

FY2027 Budget Preview

May 20, 2026



OVERALL BUDGET

Changes Between Approved to Adopted

FY2027 Highlights

- ▶ Projected beginning fund balance increased by \$13.9M
- ▶ Resources increased \$5.6M
- ▶ Decreased budget by a net \$64.5M resulting in a \$1.14B appropriated budget
- ▶ Increased ending fund balance by \$84M

NET SPENDING REDUCTION

FY2027 Budget Impacts

- ▶ \$64.5M net reduction
 - **Increases** in fuel, utilities, insurance and CIP
 - **Decreases** in G&A costs, service, debt service and contingency
- ▶ Annualized impact of G&A costs and service reductions is \$79.5M

G&A Costs Reductions Position Changes

Position Changes

- ▶ ~400 full-time equivalent positions eliminated
- ▶ ~140 vacant positions
- ▶ Some employees moving to prior union positions
- ▶ Approximately 170 layoffs
 - ~100 Non-Union
 - ~70 Union

G&A Costs Reductions Materials & Services

Materials & Services

- ▶ \$26.6 million annualized reductions
 - \$19.5M net reductions due to increases in operating costs
- ▶ Decreases include such things as:
 - Travel & Training
 - Software License Fees
 - Security Services

FY2027 Adopted Budget Adjustments



FY2027 Budget Priorities

- ▶ **Fiscal Sustainability**

Focus on essential services and operations to ensure efficient use of available resources

- ▶ **Service**

Maintaining core service to the region across our 533 square mile district.

- ▶ **Safety & Security**

Separated out Emergency Management to better dedicate focus and resources to EM

- ▶ **State of Good Repair**

\$103.2M of CIP budget dedicated to maintaining and modernizing existing assets

FY 2027 Highlights

- ▶ Focused on changes from Proposed/Approved to Adopted
- ▶ Resource and requirement changes
- ▶ Improved fund balance
- ▶ Reorganizations
- ▶ All divisions impacted by reductions

FY2027 Approved to Adopted Changes – Fund Balance

FY2026 Estimates (in Millions - Changes from the FY2027 Approved to Adopted Budget)

Impact	Approved	Adopted	Changes	Impact	Description of Change
Resources	\$1,072.0	\$1,074.1	\$2.1	+	Increases Ending Fund Balance
Requirements	\$1,070.1	\$1,058.3	-\$11.8	+	Increases Ending Fund Balance
Ending Fund Balance	\$779.6	\$793.5	\$13.9	+	Change in Ending Fund Balance from Approved to Adopted

FY2027 Budget (in Millions - Changes from the FY2027 Approved to Adopted Budget)

Impact	Approved	Adopted	Changes	Impact	Description of Change
Beginning Fund Balance	\$779.6	\$793.5	\$13.9	+	Increased due to changes in FY2026
Resources	\$947.7	\$953.2	\$5.5	+	Increases Ending Fund Balance
Requirements	\$1,205.1	\$1,140.6	-\$64.5	+	Increases Ending Fund Balance
Ending Fund Balance	\$522.2	\$606.1	\$83.9	+	Total change in FY2027 Ending Fund Balance

FY2027 Approved to Adopted Changes - Resources

Source	Approved	Adopted	Change	Impact	Explanation
Beginning Fund Balance	\$779,591,873	\$793,477,234	\$13,885,361	+	Results from FY2026
Operating Revenue	\$83,167,600	\$84,143,700	\$976,100	+	Passenger Fare Projections
Non-Operating Resources	\$18,433,700	\$19,641,300	\$1,207,600	+	Energy Credits
Tax Revenue	\$548,629,789	\$560,738,300	\$12,108,511	+	Improved results in FY2026
Federal, State, and Local Grants	\$175,905,921	\$169,172,400	-\$6,733,521	-	Timing of the grants overall
Capital Grants	\$58,091,540	\$68,962,681	\$10,871,141	+	Updated project cash flows
Other Resources	\$63,476,052	\$50,603,626	-\$12,872,426	-	Local contribution on projects
Total	\$1,727,296,475	\$1,746,739,241	\$19,442,766	+	

