Photos, left to right: Karl Nielsen; Noah Berger; Courtesy of SamTrans. All rights reserved.

MTC's Federal Surface Transportation Reauthorization Priorities

Reauthorization of the federal transportation program gives Congress a timely opportunity to refuel America's economic engines by ensuring future investments meet the urgent needs of metropolitan regions like the Bay Area that drive the nation's economy. MTC urges Congress to build on the historic gains of the Infrastructure Investment and Jobs Act (IIJA) as follows:

1 Ensure Stability of Bay Area's Federal Transportation Funding

MTC's top priority is to keep Bay Area federal transportation dollars at least level by sustaining and, where possible, increasing Highway Trust Fund support for the core highway and transit programs.

This includes avoiding steep cuts for California and the Bay Area by making the IIJA's bridge and transit state of good repair formula "advance appropriations" a permanent component of the surface transportation funding baseline.

Transportation is the lifeblood of the Bay Area's $1.3. trillion economy. Photo: Noah Berger.

Steadily rising prices for transportation projects make it especially important to preserve the IIJA's advance appropriations and avoid a funding cliff. While the IIJA provided a significant increase in federal formula funding, the value of these funds has been eroded by construction cost growth – California's construction costs rose 35% over the same period. Without action, California will see a 10% cut in federal highway funding, and the Bay Area will experience an 11% drop in transit formula resources when the advance appropriations expire in October 2026.

Photo: Mark Jones.

Transit State of Good Repair at Risk

Under IIJA, the Bay Area's federal transit formula funds grew to $690 million in FY 2026, up from $450 million annually under the prior bill. However, a significant share of this growth ($75 million per year) is temporary, stemming from the General Fund augmentation to the Section 5337 State of Good Repair program. MTC is co-leading efforts to preserve these funds.

Federal Transit Programs
Bay Area Share of National Total

Program	Bay Area
Formula	
5337 — State of Good Repair	**7.9%**
5307 — Urbanized Area	**4.5%**
5339 — Bus Formula	**2.4%**
5310 — Seniors and Individuals With Disabilities	**1.8%**
5311 — Rural Area	**0.3%**
Competitive	
5337 — Railcar Replacement	**0%**
All Stations Accessiblity	**1.5%**
Bus and Low-No Emission	**2.4%**
FTA Ferry	**5.5%**

Source: MTC analysis of USDOT data; Competitive grant shares reflect 2024 awards.

2 Prioritize Highway and Transit Formulas

MTC urges Congress to prioritize formula programs in the surface transportation bill, which provide the certainty states and metro areas need to plan, deliver and maintain major projects. Predictable, flexible and adequate resources are essential to address national priorities like safety, state of good repair and congestion relief. These shared goals require tailored solutions, which states and regions are best positioned to identify and prioritize. Formula funding enables local decision-making while minimizing administrative burdens across all levels of government.

Discretionary programs remain important for funding nationally significant projects that are too large for formulas and for testing new ideas (See Priorities 3 and 4).

Bay Area workers depend on transit and highways. Photo: Noah Berger.

3 Fund the Capital Investment Grant Program

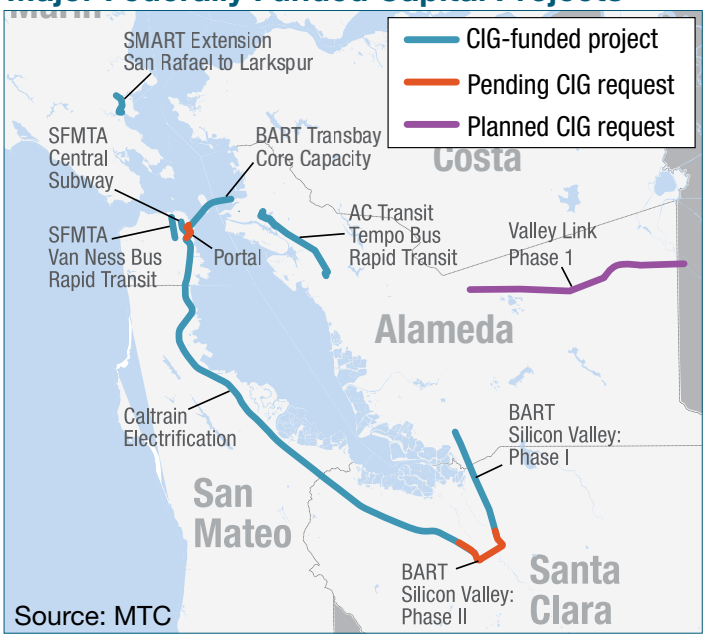
MTC urges Congress to sustain investment in the Federal Transit Administration Capital Investment Grant (CIG) program, which for the last decade has helped fund nearly every major transit expansion project in the Bay Area. In the coming years, the Bay Area is counting on billions in CIG dollars to deliver the next generation of capacity expansion projects.

