

# FY2027 Fiscal Update & Proposed Budget

Board Meeting  
April 22, 2026



# Budget Balancing Scorecard

## What made the \$300M Financial Deficit in 2025?

- Target was premised on a Financial Forecast from Spring 2025
- Includes a 15-Year Outlook [FY2026-40]
- Spring 2025 Forecast included such things as:
  - ❑ Forward Together Service Plan
  - ❑ Full Discretionary Budget Additions of \$15M/Year
  - ❑ Full Ramp-Up of State of Good Repair to \$134M per year and growing.
- Inclusive of the above points and the 15-year projection of revenues and expenditures identified the \$300M gap. The goal was to solve over three years (FY2026-29).

## 2026 Deficit - New updates to the Forecast

- Revenues are coming under projections – **negative** impact
- Personnel Expenses are coming in over projections – **negative** impact
- Service – Forward Together Removed/Service Reductions – **positive** impact
- Discretionary Budget Additions Removed/Reduced – **positive** impact
- Capital Ramp Up – pulling back significantly, but still growth – **positive** impact
- Non-Operating [Debt] – lower revenues = lower borrowing capacity – **positive/negative** impact

# Budget Balancing Scorecard

Original Balance Budget Scorecard		
	15-Year Total	Annual Average
<b>Target</b>	<b>\$4,500M</b>	<b>\$300M</b>
New Revenue	\$720M	\$48M
Service Cuts	\$2,385M	\$159M
Spend Reduction	\$1,395M	\$93M

<b>Deficit</b> ↑	<b>\$174M</b>
<b>Revenues</b> ↓	<b>Annual Average</b>
Passenger Fares	\$26M
STIF	\$17M
Payroll Taxes	\$125M
Operating Grants	\$17M
Other	(\$11M)

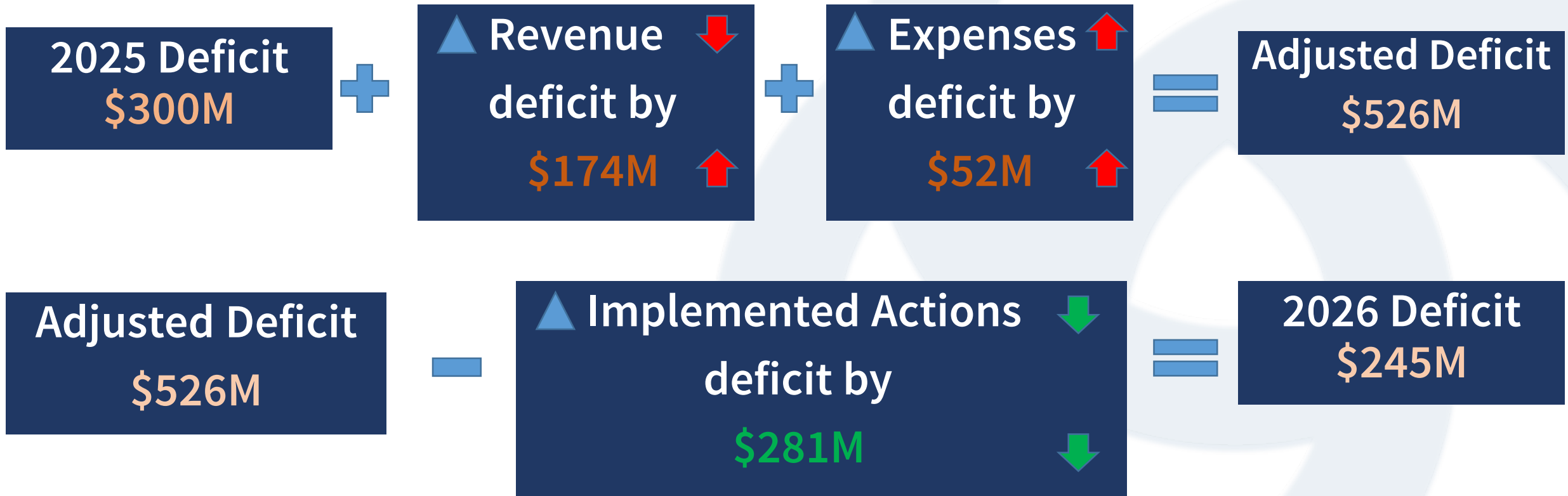
<b>Deficit</b> ↑	<b>\$52M</b>
<b>Expenditures</b> ↑	<b>Annual Average</b>
Hydrogen Fuel	\$2M
Safety & Security	\$6M
ATP	\$5M
Personnel*	\$53M
Non-Operating	(\$14M)

<b>Deficit</b> ↓	<b>(\$281M)</b>
<b>Implemented</b>	<b>Annual Average</b>
Discretionary Bgt. Additions	(\$56M)
Service Reductions	(\$129M)
SOGR – Capital	(\$96M)

Updated Balance Budget Scorecard		
	15-Year Total	Annual Average
<b>Target</b>	<b>\$3,675M</b>	<b>\$245M</b>
New Revenue	\$675M	\$45M
Service Cuts	\$405M	\$27M
Spend Reduction**	\$1,920M	\$128M
<b>Remaining Gap</b>	<b>\$675M</b>	<b>\$45M</b>

\*Personnel costs in previous forecast were under valued.  
 - Adjusted vacancy factor.  
 - Per FTE costs were recalibrated to reflect actual.  
 \*\*Includes \$106M w/ inflation.

