

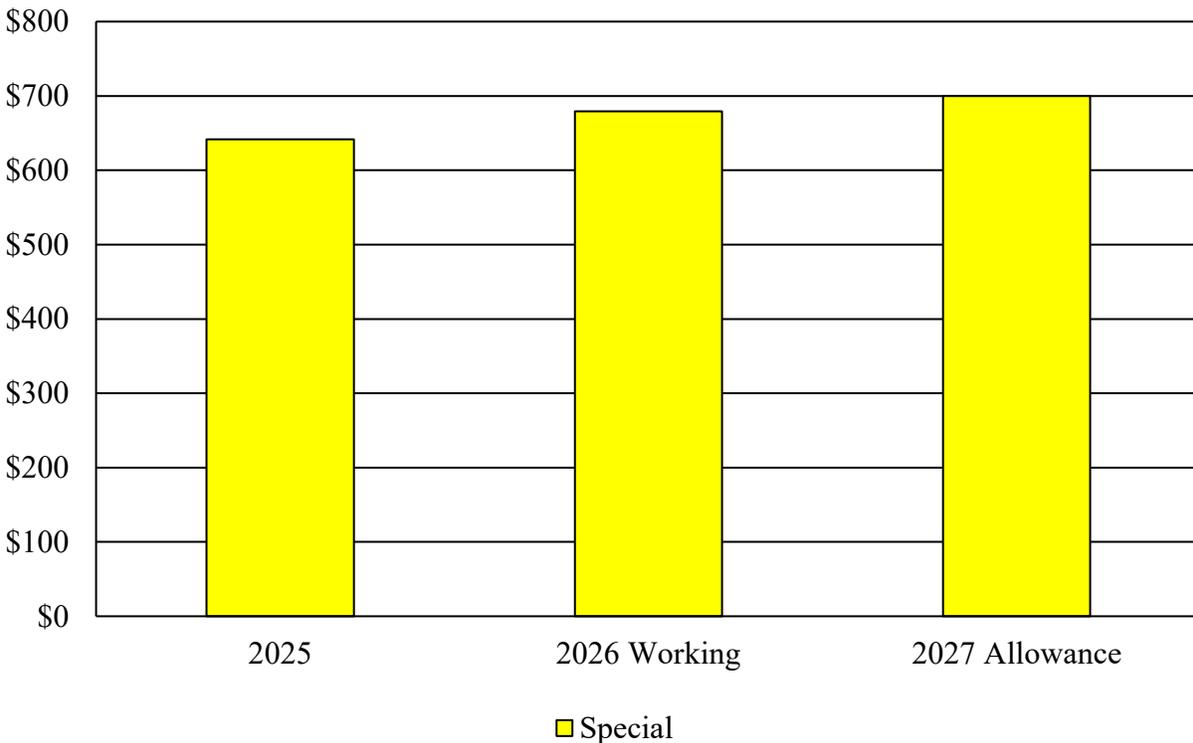
J00A0104
Washington Metropolitan Area Transit Authority
Maryland Department of Transportation

Executive Summary

The Washington Metropolitan Area Transit Authority (WMATA) provides bus, rail, and paratransit services for the Washington, DC Metropolitan Area. This analysis discusses WMATA's operating and capital budgets and the Maryland contribution toward each budget.

Operating Budget Summary

**Fiscal 2027 Budget Increases \$20.4 Million, or 3.0%, to \$699.9 Million
(\$ in Millions)**



Note: This chart reflects only the State operating support for the Washington Metropolitan Area Transit Authority, not its full funding.

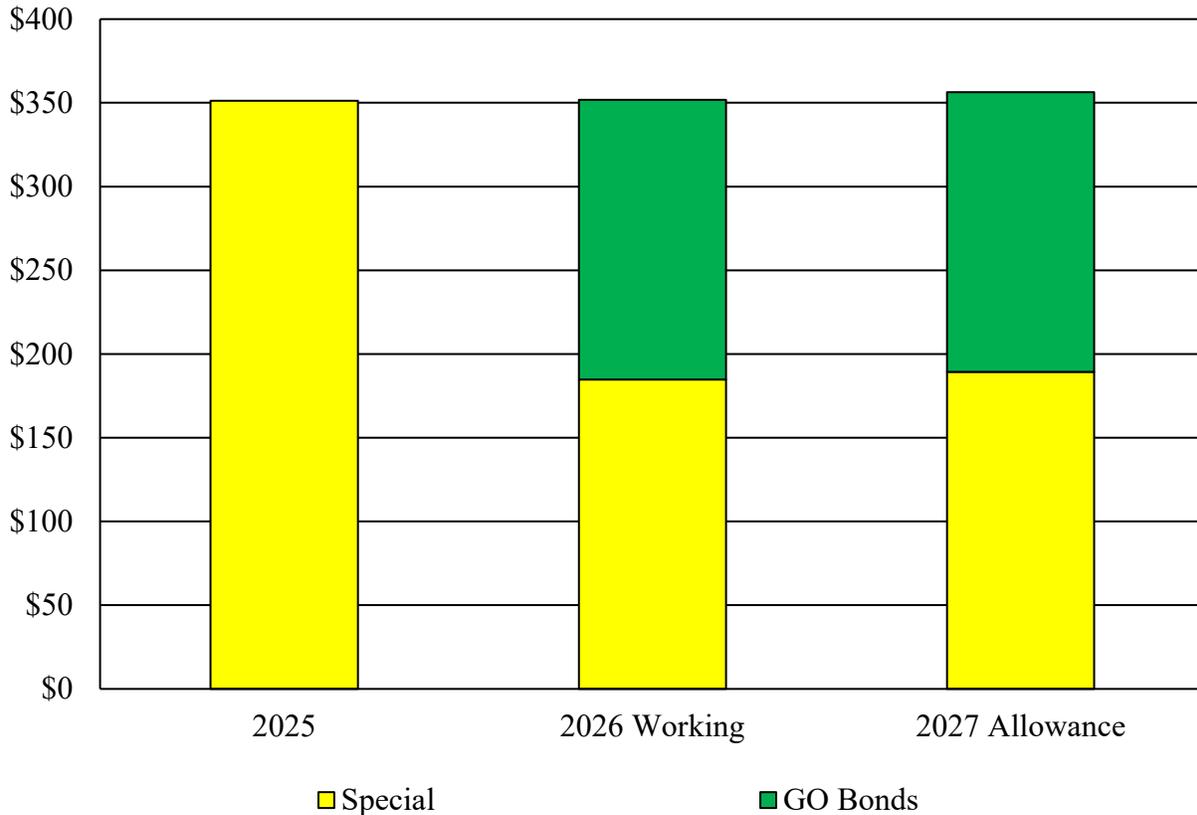
- In fiscal 2027, WMATA's operating grant increases by 3% over the previous year as required by statute.

