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Senate, House File Comprehensive Transportation Reform

Reformed. Rebuilt. Renewed.

Legislation dramatically restructures transportation system; eliminates Turnpike Authority; ensures toll equity; and puts MBTA employees and retirees under GIC

(BOSTON) – Just one week after passing landmark pension reform, the Legislature tonight continued its aggressive reform agenda by filing final legislation that completely overhauls the state’s transportation system. The consensus bill dissolves the Turnpike Authority and consolidates multiple agencies into a unified, independent agency, eliminating waste and producing billions of dollars in short- and long-term savings. The new agency would begin operating November 1, 2009. The Senate and House are expected to approve the legislation tomorrow in formal sessions and send it to the Governor for his signature.

In a key development, the final bill requires all active and retired MBTA workers to join the state’s Group Insurance Commission (GIC) by January 1, 2010 – the earliest date the GIC could accommodate given the challenge of moving up to 10,000 employees and retirees. An earlier proposal for an actuarial study was dropped during conference negotiations due to new information from a Massachusetts Taxpayers Foundation report that verifies significant savings under GIC.

“Since November, when all we were hearing about was a gas tax, the Senate has insisted that we cannot simply throw new revenue into a broken transportation system ... we need to reform the system first,” **Senate President Therese Murray** said. “Now, along with the House, we have delivered on the promise of Reform before Revenue. This is a landmark occasion for the Commonwealth, which has never seen such a dramatic restructuring of its transportation system. We will all benefit from this major reform for decades to come.”

“This bill eliminates the antiquated and inefficient transportation structure in Massachusetts,” **House Speaker Robert DeLeo** said. “It also brings considerable cost-savings. In a very short time, we have delivered on our promise to reform our transportation and pension systems, and I look forward to further action on ethics reform and the budget soon.”

“This consensus bill contains all the best provisions from the three original proposals by the Senate, House and Governor,” said **Senator Steven Baddour**, Senate chairman of the Joint Committee on Transportation. “By focusing on transparency, efficiency and reform, we have produced a bill that establishes the fair and cost-effective transfer of workers and puts the citizens of the Commonwealth first with long-term savings. We also create immediate savings in employee health care benefits and ensure the payment of existing bond covenants. This is a comprehensive bill that meets the necessary requirements of all interested parties, the result of which will bring dramatic and meaningful changes to our transportation system.”

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“This is a historic reform measure which will benefit every citizen of the Commonwealth,” said **Rep. Joseph Wagner**, House chairman of the Joint Committee on Transportation. “This reform modernizes the Commonwealth’s transportation system, streamlines operations, and creates operational and financial efficiencies.”

The final bill eliminates the Turnpike Authority, streamlines communications, and creates a more efficient and cost-effective system under a unifying agency called the **Massachusetts Department of Transportation (MassDOT)**, potentially saving the Commonwealth up to \$6.5 billion during the next 20 years.

MassDOT sheds the many layers of bureaucracy in the current system by consolidating and sharing existing resources and services. It is overseen by a five-member board, appointed by the governor, and contains an office of planning and programming to coordinate financing and development of all surface transportation plans, including roads, bridges and transit.

The legislation also reconstitutes the Highway Fund as the Commonwealth Transportation Fund, which is subject to annual appropriation by the Legislature and uses gas tax and registry fee revenue to pay debt service and contract assistance. Remaining revenues are transferred annually into the newly-established Transportation Trust Fund, which takes in all other transportation revenues, including Tobin Bridge and highway tolls, and pays for MassDOT operations.

Under the new agency, the current system is reduced to four divisions: 1. **Registry of Motor Vehicles**; 2. **Highway** (which consolidates MassHighway, Department of Conservation and Recreation bridges and selected roadways, the Tobin Bridge, the Metropolitan Highway System, and the Western Turnpike); 3. **Mass Transit** (which includes the MBTA and Regional Transportation Authorities, both of which remain independent with MassDOT oversight); 4. **Aeronautics** (which replaces the former Massachusetts Aeronautics Commission and retains control over all municipal airports).

The bill eliminates the Turnpike Authority, merging the Metropolitan Highway and Western Turnpike systems into MassDOT on January 1, 2010 with transfers of employees and assets required by that date.

One of the biggest pieces of the bill is the treatment of MBTA employees and retirees under GIC. Those currently paying 15 percent of their health benefits will be required to contribute the same as their state employee counterparts – 15 percent for those hired before June 30, 2003 and 20 percent for those hired after that date.

All pre-65 retired employees will pay 15 percent of their health insurance premium under the new legislation, and all retired MBTA employees over 65 will be responsible for their monthly Medicare Part B premium payment and up to 15 percent of any Medicare supplement plan.

Using estimates from the MassTaxpayers report on MBTA health benefits, savings from this proposal will be \$35 million a year, or approximately \$700 million in 20 years.

Other measures in the legislation include the elimination of the MBTA’s “23 and out” for future employees effective July 1, 2009, requiring those employees to reach 25 years of service and 55 years of age to collect retirement benefits. The bill also establishes the Office of Performance Measurement to impose stringent accountability on the new agency.

Additionally, the legislation puts Troop E under full control of the State Police colonel and addresses toll equity by ensuring that toll revenues are spent on tolled roads.

Massport is left untouched under the bill and remains independent because of its unique responsibility for Logan Airport and the Port of Boston. No state money is used for Massport operations.

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