# Explaining the change in the deficit over a 15-year average...



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	<b>(\$281M)</b>
Implemented	<b>Annual Average</b>
Discretionary Bgt. Additions	(\$56M)
Service Reductions	(\$129M)
SOGGR – Capital	(\$96M)



<b>2025 Deficit</b>	=	<b>\$300M</b>
Revenues	+	\$174M
Expenditures	+	\$52M
<b>Updated Deficit</b>	=	<b>\$526M</b>
Implemented	-	\$281M
<b>2026 Deficit</b>	=	<b>\$245M</b>

# Budget Balancing Scorecard – 3 Year Plan

	1	2	3	4	5	Year 1-5	Year 6-10	Year 11-14		
	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
<b>Target</b>									\$ 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
<b>Planned</b>	\$ 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
<b>Implemented</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spend Reduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Cuts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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 – 3 Year Plan

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	FY2027	FY2028	FY2029	FY2030	FY2031	FY26-FY30	FY31-FY35	FY36-FY40	Total	Avg per Year
<b>Implemented</b>	\$ 70	\$ 89	\$ 89	\$ 90	\$ 90	\$ 429	\$ 461	\$ 381	\$ 1,271	\$ 85
Spend Reduction	\$ 60	\$ 76	\$ 76	\$ 76	\$ 76	\$ 365	\$ 382	\$ 305	\$ 1,052	\$ 70
Service Cuts	\$ 10	\$ 13	\$ 13	\$ 14	\$ 14	\$ 63	\$ 79	\$ 76	\$ 219	\$ 15
New Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pending  
Board  
Approval

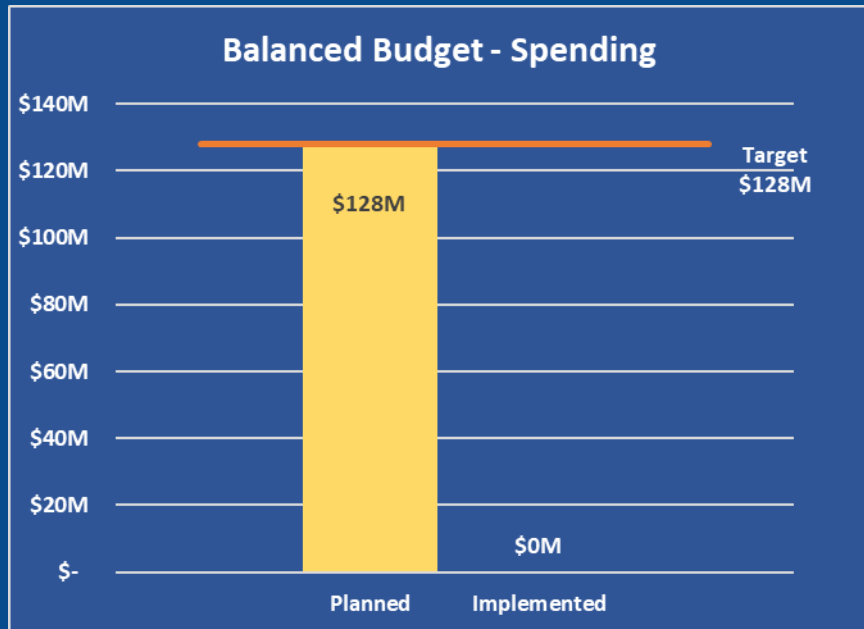
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**Implemented:** Actions taken to date resulting in year over year cost savings

# Budget Balancing Scorecard

## SPENDING REDUCTIONS



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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Planned:

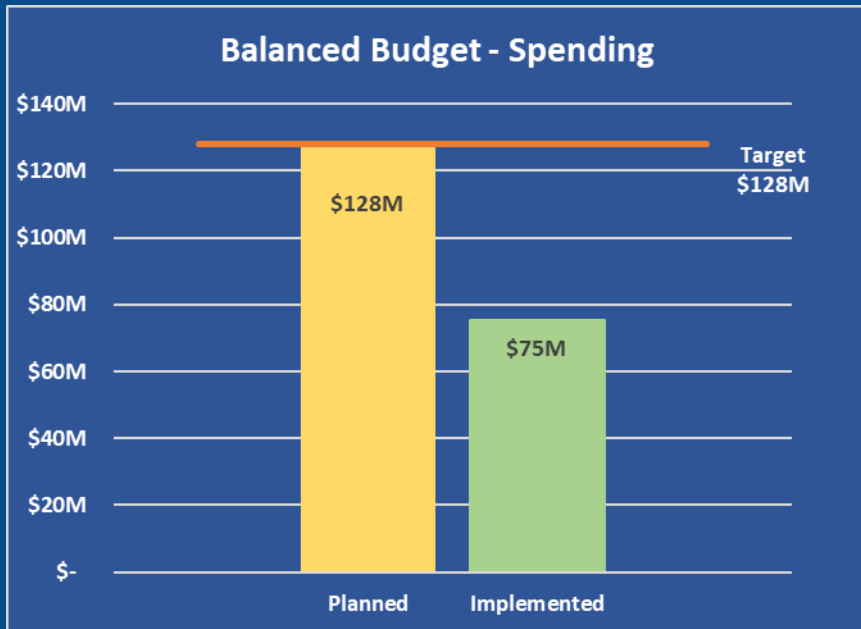
- Targeted cuts of nearly \$73.5M for the FY2027 budget.
  - Net impact of FY2027 is \$60M after impact of layoffs.
- An additional cut of nearly \$35M in FY2028.