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PAYGO Capital Budget Summary

**Fiscal 2027 Budget Increases \$4.6 Million, or 1.3%, to \$356.4 Million
(\$ in Millions)**



GO: general obligation

Note: This chart reflects only the State capital support for the Washington Metropolitan Area Transit Authority, not its full funding.

- The Maryland Department of Transportation’s (MDOT) *2025 Consolidated Transportation Program* (CTP) included \$167 million in general funds for the Governor’s capital dedicated WMATA funding for fiscal 2027. The 2026 CTP has shifted that funding from general funds to general obligation (GO) bonds. Future funding is anticipated to be provided through general funds.

Key Observations

- ***Overall Ridership Continues to Grow:*** WMATA experienced a 9% increase in ridership in fiscal 2025 compared to the previous year. Ridership increased for Metrorail and Metrobus but declined for MetroAccess, the agency’s mobility service.
- ***DMVMoves Plan Calls for Additional Capital Funding:*** WMATA and the Metropolitan Washington Council of Governments (COG) endorse the DMVMoves task force’s plan that requests an additional \$460 million in capital funding from its jurisdiction partners beginning in fiscal 2029. That funding would go toward modernizing the Metro system and leveraging federal funds.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor’s allowance.

**Washington Metropolitan Area Transit Authority
Maryland Department of Transportation**

Budget Analysis

Program Description

WMATA operates the second largest heavy rail transit system and the sixth largest bus network in the United States. WMATA was created in 1967 by an interstate compact in which Maryland; Virginia; and Washington, DC participate. Subsequently, two federal representatives were added to the Board of Directors. Each signatory jurisdiction provides two directors to WMATA's eight-member board. Construction of WMATA's originally planned 103-mile Metrorail system began in 1969 and was completed in 2001. In 2004, the system was expanded to 86 stations and 106 miles, with the opening of the Blue Line extension to Largo Town Center and the New York Avenue/Florida Avenue/Gallaudet University station on the Red Line. In 2014, the first phase of the 23.1-mile Silver Line extension to Dulles opened, adding 11.6 miles and 5 stations. The second phase, consisting of 11.5 miles and 6 stations, opened in November 2022. With the opening of an in-fill station on the Blue and Yellow Lines known as Potomac Yard, the Metrorail system currently comprises 128 miles of track and 98 stations. The system now serves 26 stations in Maryland.

Maryland provides an annual operating grant to the Washington Suburban Transit Commission (WSTC) through the MDOT Secretary's Office budget. WSTC authorizes MDOT to provide funding to WMATA for the operation of the Metrorail, Metrobus, and MetroAccess programs. These operating grants are based on numerous factors, including miles of service, number of stations, number of passengers, and population density in each jurisdiction and are offset by the fare revenues generated by each service.

WMATA's mission is to ensure the best in safe, reliable, cost-effective, and responsive transit services by promoting regional mobility and contributing toward the social, economic, and environmental wellbeing of the community.

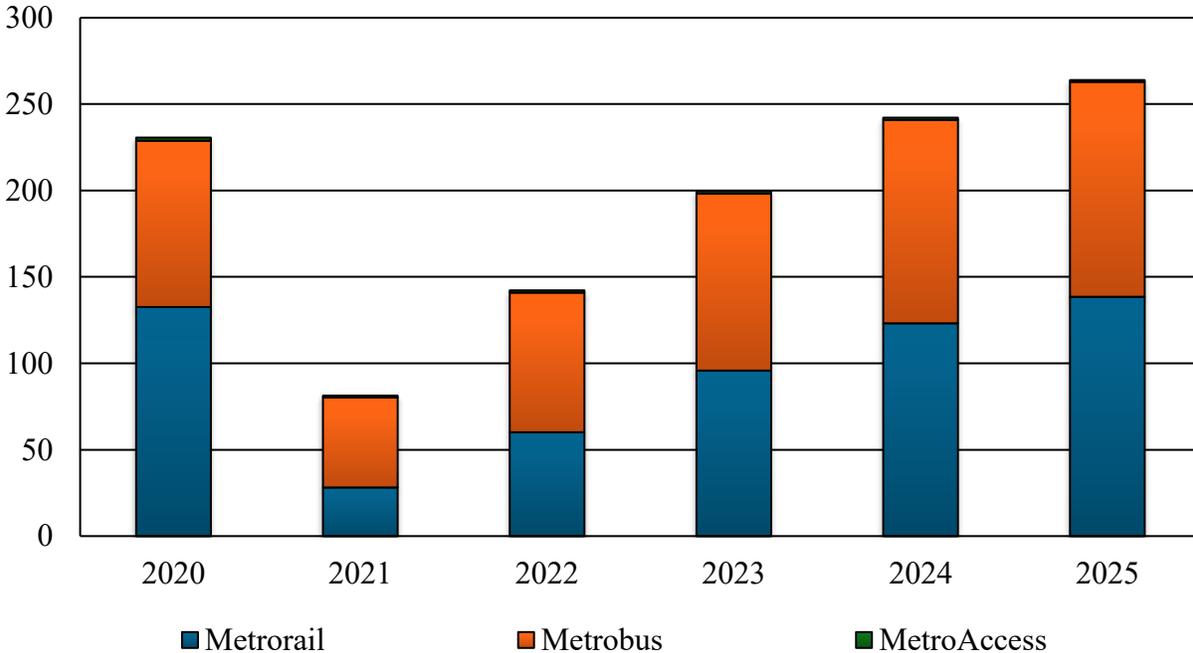
Performance Analysis: Managing for Results

1. Ridership

Exhibit 1 shows ridership for the WMATA system from fiscal 2020 to 2025. Compared to fiscal 2024, ridership increased by 9% to 264 million trips in fiscal 2025, an increase of more than 21 million trips. Ridership increased for Metrorail and Metrobus but decreased by 26% for MetroAccess. The ridership level continues to increase since the lows of the pandemic, with ridership increasing 224% in fiscal 2025 compared to fiscal 2021 but remains below prepandemic ridership levels (approximately 301.5 million in fiscal 2019). Metrobus has returned to

prepandemic levels, but Metrorail and MetroAccess have yet to do so. WMATA notes that weekday ridership has increased with return-to-office orders and structured telework policies.

