving MassHealth services and over 3.6 million program-based trips to over 12,000 clients of HHS agencies each year.

HHS continues to invest in the HST system, including recent route redesigns to better connect clients with services and expand access to services. As of FY26, these enhancements have allowed 400 new consumers access to transportation to day programs. There are many other providers of transportation services throughout the Commonwealth including aging/senior vans and school transportation that rely on the broader transportation network and are impacted by the level and types of investment that are made in the network.

With meaningful funding support for Regional Transit Authorities and MBTA, microtransit, education transportation, HHS transportation, and grant programs, this administration is committing significant resources to the transportation needs of Massachusetts residents across the Commonwealth, including those with limited alternative travel options.

Infrastructure and Transportation Innovation Fund

House 2 establishes a new fund to support startup companies that can directly address our transportation needs while leveraging the robust technology, innovation, and research capacity within our public education landscape. With a seed investment of \$5 million, the Infrastructure & Transportation Innovation Fund would equip MassVentures to identify and

support startup companies focused on developing new technologies in the transportation sphere. Emphasis on diverse companies and geographic equity will be central tenets to administering this fund, with MassVentures using its expertise to bolster success and attract private capital.

Conclusion

Taken together, the transportation investments in the administration's FY27 legislative package reflect a continued focus on stabilizing core systems, addressing deferred maintenance backlogs and infrastructure modernization, improving reliability and safety for transit riders, and supporting cities and towns across the Commonwealth, including vulnerable populations, underserved and rural communities. By pairing operating support with sustained capital delivery capacity, these investments advance progress on long-standing infrastructure needs while responding to current service and affordability challenges. The House 2 proposal would position the Commonwealth's transportation network to better meet the needs of residents, businesses, and visitors, making Massachusetts more competitive while maintaining fiscal discipline and planning for long-term system sustainability.