### Implemented:

- Pending Board Approval.

# Budget Balancing Scorecard

## SPENDING REDUCTIONS



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<b>Target</b>									\$ 1,920	\$ 128
<b>Planned</b>	\$ 60	\$ 112	\$ 116	\$ 121	\$ 126	\$ 534	\$ 708	\$ 675	\$ 1,918	\$ 128
<b>Implemented</b>	\$ 60	\$ 76	\$ 76	\$ 76	\$ 76	\$ 365	\$ 382	\$ 381	\$ 1,128	\$ 75

### Planned:

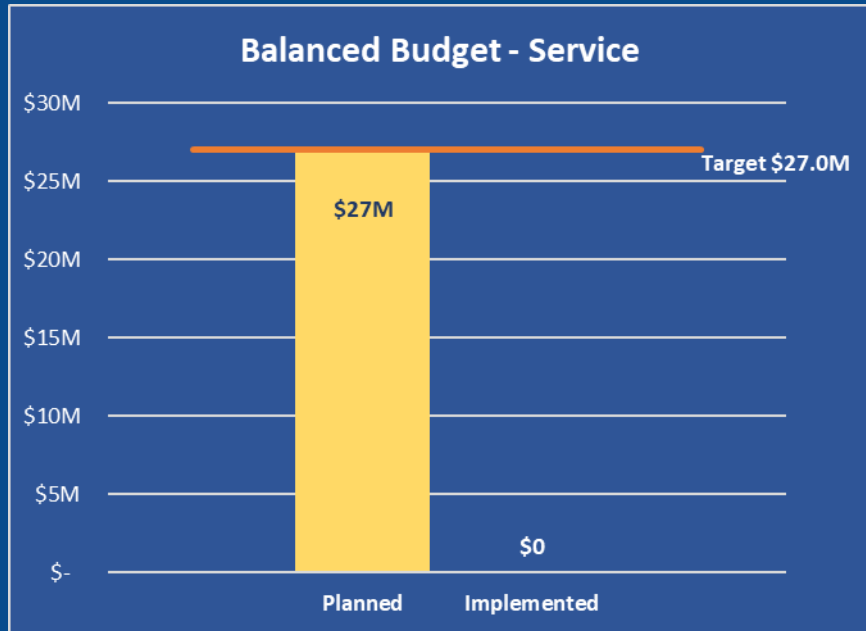
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  - Net impact of FY2027 is \$60M after impact of layoffs.
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### Implemented:

- Pending Board Approval.

# Budget Balancing Scorecard

## SERVICE



SERVICE	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
<b>Target</b>									\$ 405	\$ 27
<b>Planned</b>	\$ 10	\$ 24	\$ 25	\$ 26	\$ 27	\$ 112	\$ 151	\$ 143	\$ 405	\$ 27
<b>Implemented</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Planned:

- 10% reduction in service
  - Fall 2026
  - Fall 2027

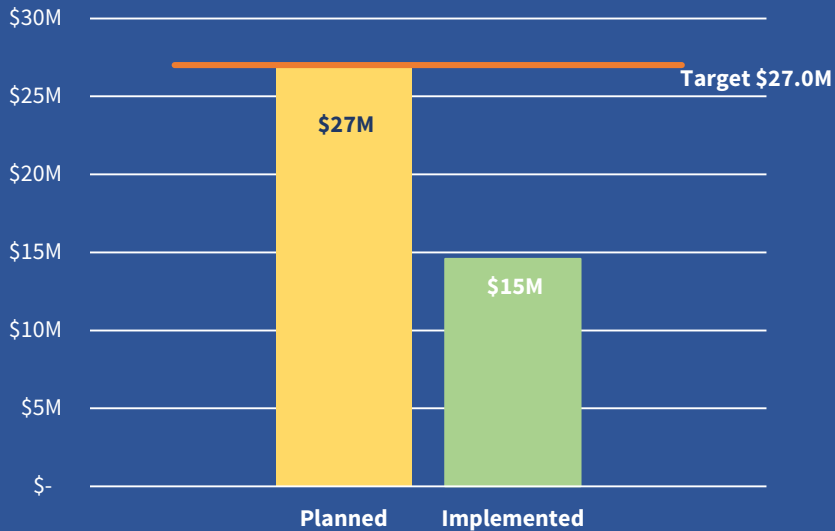
### Implemented:

- Pending Board Approval.