FY2027 Approved to Adopted Changes - Requirements

Source	Approved	Adopted	Change	Impact	Explanation
Personnel Services	\$575,343,848	\$533,864,026	-\$41,479,822	+	Service and G&A reductions
Materials & Services	\$278,247,800	\$258,795,000	-\$19,452,800	+	Service and G&A reductions
Capital Improvement Program (CIP)	\$213,602,361	\$217,070,184	\$3,467,823	-	Project Cash Flow
Pass Through/Fund Exchanges	\$25,395,868	\$25,395,900	\$32	-	Minimal Change
Debt Service	\$84,374,950	\$79,357,081	-\$5,017,869	+	Debt Structure
Contingency	\$28,138,998	\$26,160,483	-\$1,978,515	+	Above changes
Ending Fund Balance	\$522,192,650	\$606,096,567	\$83,903,917	+	Culmination of all changes
Total	\$1,727,296,475	\$1,746,739,241	\$19,442,766	+	

FY2027 Adopted Budget - Overview

Reorganizations for work alignment & financial efficiencies

- ▶ **Operations Administration Division** – *Re-established*
 - Operations Administration Department
 - Operations Training & Development Department
- ▶ **Transit System & Asset Support Division** – *Dissolved*
 - ▶ Some staff moved to other work groups
- ▶ **Labor Relations & Human Resources Division**
 - LR/HR Legal Compliance Department
- ▶ **Safety & Security Division**
 - Separated out Emergency Management to better dedicate focus and resources to EM
- ▶ **Strategy and Planning Division renamed to Planning Division**
 - ▶ Chief Strategy & Planning Officer position eliminated

FY2027 Adopted Budget - Overview

Total Appropriated Budget - \$1,140,642,674

Division/ Program Unit	Appropriation	Division/ Program Unit	Appropriation
Office of General Manager	\$1,628,504	Public Affairs Division	\$15,250,920
Operations Administration	\$14,667,827	Safety & Security Division	\$64,258,783
Transportation	\$365,996,190	Planning Division	\$6,680,946
Maintenance	\$279,442,400	Engineering & Construction Division	\$98,170,147
Finance & Administrative Services	\$34,773,313	Other Post-Employment Benefits	\$55,659,371
Information Technology	\$49,304,539	Other Non-Operating Requirements	\$25,395,900
Labor Relations & Human Resources	\$10,731,804	Debt Service	\$79,357,081
Legal Services	\$13,164,466	Contingency	\$26,160,483

FY2027 Adopted Budget - Overview

Personnel

Approved	Adopted	Description
\$349.8M	\$315.3M	Salary & Wages (~66% of Personnel Services)
\$85.8M	\$76.6M	Medical & Dental
\$27.4M	\$27.4M	Overtime
\$28.9M	\$26.5M	Social Security FICA
\$29.0M	\$25.6M	Pension Contributions
\$18.7M	\$22.3M	Other Compensation
-\$19.6M	-\$15.3M	Capitalized Labor – Charged to CIP Projects [credits operating]
\$520.0 M	\$478.5M	Total (reduction of \$41.5M)

FY2027 Adopted Budget - Overview

Programs/Functions (M&S)

Approved Total: \$278.0M	Adopted Total: \$258.6M	Description (Total reduction of \$19.4M)
\$64.8M	\$65.6M	LIFT Contracts/Agreements
\$32.9M	\$37.7M	Fuel, Utilities and Propulsion
\$48.6M	\$37.2M	Transit Police and Security Services
\$18.3M	\$18.3M	Bus & Rail Parts
\$15.5M	\$12.9M	Software License Fees
\$14.3M	\$12.3M	Commuter Rail/Streetcar
\$6.4M	\$7.1M	Insurance Liabilities
\$5.8M	\$5.7M	Lease Agreements
\$206.6M	\$196.5M	Total (~75% of M&S total consist of these eight categories)

FY2027 Adopted Budget - Overview

Capital Improvement

Approved Total: \$213.6M	Adopted Total: \$217.0M	Project Description (Total increase of \$3.4M)
\$42.9M	\$44.0M	82 nd Ave Transit Improvements
\$35.7M	\$35.7M	LRV Fleet Replacement & Expansion
\$15.0M	\$15.0M	TV Highway Transit Improvements
\$2.7M	\$13.4M	Garage, Layover, & TC Expansions
\$10.9M	\$10.9M	Enterprise Resource Planning (ERP)
\$9.4M	\$9.4M	North Downtown Bus Layover
\$8.8M	\$8.8M	Type 1 Substation Replacement
\$7.4M	\$7.4M	ATP Vehicle Replacement & Expansion
\$132.8M	\$144.6M	Total (~67% of CIP total consists of these eight projects)

Budget Scorecard Update

*If the FY2027 Budget is Adopted at the May 27, 2026 Board Meeting.