Exhibit 1
Annual Ridership
Fiscal 2020-2025
(Trips in Millions)



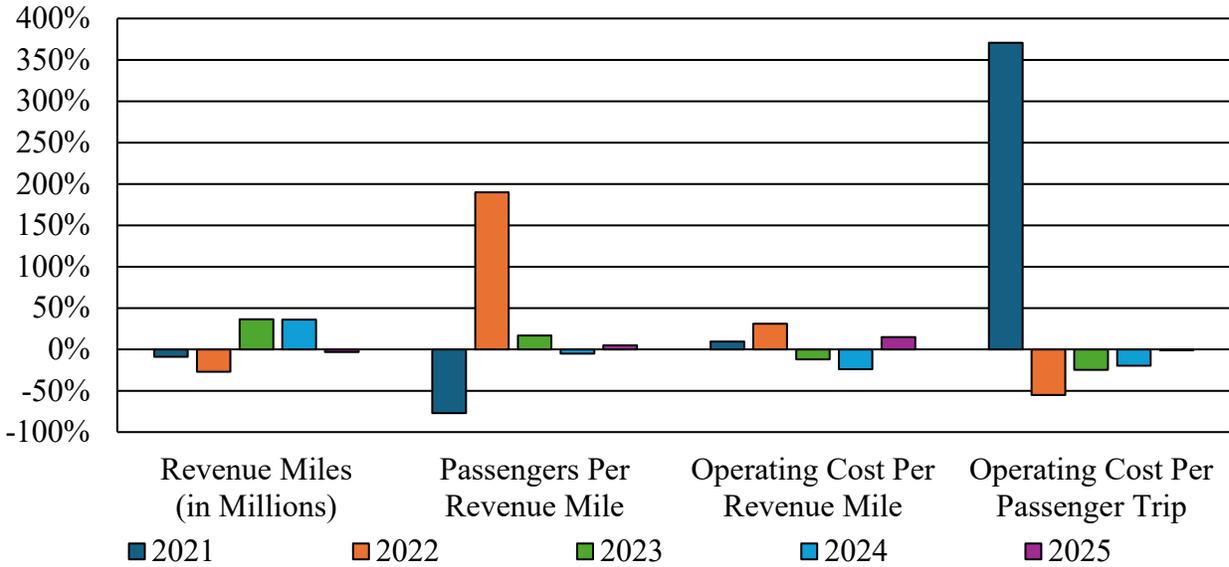
Source: Fiscal 2027 Managing for Results; Department of Legislative Services

2. System Performance

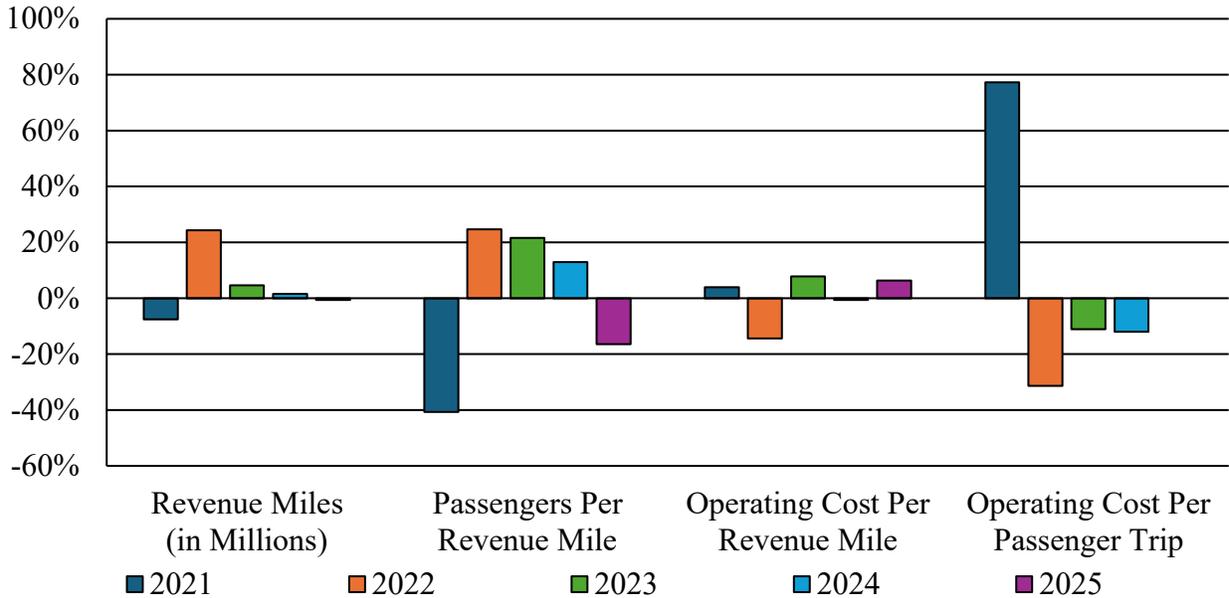
One method of measuring the performance of transit systems is to look at the relationship between the service provided and used, as measured by revenue miles and passenger trips, relative to expenditures. Low operating cost per revenue mile or passenger trip indicates efficiency in a transit system. **Exhibit 2** shows the percentage change from the prior year for revenue miles, passengers per revenue mile, operating cost per revenue mile, and operating cost per passenger trip for both Metrorail and Metrobus service for fiscal 2021 through 2025. Fiscal 2025 showed decreases in revenue miles for both Metrorail and Metrobus and increases in operating cost per revenue mile for both Metrorail and Metrobus. Metrorail showed an increase of 4.8% in passengers per revenue mile, while Metrobus had a decrease of 16.4% in passengers per revenue mile.