# 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	\$ 10	\$ 13	\$ 13	\$ 14	\$ 14	\$ 63	\$ 79	\$ 76	\$ 219	\$ 15

### Planned:

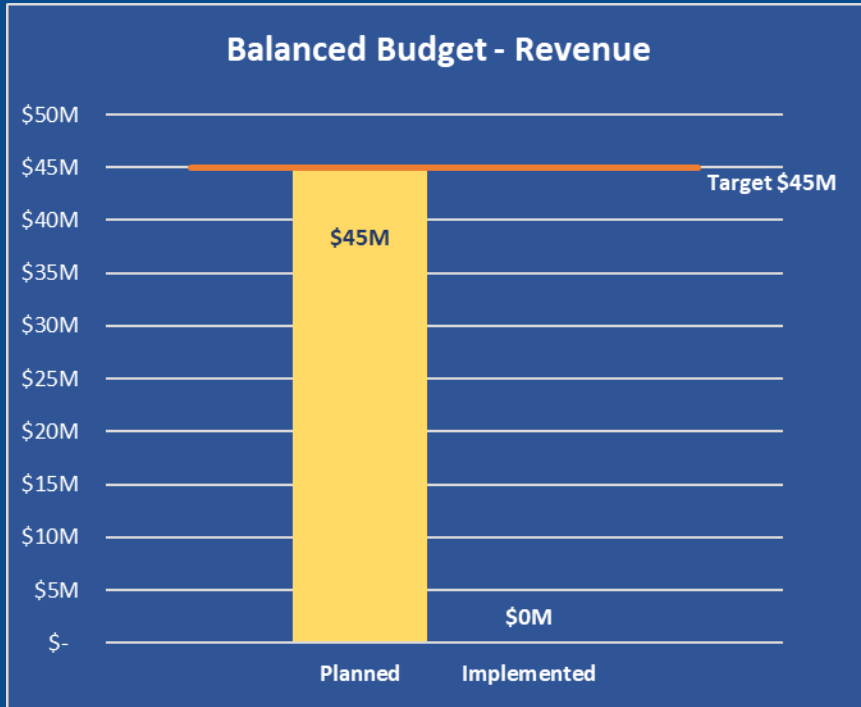
- 10% reduction in service
  - Fall 2026
  - Fall 2027

### Implemented:

- Pending Board Approval.