Budget Balancing Scorecard – 3 Year Plan

	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
Target									\$ 3,674	\$ 245
Spend Reduction									\$ 1,920	\$ 128
Service Cuts									\$ 405	\$ 27
New Revenue									\$ 674	\$ 45
Remaining Gap									\$ 675	\$ 45

	FY2027	FY2028	FY2029	FY2030	FY2031	FY26-FY30	FY31-FY35	FY36-FY40	Total	Avg per Year
Planned	\$ 70	\$ 181	\$ 232	\$ 240	\$ 249	\$ 972	\$ 1,391	\$ 1,309	\$ 3,672	\$ 245
Spend Reduction	\$ 60	\$ 112	\$ 116	\$ 121	\$ 126	\$ 534	\$ 708	\$ 675	\$ 1,918	\$ 128
Service Cuts	\$ 10	\$ 24	\$ 25	\$ 26	\$ 27	\$ 112	\$ 151	\$ 143	\$ 405	\$ 27
New Revenue	\$ -	\$ -	\$ 45	\$ 47	\$ 49	\$ 140	\$ 273	\$ 261	\$ 674	\$ 45
Remaining Gap	\$ -	\$ 45	\$ 46	\$ 47	\$ 48	\$ 186	\$ 259	\$ 230	\$ 675	\$ 45

	FY2027	FY2028	FY2029	FY2030	FY2031	FY26-FY30	FY31-FY35	FY36-FY40	Total	Avg per Year
Implemented	\$ 61	\$ 76	\$ 79	\$ 82	\$ 84	\$ 382	\$ 467	\$ 424	\$ 1,272	\$ 85
Spend Reduction	\$ 50	\$ 59	\$ 61	\$ 63	\$ 66	\$ 300	\$ 364	\$ 330	\$ 993	\$ 66
Service Cuts	\$ 11	\$ 17	\$ 18	\$ 18	\$ 19	\$ 83	\$ 103	\$ 94	\$ 279	\$ 19
New Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Target: To ensure long-term fiscal sustainability which includes right sizing day-to-day operating needs, increasing funding for State of Good Repair, and closing the funding gap on selective existing major projects. (Revenues => Expenditures)

Planned: Identified actions necessary to reduce the deficit

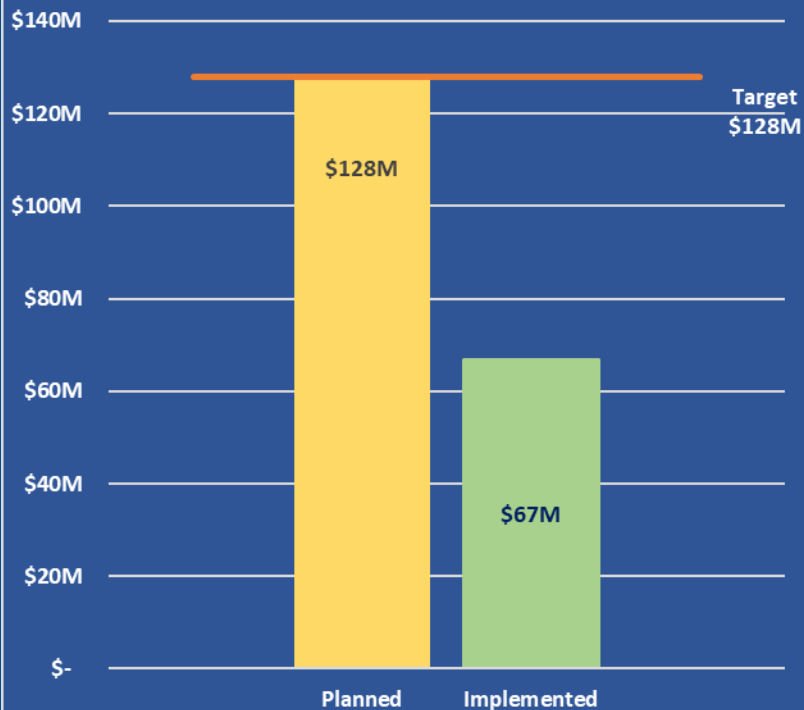
Implemented: Actions taken to date resulting in year over year cost savings

Budget Balancing Scorecard

SPENDING REDUCTIONS

Amounts below are rounded

Balanced Budget - Spending



SPENDING	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
Target									\$ 1,920	\$ 128
Planned	\$ 60	\$ 112	\$ 116	\$ 121	\$ 126	\$ 534	\$ 708	\$ 675	\$ 1,918	\$ 128
Implemented	\$ 50	\$ 59	\$ 61	\$ 63	\$ 66	\$ 300	\$ 364	\$ 340	\$ 1,003	\$ 67
Divisional Cuts	\$ 49	\$ 57	\$ 59	\$ 61	\$ 64	\$ 291	\$ 353	\$ 330	\$ 973	\$ 65
Vacation Payout	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 9	\$ 11	\$ 10	\$ 30	\$ 2
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Planned:

- Over \$50M in cuts will be recognized in FY2027. The annualized figure is higher and accounts for the full \$60M planned, however, separation costs and increases in other areas are offsetting the planned results.

