

# WMATA Budget Update

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**ARLINGTON**  
VIRGINIA



# FY2025 and FY2026 Path Forward

## Regional Framework for a Balanced Budget

The revised proposed budget adopts a regional approach that requires collaboration and contributions from all stakeholders. Aggressive expense management by Metro would keep FY2025 gross expenses at FY2024 levels (0% growth).

**Metro:** Salary and wage adjustments, recurring administrative efficiencies, and other cost reductions resulting in \$119 million and \$174 million in savings in FY2025 and FY2026, respectively.

**Customers:** At least 12.5 percent fare increase on Metrobus, Metrorail, and MetroAccess beginning in FY2025, and up to 25 percent on late nights and weekends (with \$2.50 cap).

**Jurisdictions:** Additional jurisdictional investment to replace prior reductions of jurisdictional funding to Metro and adjustments for ridership and inflation.

Use of Funds		Budget	2- Year Regional Transformation Framework	
		FY2024	Revised FY2025 Proposed Budget	FY2026 Forecast
Expense	<b>Initial Expenses</b>	\$2,459	\$2,575	\$2,704
	Administrative Efficiency		- 50	- 52
	Salary and Wage Adjustment		- 38	- 77
	Inflation Reduction		- 11	- 25
	Target Service Cuts		- 20	- 20
	<b>Total Savings</b>		- 119	- 174
	<b>Gross Expenses</b>	\$2,459	\$2,457	\$2,530
	Additional PM (above \$60M)	- 139	- 104	- 114
	Expense after PM Transfer	2,320	2,352	2,416

*Note: Amounts may not sum due to independent rounding*

## Assumptions

Personnel & Non-personnel: 0% salary and wage increase in FY2025 for L689, L922 and non-represented employees subject to the collective bargaining; CPI reduced from 5% to 3.5% in FY2025 and from 5.0 to 3.0% in FY2026



# Targeted Service and Fare Optimization



Optimize service to deliver the most useful network with available resources:

- **Adapt Service.** Adapt rail and bus service capacity with targeted changes while sustaining good frequency to grow ridership.
- **Provide Access to More Destinations.** Reduce customer travel times and increase access to jobs and opportunity.
- **Optimize Use of Metro’s Assets.** Manage railcar and bus fleets to deliver high asset utilization and provide good service at low marginal cost.



**More Targeted Rail Service.** Efficiently deliver frequent all-day service to drive ridership and revenue growth. Schedule **peak service** periods to align with ridership levels. Operate more **six-car trains** where shorter trains provide sufficient capacity. Considering reduced service levels on holidays with low ridership.



**Redesigned Bus Network.** Maintain bus service levels and begin Better Bus implementation. The Year One Network reallocates existing resources to deliver more value to the region, adapting to how customers travel now.



**More Fare Revenue.** Increase fares by 12.5% to keep pace with inflation. Reduce fare evasion with system-wide high-barrier faregate installation and increased fare enforcement. Make it easier to pay with increased use of Metro Lift and Senior reduced fare programs.

Fare Increase Scenario	Revenue Impact (M)	Ridership Impact (M)
<b>Baseline</b>	<b>\$362.2</b>	<b>233.3</b>
5%	\$10.0	-4.1
12.5%	\$22.2	-10.2
<b>12.5% + up to 25% late-night/weekend</b> (with \$2.50 cap)	<b>\$23.9</b>	<b>-11.3</b>
20%	\$33.9	-15.2
25%	\$40.4	-19.0

## Parking Rates

- Keep parking rates unchanged to encourage use of available capacity at parking facilities; raising parking rates would be expected to reduce growth in long-distance Metro commutes, lessening future fare revenue

## Fares

- Balance increasing revenue and continuing to grow ridership
- Considering modifying weekend and late-night fares for additional revenue in response to strong ridership