Exhibit 2
Metrорail and Metrobus Performance Measures
Fiscal 2021-2025

Metrорail



Metrobus

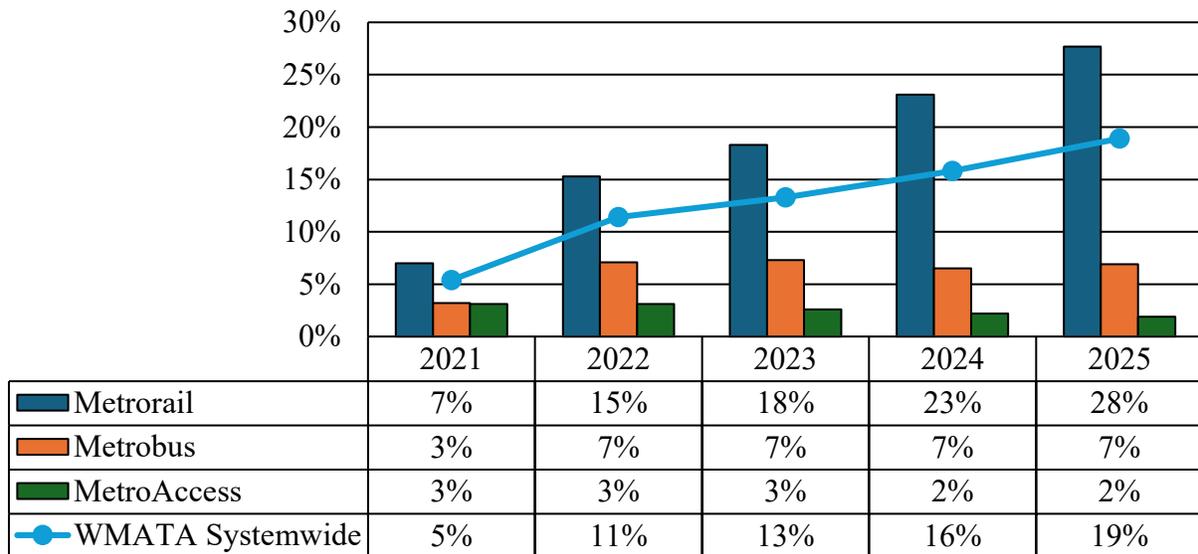


Source: Fiscal 2027 Managing for Results; Department of Legislative Services

3. Farebox Recoveries

The farebox recovery ratio measures the percentage of operating expenses that is covered by fares collected. **Exhibit 3** shows WMATA’s farebox recovery ratios from fiscal 2021 to 2025 by service and systemwide. Systemwide farebox recovery rates have continued to grow since the lows of the pandemic in fiscal 2021. Fiscal 2025 showed improvement in both Metrorail and WMATA systemwide performance. This increase in farebox recovery is driven by Metrorail, which increased from 23% in fiscal 2024 to 28% in fiscal 2025. Metrobus continues to hover around 7% and MetroAccess at 2%. With increasing operating expenses and declines in ridership compared to prepandemic levels, the low farebox recovery ratio is to be expected.

Exhibit 3
Farebox Recovery Rates
Fiscal 2021-2025



WMATA: Washington Metropolitan Area Transit Authority

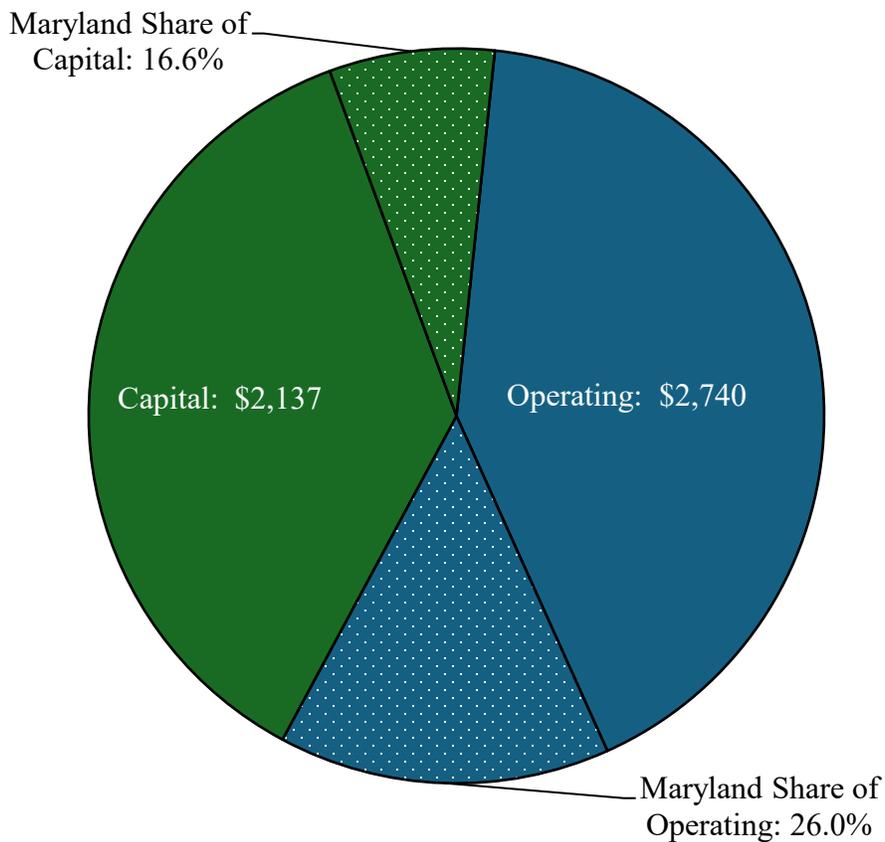
Source: Fiscal 2027 Managing for Results; Department of Legislative Services

Regarding both the measures related to the performance measures in Exhibit 2 and the farebox recovery in Exhibit 3, WMATA indicates that the managing for results (MFR) submission used in the creation of the exhibit was incorrect. However, corrected figures were not provided nor an explanation of the discrepancy. **WMATA should explain the cause for the discrepancy and how the agency plans to mitigate discrepancies in future MFR submissions.**

Fiscal 2027 Overview of Agency Spending

The combined operating and capital budgets for WMATA in fiscal 2027 total \$4.9 billion. As shown in **Exhibit 4**, the Maryland share of WMATA’s operating and capital budgets is 26.0% and 16.6%, respectively.