# Budget Balancing Scorecard

## REVENUE

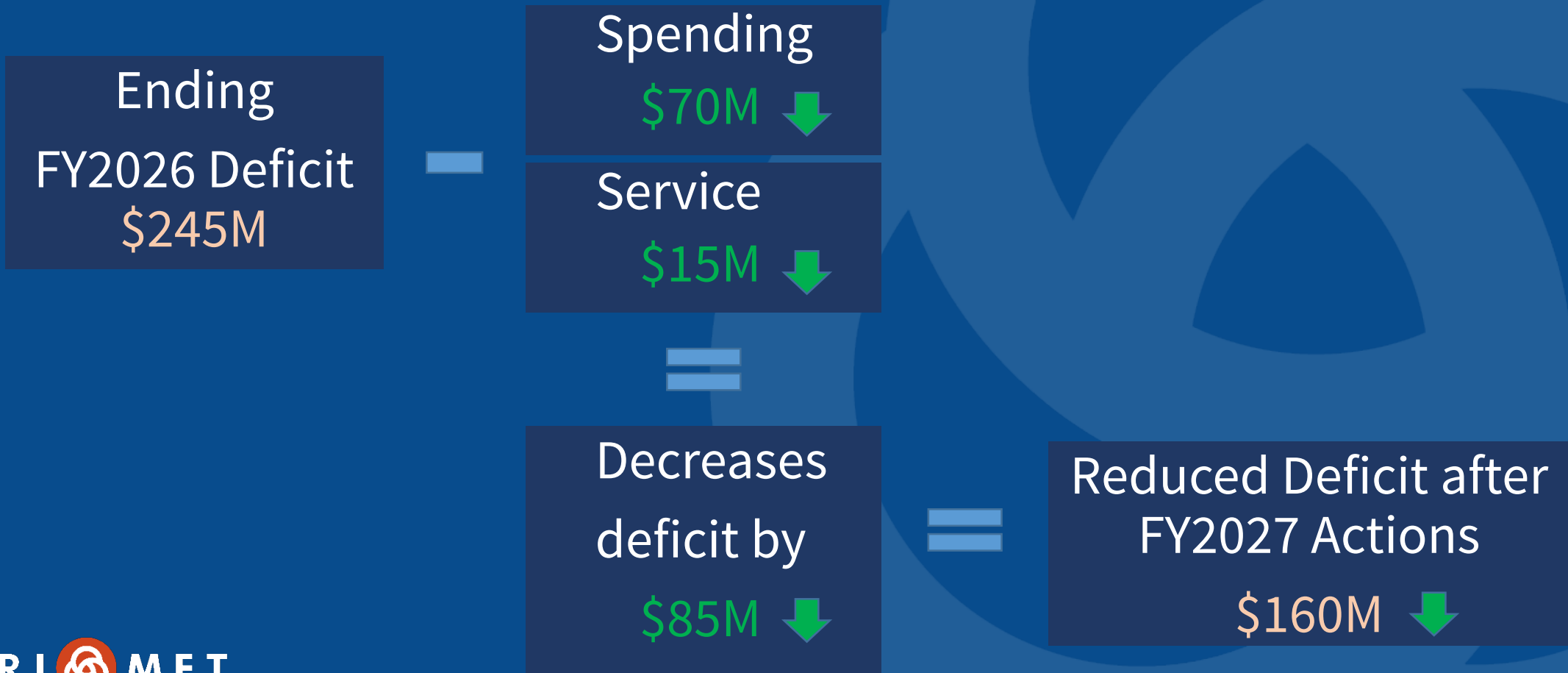


NEW REVENUE	FY2027	FY2028	FY2029	FY2030	FY2031	FY27-FY31	FY32-FY36	FY37-FY40	Total	Avg per Year
<b>Target</b>									\$ 674	\$ 45
<b>Planned</b>	\$ -	\$ -	\$ 45	\$ 47	\$ 49	\$ 140	\$ 273	\$ 261	\$ 674	\$ 45
STIF	\$ -	\$ -	\$ 40	\$ 41	\$ 43	\$ 124	\$ 222	\$ 185	\$ 532	\$ 35
Fare Increase	\$ -	\$ -	\$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

### Planned (Pending Board Approval):

- Assumes a doubling of the STIF or some 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 if approved by the board...



# Economic Indicators

## Payroll Taxes

- Unemployment rate 5.0%
  - As high as it was late spring 2021. [Oregon Employment, Quality Info.org – March 2026]
- Number of Individuals employed – 1.3M
  - Essentially unchanged since February 2022 [Oregon Employment, Quality Info.org – March 2026]

## Other Information

- Portland – Central Core 34.6% vacancy rate.
  - Increase from the previous year of 30.5% [Cushman & Wakefield: Q4 2025 Report]
- Growing housing inventory
  - Indicating slower economy; less construction. [FRED: March 2026]
- Stalled population growth
  - Tri-County population is 0.3% less than 2020. [FRED via U.S. Census Bureau: 2025 Estimates]

# Economic Indicators

## Other Information

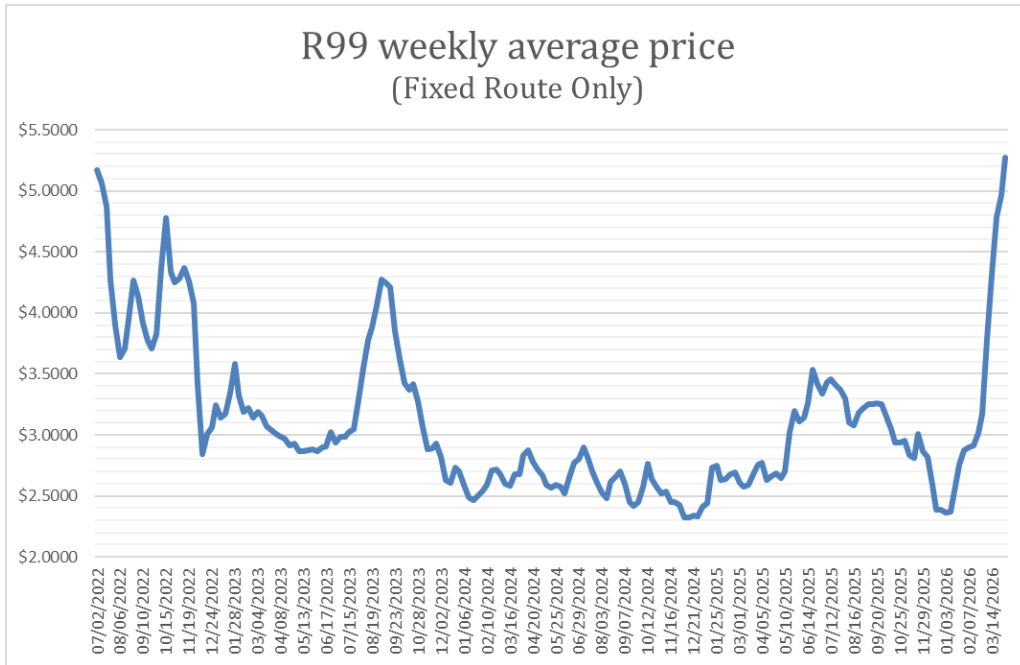
- City of Portland has increased per hour parking rates by 65% since 2019.
- Portland General Electric rates increased 15.9% in 2024 and another 7.6% in 2026.
- Water, Sewer and Storm rates have increased a total of 35% over the last four years.

## Other Information

- According to a NASDAQ article Portland's remote/work from home workforce is double the national average.
- A University of Oregon study stated, out-of-state recruiters have contacted 24% of Oregon businesses, with 68% of those companies moving or expanding outside of Oregon.

# Cost Drivers

## Diesel Fuel [Price Per Gallon]



- Highest per gallon in last 3 years.
- Prices projected to decline sharply by year end.
- Consumption should decrease with service impacts.

