METROPOLITAN TRANSPORTATION COMMISSION

Proposed FY 2026-27 Operating and Capital Budget

Derek Hansel
Chief Financial Officer

June 24, 2026

FY 2026-27 Budget Assumptions

Revenue

- Transportation Development Act (TDA) budget projections up by 3.5% in comparison to FY 2025-26
- Interest yield 3.6%
- Modest decrease in federal grant funding
- Decrease in state funding is primarily due to Regional Early Action Planning 2.0 grant spend down

Expense

- 431 Full Time Equivalent positions
  - One new position
  - 3.8% cost-of-living adjustment

Continuing and New Operating Concerns

MTC budget is developed in the face of challenges and uncertainty including:

- Moderate to high inflation over past five years
- Interest rate uncertainty
- Funding uncertainty
  - Federal Action Response Team
  - Scenario Planning
- Global trade tensions due to tariffs, inflationary pressures, and materials and labor supply constraints could impact future sales tax growth and availability of state funding

Summary of Changes from May Draft

- **COLA increase 3.2% → 3.8% per MOU**
- **General Fund revenue increase 2.4% → 3.5%**
- **Interest yield increase 3.3% → 3.6%**
- **Contractual services updates**

	FY 2026-27 May Draft ($ Millions)	FY 2026-27 Proposed ($ Millions)	Change ($ Millions)
Operating Budget			
Total Operating Revenue	$355.5	$357.3	+$1.8
Total Operating Expense	$356.9	$357.9	+$1.0
Operating Surplus/(Deficit)	**($1.4)**	**($0.6)**	**+$0.8**
Capital Budget			
MTC Capital Budget (FY 2026-27)	$1.6	$1.9	+$0.3
Clipper Operating			
Total Clipper Operating Expense	$64.0	$64.4	+$0.4

MTC FY 2026-27 Operating Budget

Operating Revenue Sources

- Federal Grants:
  FHWA, FTA, Safe Streets

Operating Expense

- Salary & Benefits - COLA 3.8% (per CPI); 8% vacancy; 46% benefit rate

Reserves

- $0.6 million deficit driven by ICAP carryforward (-$5.5 million)
- Policy requires $38 million operating reserve. The projected year-end total reserve is $78.8 million

Revenue	FY 2025-26 Amendment No. 1 ($ thousands)	FY 2026-27 Proposed ($ thousands)	Change % Increase/(Decrease)
Federal Grants	$182,077	$173,501	(5%)
State Grants	66,584	55,699	(16%)
Local	44,975	65,367	45%
Transfers	7,880	6,402	(19%)
General Fund	16,782	17,369	3%
Other	38,174	38,930	2%
Total Revenue	**$356,472**	**$357,269**	**0%**
Expense	**FY 2025-26 Amendment No. 1 ($ thousands)**	**FY 2026-27 Proposed ($ thousands)**	**Change % Increase/(Decrease)**
Salary & Benefits	$61,924	$62,801	1%
Computer Services	9,610	11,998	25%
General Operations	5,945	5,348	(10%)
Contract Services	270,287	275,688	2%
Other	2,195	2,080	(5%)
Total Expense	**$349,961**	**$357,914**	**2%**
Operating Surplus/(Deficit)	**$6,511**	**($645)**	**(110%)**