Exhibit 4
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Thousands)



Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Department of Legislative Services

Proposed Budget Change

The proposed 2027 budget assumes:

- no fare increases for fiscal 2027;
- improved service on 15% of Metrobus routes;
- a \$1.6 million decrease in Metrobus revenues;
- continuing the operation begun in fiscal 2026 of half of the trains on the Yellow Line terminating at Greenbelt;
- increased late night frequency of Red Line trains, with trains every seven to eight minutes from 9:30 pm until system closing; and
- more frequent weekday services on the Orange, Blue, and Silver Line trains, arriving every 10 minutes before 9:30 pm.

The fiscal 2027 proposed budget also uses \$126 million in capital funding to pay for preventive maintenance operating costs that are eligible for reimbursement from the capital budget. This is \$66 million higher than the historic average of \$60 million. Covering operating preventive maintenance expenses through the capital budget reduces the amount available for capital projects by an equal amount, and the goal is to minimize this practice as much as possible. WMATA has a goal to return to the historic average of \$60 million in fiscal 2029.

Expenditures

As shown in **Exhibit 5**, WMATA's proposed fiscal 2027 operating budget totals \$2.7 billion, an increase of \$241.6 million (9.7%) over the current year. Personnel expenses, which make up nearly 72% of the fiscal 2027 total, increase by \$205.5 million (11.7%). The proposed budget includes wage increases related to collective bargaining agreements with WMATA's labor unions. Nonpersonnel expenditures grow by \$36.1 million (4.1%). WMATA has noted that fiscal 2026 numbers are not the gross operating expenses but are actually the net operating expenses. The gross expenses were not available in WMATA's fiscal 2027 proposed budget material. **WMATA should provide committee members with the fiscal 2026 gross operating expenses and discuss efforts to ensure consistent presentation of this data in future submissions.**

Exhibit 5
Operating Expenses by Category
Fiscal 2026-2027
(\$ in Millions)

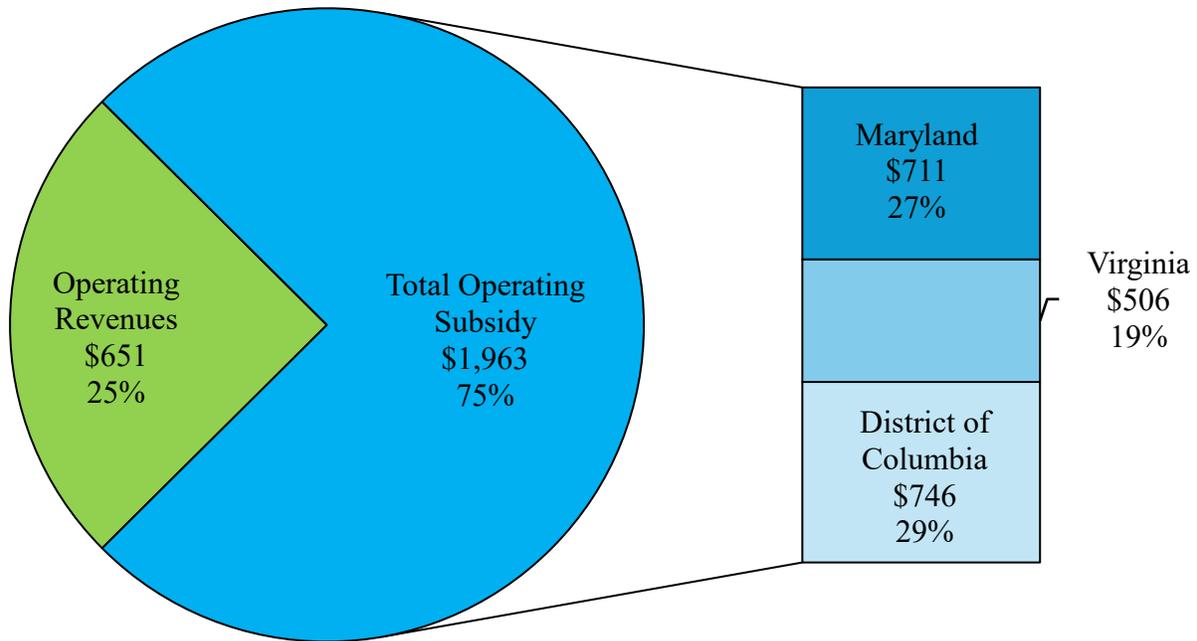
	<u>2026</u>	<u>Proposed</u> <u>2027</u>	<u>Change</u>	<u>%</u> <u>Change</u>
Personnel	\$1,755.7	\$1,961.2	\$205.5	11.7%
Services	411.3	434.8	23.5	5.7%
Materials and Supplies	95.6	89.1	-6.5	-6.8%
Fuel (Gas/Diesel/Compressed Natural Gas)	44.1	35.8	-8.3	-18.8%
Utilities and Propulsion	118.8	150.9	32.2	27.1%
Casualty and Liability	51.2	49.1	-2.1	-4.1%
Leases and Rentals	9.0	8.4	-0.6	-6.2%
Miscellaneous	12.9	10.7	-2.2	-16.8%
Total	\$2,498.4	\$2,740.0	\$241.6	9.7%

Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Department of Legislative Services

Revenues

WMATA's operations are generally funded through operating revenues (fares being the largest source) and subsidies provided by Washington, DC; Maryland; and Virginia. From fiscal 2020 through 2025, federal COVID-19 stimulus aid was also used to support operations. The fiscal 2025 budget included the remaining \$95 million from this federal aid. **Exhibit 6** shows that operating revenues support only 25% of operating expenses, with the local subsidy providing the majority of the funding. The proposed \$2.6 billion in revenues in the fiscal 2027 WMATA budget assumes an operating grant of \$711 million from Maryland.