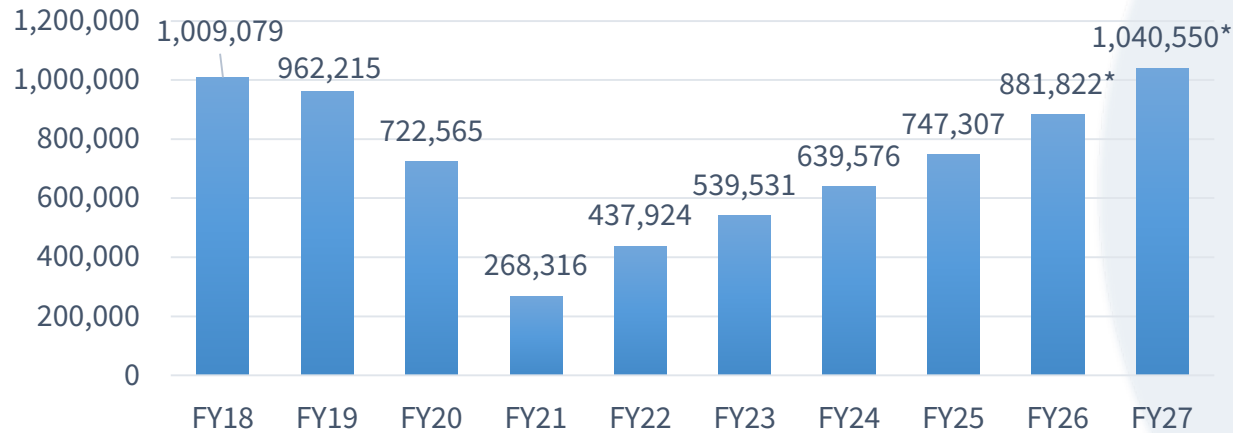
(if approved by the board)

# Cost Drivers

## LIFT Ridership

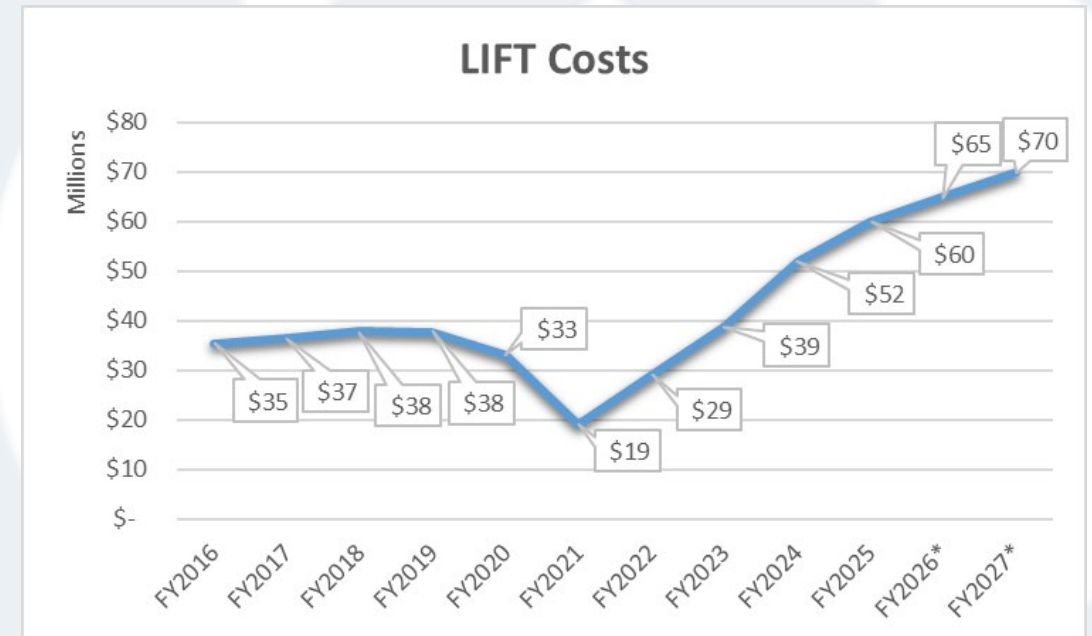
- Unfunded mandate
- Increased ridership/usage

LIFT Ridership FY18 - FY26



## LIFT Costs

- Costs have doubled since FY2016



- ▶ Previously shared slides on the FY2027 Proposed Budget

# APPENDIX

# FY2027 Budget Investments

- ▶ **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**

Created Emergency Management Department to improve accountability and operational focus

