



# Proposed FY 2026-27 Operating and Capital Budget

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# 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)
<b><i>Operating Budget</i></b>			
Total Operating Revenue	\$355.5	\$357.3	+\$1.8
Total Operating Expense	\$356.9	\$357.9	+\$1.0
<b>Operating Surplus/(Deficit)</b>	<b>(\$1.4)</b>	<b>(\$0.6)</b>	<b>+\$0.8</b>
<b><i>Capital Budget</i></b>			
MTC Capital Budget (FY 2026-27)	\$1.6	\$1.9	+\$0.3
<b><i>Clipper Operating</i></b>			
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%
<b>Total Revenue</b>	<b>\$356,472</b>	<b>\$357,269</b>	<b>0%</b>
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%)
<b>Total Expense</b>	<b>\$349,961</b>	<b>\$357,914</b>	<b>2%</b>
<b>Operating Surplus/(Deficit)</b>	<b>\$6,511</b>	<b>(\$645)</b>	<b>(110%)</b>