Exhibit 6
Proposed Fiscal 2027 Revenues
(\$ in Millions)



Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Department of Legislative Services

PAYGO Capital Program

Program Description

MDOT’s Office of the Secretary provides a grant to support WMATA’s capital program, including the design, construction, and rehabilitation of the Metrorail, Metrobus, and MetroAccess systems, and debt service for bonds issued in lieu of a larger upfront capital grant. General parameters on capital funding levels are typically established in a six-year Capital Funding

Agreement developed through negotiations between WMATA and its local funding partners. The current agreement ends June 30, 2027.

Chapters 351 and 352 of 2018 require the Governor to include an appropriation of \$167 million in the budget as a dedicated capital grant that is in addition to the base capital grant that the State provides each year. Combined with similar mandated appropriations in Washington, DC and Virginia, these funds provide WMATA with \$500 million per year. Chapters 351 and 352 also contain provisions relating to reports and data that WMATA is required to annually submit which, when certified by MDOT, make the base capital grant a mandated appropriation that must be 3% higher than the previous year’s grant. These requirements were met for fiscal 2027.

Fiscal 2026 to 2031 CTP

The Maryland CTP includes five project information forms detailing the uses for the Maryland capital grant to WMATA. **Exhibit 7** shows the amounts programmed in the CTP for fiscal 2026 to 2031 and the fund sources that support the grant. For informational purposes, the CTP shows federal funds received directly by WMATA that are not included in the MDOT budget.

**Exhibit 7
Capital Grant Components
Fiscal 2026-2031
(\$ in Millions)**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>Six-year Total</u>
WMATA Capital Investment Program	\$266.2	\$280.5	\$295.3	\$304.1	\$296.4	\$305.0	\$1,747.5
Project Development	1.0	1.0	1.0	1.0	1.0	1.0	6.0
Matching Funding for Federal PRIIA	50.0	50.0	50.0	50.0	50.0	50.0	300.0
WMATA Debt Service	31.3	31.3	31.3	31.3	31.3	31.3	187.7
Governor’s Capital Dedicated Funding	167.0	167.0	167.0	167.0	167.0	167.0	1,002.0
Total	\$515.5	\$529.7	\$544.6	\$553.4	\$545.7	\$554.3	\$3,243.2
Special Funds	\$184.8	\$189.4	\$194.1	\$199.0	\$204.1	\$209.3	\$1,180.7
Other State Funds	167.0	167.0	167.0	167.0	167.0	167.0	1,002.0
Subtotal – Appropriated	\$351.8	\$356.4	\$361.1	\$366.0	\$371.1	\$376.3	\$2,182.7

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	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>Six-year Total</u>
Federal Funds –							
WMATA*	\$163.7	\$173.4	\$183.5	\$187.4	\$174.6	\$178.1	\$1,060.7
Total	\$515.5	\$529.8	\$544.6	\$553.4	\$545.7	\$554.3	\$3,243.4
Mandated Base							
Capital	\$153.5	\$158.1	\$162.8	\$167.7	\$172.8	\$177.9	\$992.8
Base Capital –							
Percentage Change		3.0%	3.0%	3.0%	3.0%	3.0%	

PRIIA: Passenger Rail Investment and Improvement Act
 WMATA: Washington Metropolitan Area Transit Authority

*Federal funds received directly by WMATA are not included in the Maryland Department of Transportation budget.

Note: Numbers may not sum to totals due to rounding.

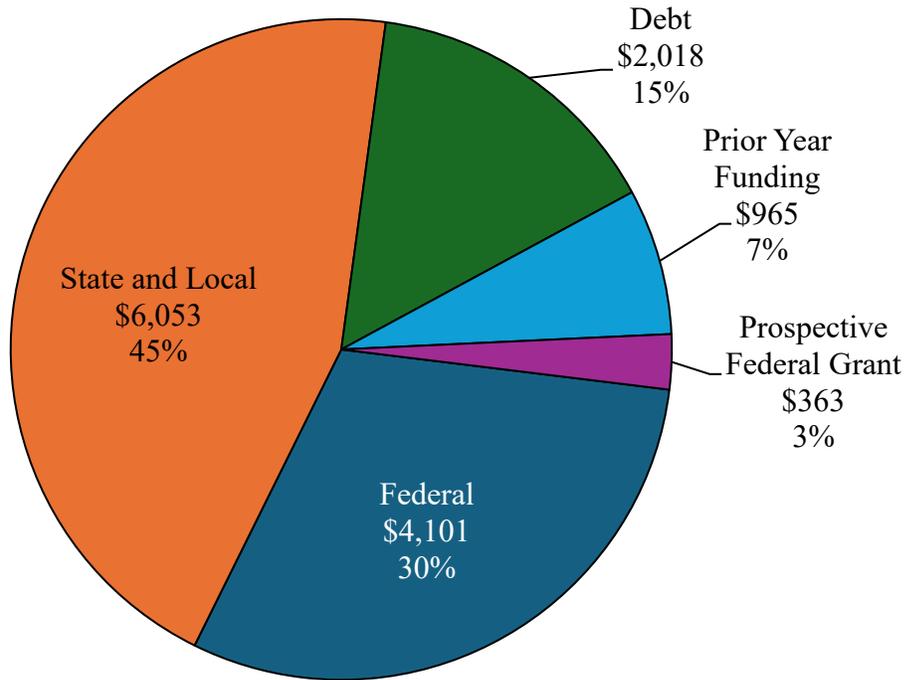
Source: Maryland Department of Transportation, 2026 *Consolidated Transportation Program*; Department of Legislative Services

Total six-year funding for the WMATA capital grant is \$3.2 billion. Over the six-year period, special funds from the Transportation Trust Fund comprise 54.1% of State funding for the WMATA capital grant, general funds account for an additional 30.6%, and GO bond proceeds comprise the remaining 15.3%. The general funds and GO bonds will cover the annual \$167 million dedicated funding, with GO bonds as the funding source in fiscal 2026 and 2027 and the General Fund for fiscal 2028 through 2031. The base capital grant, comprising the first three items in Exhibit 7 (less the federal funds WMATA receives), became a mandated appropriation beginning in fiscal 2023, with the enactment of Chapters 351 and 352 of 2018, and increases by an average annual 3% per year.