- ▶ **State of Good Repair**

\$118.9M of CIP budget dedicated to maintaining and modernizing existing assets

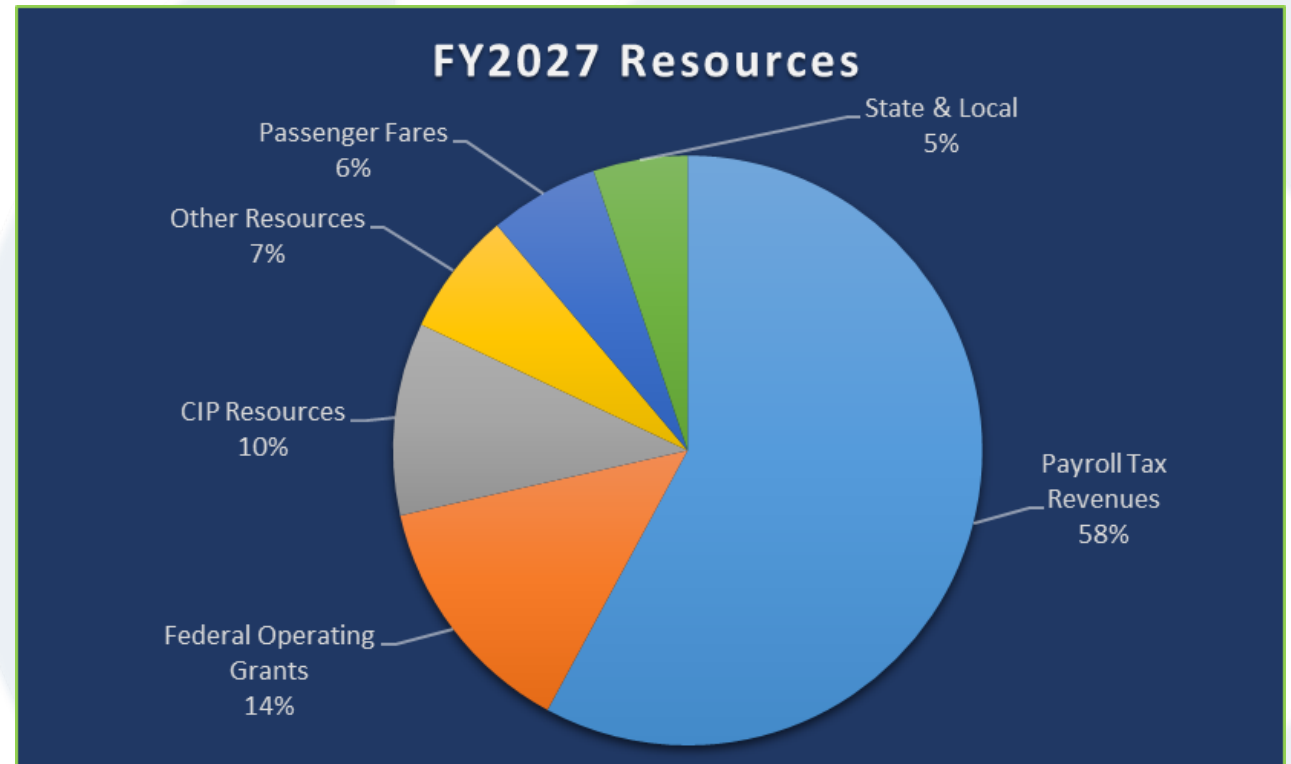
# FY2027 Proposed Budget - Resources

FY2027 TOTAL *BUDGETED* RESOURCES **\$947.7M** vs.

FY2026 TOTAL *ESTIMATED ACTUAL* RESOURCES **\$1,072.0M**

**Difference = \$124.3M less**

Resource	Est Actual FY2026	Budget FY2027
Payroll Tax Revenues	\$535.2M	\$548.6M
Federal Operating Grants	\$139.1M	\$128.6M
CIP Resources	\$41.6M	\$100.1M
Other Revenues	\$67.0M	\$64.4M
Passenger Fares	\$60.2M	\$57.0M
State & Local Revenue	\$78.8M	\$49.0M
Bond Proceeds	\$150M	\$0.0M
<b>Total Resources</b>	<b>\$1,072.0M</b>	<b>\$947.7M</b>