Bay Area Projects Create Jobs Across the United States

Just five major Bay Area rail projects — two funded and three awaiting or planning for full funding grant agreements — are expected to create 250,000 jobs across the country, delivering benefits for workers, riders and businesses nationwide.The Bay Area needs a strong federal partnership to keep these projects on track:

Five Bay Area Rail Projects generate **250,000 Jobs** Nationwide

Major Federally Funded Capital Projects



1. Caltrain Electrification
2. BART Transbay Core Capacity
3. BART to Silicon Valley: Phase II
4. The Portal: Caltrain extension to Salesforce Transit Center
5. Valley Link Phase I

4 Establish an ADAPT Resilience Demonstration Program

Protect our nation's infrastructure by funding large-scale demonstration projects that safeguard critical infrastructure and regional economies from natural disasters. The goal is to break down interagency barriers and test replicable models for delivering complex, multi-jurisdictional projects more efficiently. In the Bay Area alone, some $100 billion is needed just to protect the shoreline from flooding through 2050 — a challenge shared by states and regions nationwide that needs robust federal support and coordinated federal agency reviews to accelerate implementation.

State Route 37 is a linchpin for the Bay Area economy. Photo: Karl Nielsen.

Photo: Noah Berger.

5 Improve Project Delivery and System Effectiveness

MTC supports the following policy updates that reduce project delivery costs and accelerate construction timelines while maintaining environmental safeguards:

- Expand "at-risk" project pre-agreement authority
- Allow regions to adopt six-year (vs. four-year) Transportation Improvement Programs
- Clarify eligibility for regional advance mitigation

MTC also supports retaining flexibility to transfer funds between programs and across modal agencies. This flexibility helps ensure funds are used where they are needed most.

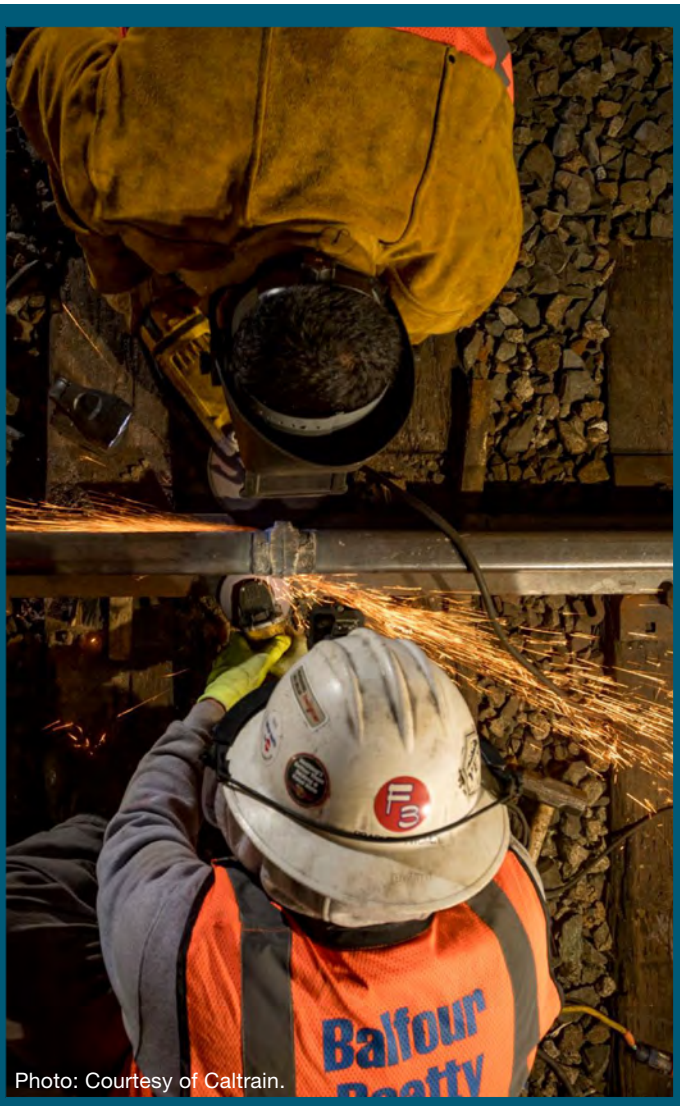


Photo: Courtesy of Caltrain.

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Photo: Karl Nielsen.

METROPOLITAN TRANSPORTATION COMMISSION

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Federal Dollars Keep Bay Area Transit, Communities on the Right Track

MTC is responsible for distributing the Bay Area's federal transportation formula funds and flexible highway funds to county transportation agencies, transit agencies and other project sponsors. The Commission distributes most of these funds through two core programs:

Bus repair at Muni's Potrero Division repair shop.
Photo: Jeremy Menzies, SFMTA.

Transit Capital Priorities Program

MTC invests about $690 million each year to maintain the Bay Area's aging rail, bus and ferry infrastructure and to modernize transit agency fleets. MTC prioritizes these federal funds in coordination with transit agencies to keep the region's core transit assets safe and reliable.

One Bay Area Grants fund our Transit-Oriented Communities and our Safe Routes Programs.
Photos: Noah Berger.

One Bay Area Grant (OBAG) Program

MTC and the nine Bay Area counties partner to invest some $200 million per year through OBAG. These grants help local governments, transit agencies, and others fund plans and projects that support the region's transit-focused growth strategy, improve safety, spur economic development and help the Bay Area meet air quality improvement goals.

MTC also distributes about $20 million in federal highway funds per year through the Carbon Reduction Program and a regional Active Transportation Program to provide Bay Area residents and visitors alike more choices in how to get around.

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