WMATA’s Six-year Capital Improvement Program

WMATA’s fiscal 2027 to 2032 *Capital Improvement Program* (CIP) totals \$13.5 billion. **Exhibit 8** shows the revenue sources supporting the capital program that are assumed in the CIP. Contributions from the funding jurisdictions and debt provide approximately 45% and 15% of the six-year funding, respectively. Federal funds comprise 30% of the six-year total. Prior year funding is 7%, and a prospective federal grant is the remaining 3% of the total.

Exhibit 8
Six-year Capital Program Funding Sources
Fiscal 2027-2032
(\$ in Millions)



Source: Washington Metropolitan Area Transit Authority, Fiscal 2026 Proposed Budget; Department of Legislative Services

Fiscal 2027 Capital Program

WMATA’s proposed fiscal 2027 capital program totals \$2.1 billion when revenue losses from construction activity (such as station shutdowns) are included. **Exhibit 9** shows the planned spending by category.

Exhibit 9
Fiscal 2027 Capital Spending by Category
 (\$ in Millions)

<u>Category</u>	<u>Amount</u>
Railcar and Railcar Facilities	\$372.0
Rail Systems	288.0
Track and Structures Rehabilitation	254.0
Stations and Passenger Facilities	327.0
Bus, Bus Facilities, and Paratransit	340.0
Business and Operations Support	282.0
<i>Subtotal</i>	<i>\$1,862.0</i>
Revenue Loss from Capital Projects	\$22.0
Debt Service – Dedicated Funding	253.6
Total	\$2,137.0

Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Department of Legislative Services

Exhibit 10 shows the total funding by sources for WMATA’s fiscal 2027 capital program along with the amount that Maryland is expected to contribute based on the proposed budget.

Exhibit 10
Fiscal 2027 WMATA Capital Program Funding Sources
 (\$ in Millions)

	<u>Total</u>	<u>Maryland</u>
Federal		
Federal Formula Programs	\$486	
Federal Passenger Rail Investment and Improvement Act	144	
Other Federal Grants	31	
<i>Subtotal – Federal</i>	<i>\$660</i>	
State and Local		
Federal Formula Programs Match and System Performance	\$321	\$106
Federal Passenger Rail Investment and Improvement Act		
Match	149	50
Dedicated Funding	500	167
<i>Subtotal – State and Local</i>	<i>\$970</i>	<i>\$322</i>

	<u>Total</u>	<u>Maryland</u>
Other Sources		
Jurisdictional Reimbursable Projects	\$60	\$1
Metropolitan Washington Airports Authority	0	
Debt	284	
Debt Service Payments Included in Capital Grant	0	31
Prior Year Funding	163	
Subtotal – Other Sources	\$507	\$32
Total	\$2,137	\$354

WMATA: Washington Metropolitan Area Transit Authority

Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Department of Legislative Services

Maryland Fiscal 2027 Allowance Versus WMATA Proposed Budget

Because the Maryland and WMATA budget preparation timelines do not precisely coincide, the appropriations included for the WMATA operating and capital grants in the Governor’s allowance generally vary slightly from the amounts identified in WMATA’s proposed budget as needed from Maryland. **Exhibit 11** shows the variance between the Maryland allowance and the proposed WMATA fiscal 2027 budget for both the operating and capital grants.

Exhibit 11 Variance between Maryland and WMATA Contribution Projections Fiscal 2027 (\$ in Millions)

	<u>WMATA Proposed Budget</u>	<u>Maryland Budget</u>	<u>Variance</u>
Operating Grant	\$711	\$698	-\$13
Capital Grant	354	356	2
Total	\$1,065	\$1,055	-\$11

WMATA: Washington Metropolitan Area Transit Authority

Note: The Maryland budget operating grant amount shown above does not include \$1,485,927 to support operations of the Washington Metrorail Safety Commission that is part of the appropriation shown in the Maryland budget bill, SB 282, as introduced. Numbers may not sum to total due to rounding.

Source: Washington Metropolitan Area Transit Authority, Fiscal 2027 Proposed Budget; Maryland Fiscal 2027 Budget as Introduced; Department of Legislative Services

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If the proposed operating budget is approved by the WMATA Board without changes, MDOT will process a budget amendment to add the \$13 million needed to meet the Maryland share of the WMATA operating budget as approved. If changes are made to the budget as proposed that reduce the Maryland share below the amount included in the Maryland budget as approved by the General Assembly, the excess appropriation will cancel at the end of the fiscal year.

Issues

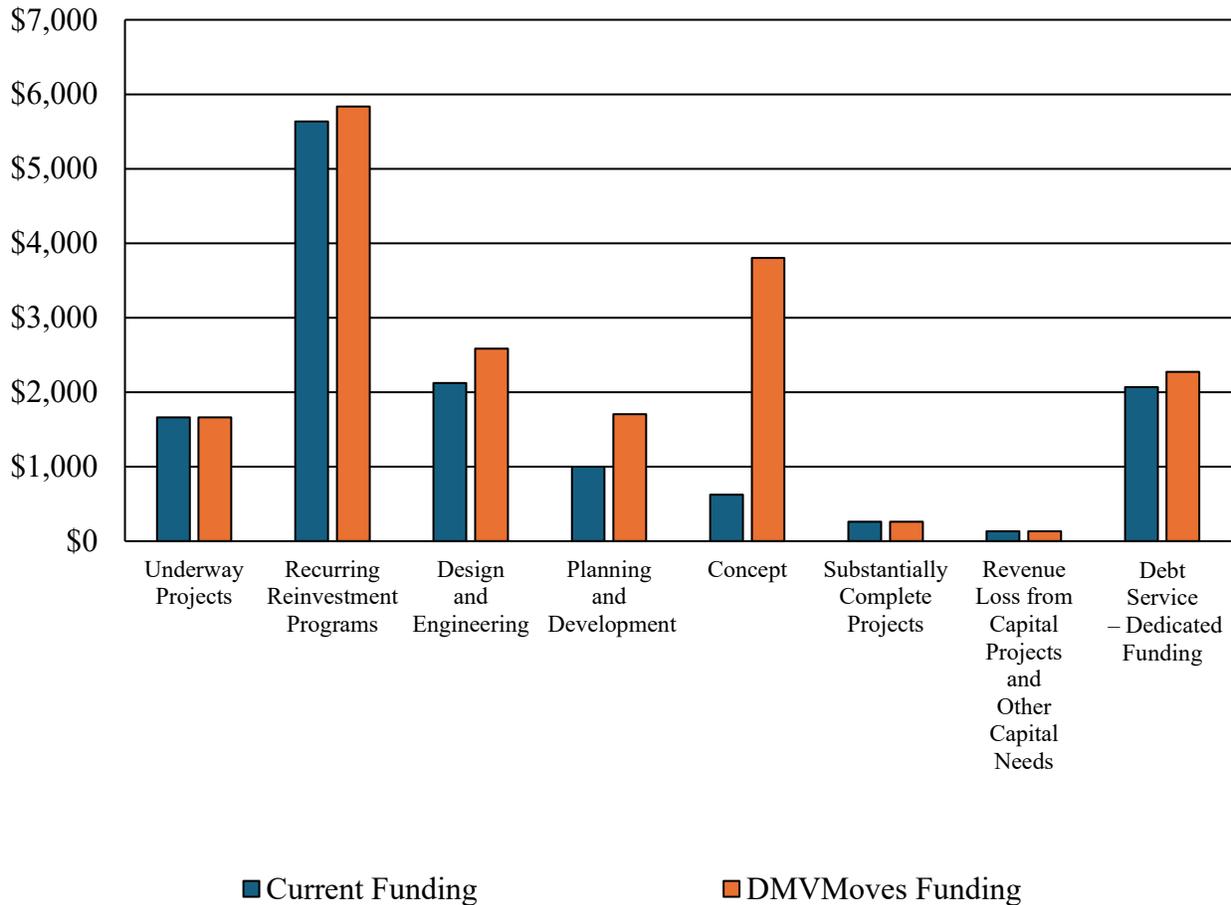
1. DMVMoves Plan Calls for Additional Funding from Jurisdictions