# Revised FY2025 Proposed Budget and FY2026 Forecast

## Summary

Revised FY2025 Proposed Budget and FY2026 Forecast

### Operating Budget – Revenue and Expenses

(\$M)		Revised FY2025 Proposed Budget	FY2026 Forecast	\$ Variance
Revenues	<b>Passenger Revenue</b>	\$387.1	\$396.5	\$9.4
	<b>Non-Passenger Revenue</b>	\$100.5	\$101.5	\$1.0
	Parking	\$20.7	\$20.9	\$0.2
	Advertising	\$23.7	\$24.0	\$0.2
	Joint Development	\$15.9	\$16.0	\$0.2
	Fiber Optics	\$18.5	\$18.7	\$0.2
	Other Non-Transit Sources	\$21.7	\$21.9	\$0.2
	<b>Total Revenue</b>	<b>\$487.6</b>	<b>\$497.96</b>	<b>\$10.4</b>
Expenses	<b>Gross Expense</b>	<b>\$2,456.6</b>	<b>\$2,530.3</b>	<b>\$73.7</b>
	Preventive Maintenance Transfer	(\$164.2)	(\$174.4)	(\$10.2)
	<b>Personnel Expense</b>	<b>\$1,629.2</b>	<b>\$1,671.0</b>	<b>\$41.8</b>
	<b>Non-Personnel Expense</b>	<b>\$723.2</b>	<b>\$744.9</b>	<b>\$21.7</b>
	Services	\$374.3	\$385.5	\$11.2
	Materials & Supplies	\$123.9	\$127.6	\$3.7
	Fuel (Gas/Diesel/Natural Gas)	\$41.7	\$43.0	\$1.3
	Utilities and Propulsion Power	\$113.2	\$116.6	\$3.4
	Casualty and Liability	\$45.2	\$46.5	\$1.4
	Leases and Rental	\$11.9	\$12.2	\$0.4
	Miscellaneous	\$12.9	\$13.3	\$0.4
	<b>Total Expense</b>	<b>\$2,352.4</b>	<b>\$2,415.9</b>	<b>\$63.5</b>
Subsidy	<b>Gross Subsidy</b>	<b>\$1,864.8</b>	<b>\$1,917.9</b>	<b>\$53.1</b>
	Federal Relief	(\$95.0)	\$0.0	\$95.0
	<b>Net Subsidy</b>	<b>\$1,769.8</b>	<b>\$1,917.9</b>	<b>\$148.1</b>

\*FY2025 has 0% gross expense growth from FY2024 Budget. Total Expenses includes preventive maintenance (PM) transfer of operating expenses to the capital budget.  
Note: Amounts may not sum due to independent rounding



# Jurisdictional Operating Investment

Metro’s funding jurisdictions as of February 2, 2024 have communicated \$480 million in additional funding in FY2025 above the 3 percent cap. These respective additional contributions for FY2025 are reflected below. Maryland’s budget includes \$150 million in its FY2025 budget; there are budget amendments moving through both Houses of the Virginia legislature which reflect the \$130 million funding level. On February 1, 2024 District of Columbia leadership sent a letter indicating their commitment to \$200 million in additional subsidy.

The Metro subsidy formula sets the level of subsidy for each jurisdiction proportionate to the other jurisdictions and the various commitments will need to be reconciled as the Board approves this year’s budget.

For FY2026, the forecast assumes funding levels increase by 3 percent, plus each jurisdiction’s share of the \$95 million of one-time savings from FY2025. FY2026 amounts are forecast estimates and may change as a result of Metro’s FY2026 budget process and Board direction.

(\$M)	FY2025 Base	Additional Regional Investment	Revised FY2025 Proposed Budget*	FY2026 3% Growth*	One-Time Savings Expiration*	FY2026 Forecast*
Expense			\$2,352			\$2,416
Revenue			(\$488)			(\$498)
<b>Gross Subsidy</b>			<b>\$1,865</b>			<b>\$1,918</b>
One-Time Savings			(\$95)			\$0
<b>Subsidy</b>	<b>\$1,290</b>	<b>\$480</b>	<b>\$1,770</b>	<b>\$53</b>	<b>\$95</b>	<b>\$1,918</b>
District of Columbia	\$462	\$200	\$662	\$20	\$36	\$717
Maryland	\$488	\$150	\$638	\$19	\$34	\$691
Virginia	\$340	\$130	\$470	\$14	\$25	\$510

*Note: amounts may not sum due to independent rounding  
 \*The subsidy amounts reflect additional contributions, are inconsistent with Metro’s historical subsidy formula, and will need to be reconciled*

## Funding Requirements Beyond Metro’s Operating Subsidy

Amounts exclude 24-Hour Overnight Bus, student programs, reimbursable agreements, Safety and Security grant programs, Joint development projects, and any other programs separately agreed upon.