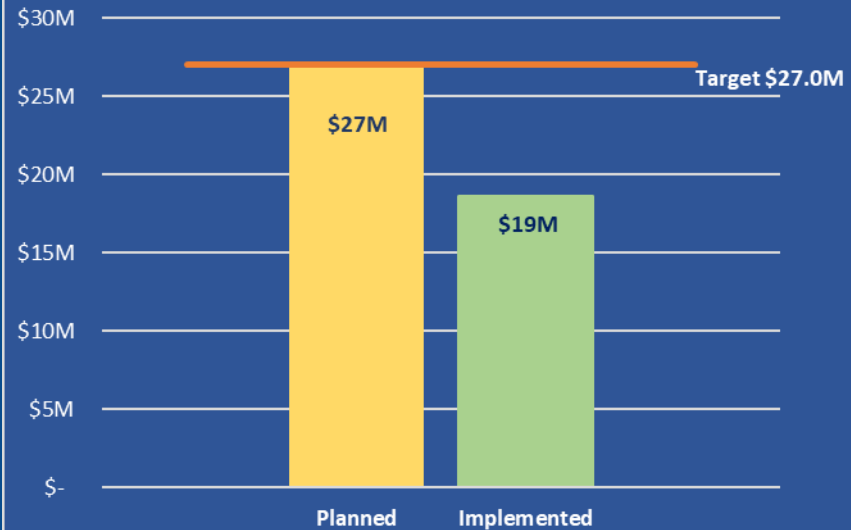
Implemented:

- Vacation payout for non-union employees has been suspended
- Divisional cuts are pending Board adoption of the budget on May 27.

Budget Balancing Scorecard

SERVICE

Balanced Budget - Service



SERVICE	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
Target									\$ 405	\$ 27
Planned	\$ 10	\$ 24	\$ 25	\$ 26	\$ 27	\$ 112	\$ 151	\$ 143	\$ 405	\$ 27
Implemented	\$ 11	\$ 17	\$ 18	\$ 18	\$ 19	\$ 83	\$ 103	\$ 94	\$ 279	\$ 19

Planned:

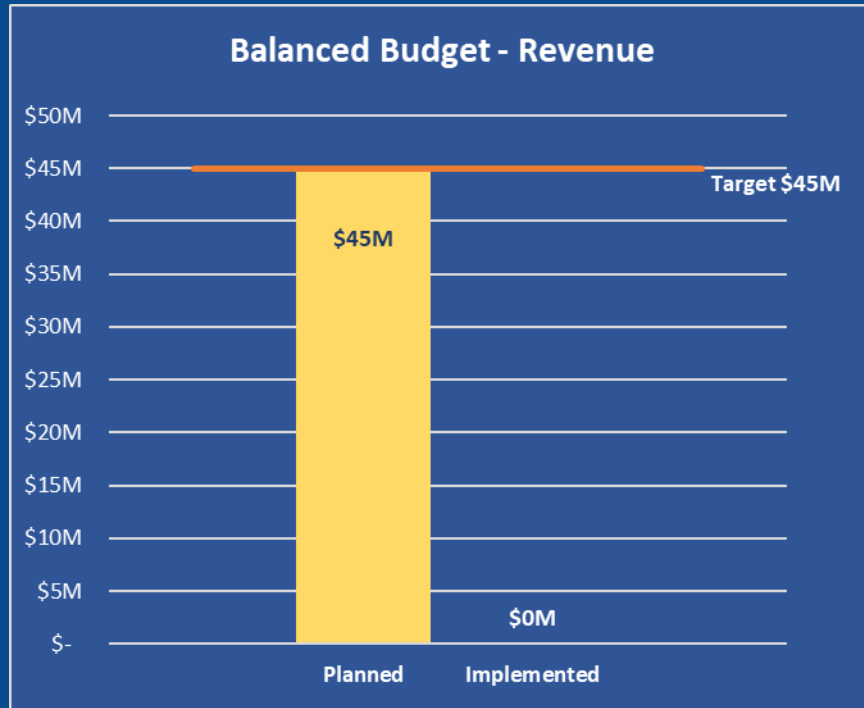
- Fall 2027

Implemented:

- Previous reductions in November 2025 and March 2026.
- Board Approved service reductions on April 22, 2026 for Fall 2026

Budget Balancing Scorecard

REVENUE

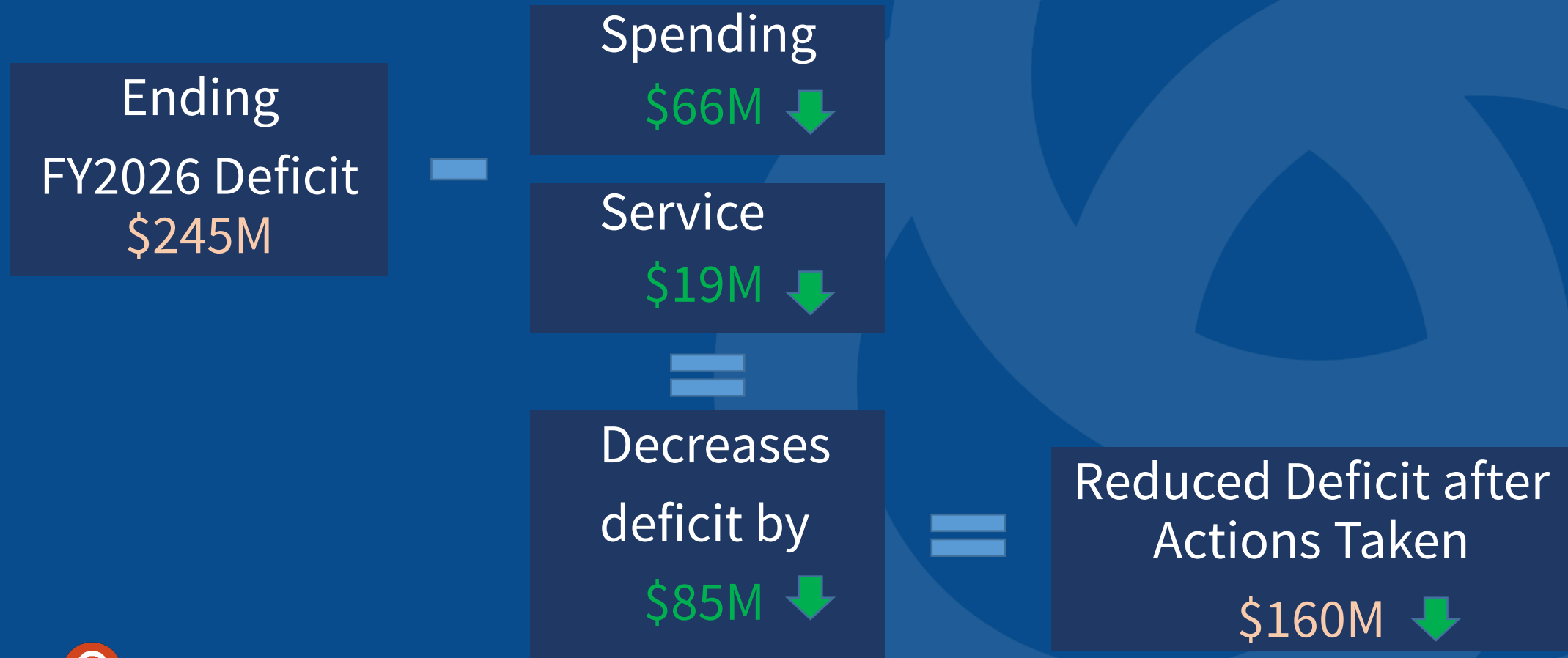


NEW REVENUE	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
Target									\$ 674	\$ 45
Planned	\$ -	\$ -	\$ 45	\$ 47	\$ 49	\$ 140	\$ 273	\$ 261	\$ 674	\$ 45
STIF	\$ -	\$ -	\$ 40	\$ 41	\$ 43	\$ 124	\$ 222	\$ 185	\$ 532	\$ 35
Fare Increase	\$ -	\$ -	\$ 5	\$ 5	\$ 5	\$ 16	\$ 51	\$ 76	\$ 143	\$ 10
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Implemented	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STIF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fare Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Planned (Pending Board Approval):

- Assumes a doubling of the STIF or other continuing revenue starting July 1, 2028.
- Fare increase of \$0.20 planned every 4 years starting FY2029.
- TBD – internal task force assembled for revenue strategies.

Updated deficit inclusive of spending reductions...



QUESTIONS?