WMATA and the Metropolitan Washington COG launched the joint initiative *DMVMoves* in June 2024 to create a unified vision and a sustainable funding model for the region’s transit network. The *DMVMoves* Task Force comprises elected and appointed officials from Washington, DC; Maryland; Virginia; and the federal government.

Following 18 months of collaboration, WMATA and the Metropolitan Washington COG have endorsed the *DMVMoves* Plan. This plan calls for an additional \$460 million in annual funding from the three jurisdictions beginning in fiscal 2029. To fulfill the *DMVMoves* Plan, Maryland would need to contribute an additional \$152 million in that fiscal year. The plan calls for the contributions of the three jurisdictions to grow 3% annually. WMATA believes this additional funding will enable the agency to leverage federal funds by providing the necessary local match. WMATA expects to reach its debt capacity limit in fiscal 2029 and, without this additional funding, will have to reduce capital investments. The \$460 million would support modernizing the rail system, state of good repair, and reinvestment. The *DMVMoves* Plan would reduce the backlog levels of deferred maintenance from \$6.0 billion to \$3.7 billion at the end of fiscal 2032. The current level of funding would reduce the backlog to \$5.2 billion over the same period. The plan also calls for developing a regional priority bus network in collaboration with local jurisdictions, improving local bus service, and embracing commuter rail as regional rail through coordination of existing commuter lines, such as the MARC and Virginia Railway Express, to improve access and reliability.

The endorsements from WMATA and the Metropolitan Washington COG are not legally binding. Therefore, the jurisdictions do not have to provide additional funding. The proposed fiscal 2027 to 2032 CIP includes two six-year estimates, one for the current funding level and one for the proposed *DMVMoves* funding level. At current funding levels, the six-year total is \$13.5 billion. The *DMVMoves* plan has a total of \$18.3 billion over six years, which is \$4.8 billion higher than the current funding levels. **Exhibit 12** shows how that funding would be expended by phase in the two different funding models.

Exhibit 12
Capital Program by Phase
Fiscal 2027-2032
(\$ in Millions)



Source: Washington Metropolitan Area Transit Authority, *Proposed FY2027-FY2032 Capital Improvement Program*

The concept phase would see the most significant increase, from \$623 million to \$3.8 billion, a 510.9% increase. This funding would enable WMATA to identify future needs and investments. **Exhibit 13** shows the investment by mode for the different funding plans. When comparing the funding by mode, rail receives the largest investment, increasing \$3.2 billion from current funding levels. Overall, funding would increase by \$4.5 billion from the current funding levels to \$15.9 billion. WMATA believes the DMVMoves Plan will improve public transit for the region by dedicating funding to address jurisdictions’ needs while providing safe, reliable service.

Exhibit 13
Capital Program Investment by Mode
Fiscal 2027-2032
(\$ in Millions)

<u>Mode</u>	<u>Current Funding</u>	<u>DMVMoves Funding</u>	<u>Change</u>	<u>% Change</u>
Metro Access	\$103.0	\$103.0	\$0.0	0.0%
Bus	2,001.2	2,832.9	831.7	41.6%
Rail	7,112.7	10,356.7	3,244.0	45.6%
Business Operations	1,396.0	1,726.0	330.0	23.6%
Technology	605.8	749.8	144.0	23.8%
Reimbursable Projects	81.9	81.9	0.0	0.0%
Total	\$11,300.6	\$15,850.3	\$4,549.7	40.3%

Source: Washington Metropolitan Area Transit Authority, *Proposed FY2027-FY2032 Capital Improvement Program*

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

**Appendix 1
Fiscal Summary
Maryland Department of Transportation – Washington Metropolitan Area Transit Authority**

<u>Program/Unit</u>	<u>FY25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 26 – 27</u>	
	<u>Actual</u>	<u>Wrk Approp</u>	<u>Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
04 Washington Metropolitan Area Transit – Operating	\$641,782,247	\$679,488,198	\$699,872,844	\$20,384,646	3.0%
05 Washington Metropolitan Area Transit – Capital	351,274,873	184,757,000	189,374,060	4,617,060	2.5%
Total Expenditures	\$993,057,120	\$864,245,198	\$889,246,904	\$25,001,706	2.9%
Special Funds	\$993,057,120	\$864,245,198	\$889,246,904	\$25,001,706	2.9%
Total Appropriations	\$993,057,120	\$864,245,198	\$889,246,904	\$25,001,706	2.9%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.