

(Photos, left to right: Karl Nielsen; Noah Berger; Joey Kotfica. All rights reserved.)

# Protecting Transit and Housing Investments in the FY 2026–27 State Budget

The Bay Area’s \$1 trillion economy depends on a strong, reliable transit system and housing that is affordable to workers at every income level. Jobs, mobility and affordability are interconnected — and they depend on continued state partnership. As the Legislature finalizes the FY 2026–27 State Budget, maintaining stable funding for transit and housing programs will protect projects already underway, leverage federal investment, and prevent setbacks that would increase costs for residents and businesses alike.

## Fully Fund Cap-and-Invest Transit and Housing Initiatives

SB 840 set statutory funding targets for key transit and housing programs:

- **\$800M** – Affordable Housing and Sustainable Communities (AHSC)
- **\$400M** – Transit and Intercity Rail Capital Program (TIRCP)
- **\$200M** – Low Carbon Transit Operations Program (LCTOP)

The Governor’s January budget proposal funds these programs at approximately 30% below the statutory targets due to reduced auction revenues.

These initiatives fund housing near transit, modernize rail and bus infrastructure, reduce congestion and emissions, and support jobs across California.



(Photo: Mark Jones)

### Investment Across America BART to Silicon Valley Phase II Extension Project



**75,000**  
New jobs across 41 states

- **43,000** Construction & Engineering
- **21,000** Logistics & Support
- **11,000** Goods, Services & Retail

Source: VTA BSVII Investment Across America Brochure – VTA, March 2025

MTC-ABAG requests the Legislature fund these programs at levels consistent with the statutory targets.

## Fulfill the SB 125 Transit Funding Commitment

In 2023, the Legislature adopted SB 125, a \$5.1 billion multi-year transit funding package designed to stabilize transit operations and advance critical modernization projects. Nearly



BART train travels through Oakland.  
(Photo: Noah Berger)

\$700 million in FY 2026–27 and FY 2027–28 Greenhouse Gas Reduction Fund (GGRF) commitments under SB 125 are outstanding and are not reflected in the Governor’s proposed multi-year Cap-and-Invest expenditure plan.

The Bay Area’s remaining share is \$250 million. MTC committed those funds to:

- BART to Silicon Valley Phase II
- BART Transbay Core Capacity

Both projects are under construction and leverage significant local, regional and federal funds.

MTC-ABAG urges the Legislature to provide the remaining SB 125 appropriations, consistent with prior budget commitments.

### Clipper® BayPass for Bay Area Community College Students

Clipper BayPass is an unlimited transit pass administered by MTC that provides free travel for cardholders across the 22 Bay Area transit systems that accept Clipper. Following the success of two pilot phases, organizations may now purchase BayPass for their employees, residents and/or students. However, for many Bay Area community colleges, cost and statutory limitations on fees are significant barriers. If the Legislature proceeds with the \$125 million transit pass set-aside under SB 840, MTC recommends the Bay Area’s share (\$40 - \$60 million) be directed to expand BayPass access for the region’s more than 400,000 community college students. This will not only ensure the funds increase transit usage in the near term, it will also improve educational outcomes and help grow the next generation of Bay Area transit riders.



(Photo: Noah Berger)

#### Pilot Shows Students with BayPass:



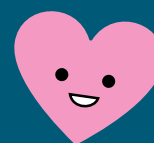
**30% – 35%**  
Took More Transit

**2x**

More Transfers



**6% – 15%**  
More Likely to Stay Enrolled



**5x** More Find Transit Appealing

Than Peers with a Single Agency Pass.



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

#### For more information contact:

Georgia Gann Dohrmann  
Assistant Director for Legislation and External Affairs  
email: [gganndohrmann@bayareametro.gov](mailto:gganndohrmann@bayareametro.gov)