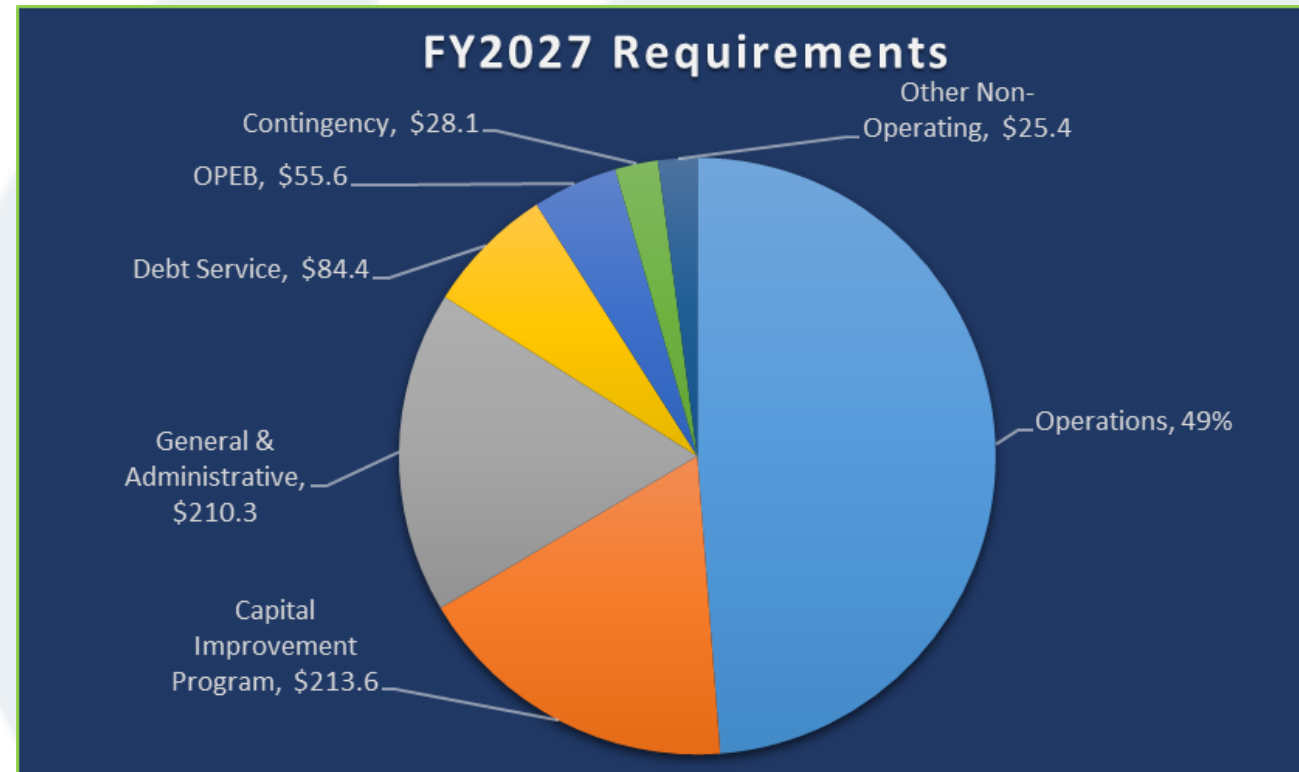
# FY2027 Proposed Budget - Requirements

FY2027 TOTAL *BUDGETED* REQUIREMENTS **\$1,205.1M** vs.

FY2026 TOTAL *ESTIMATED ACTUAL* REQUIREMENTS **\$1,071.0M**

**Difference = \$134.1M MORE**

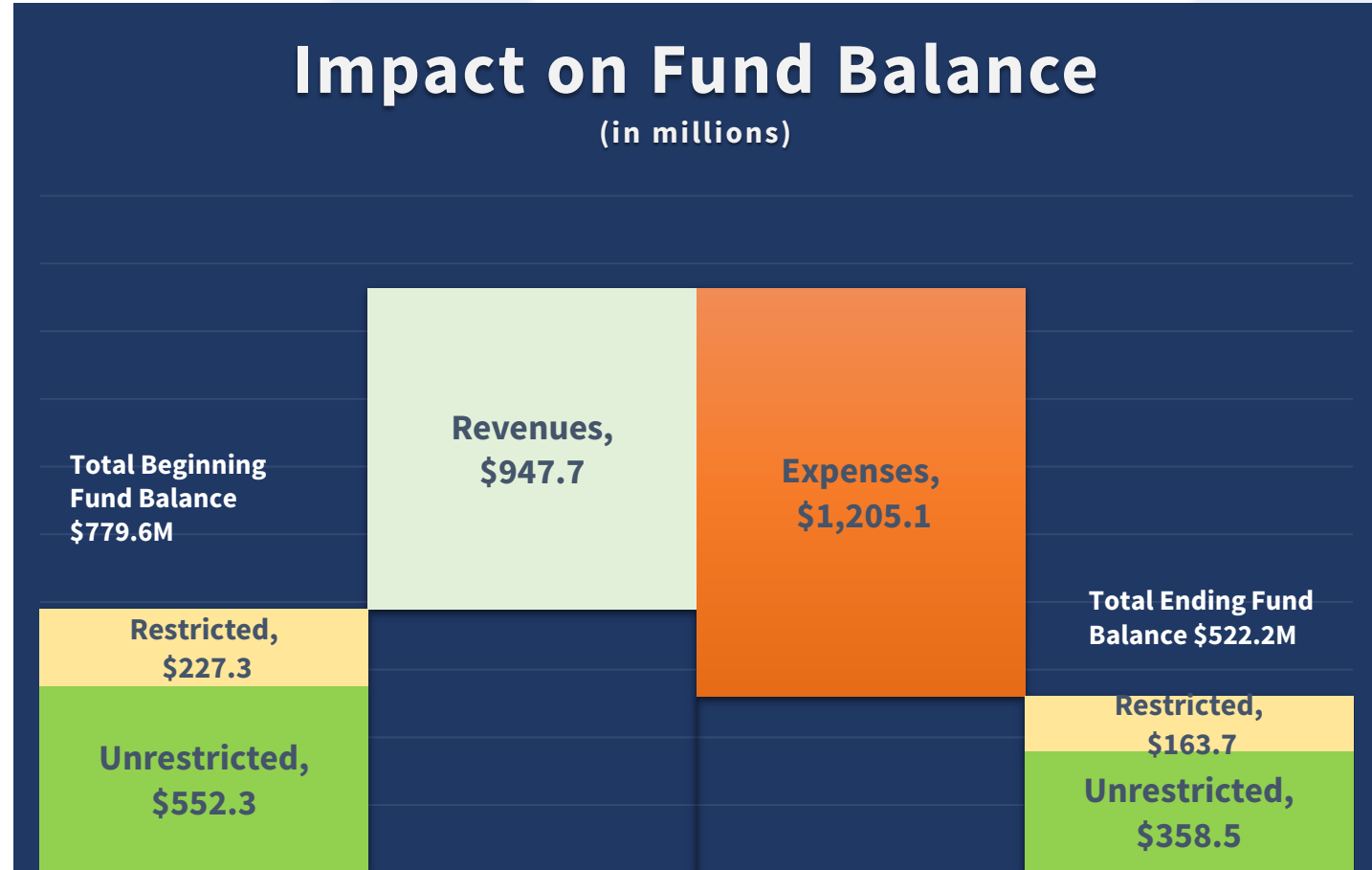
Resource	Est. Actual FY2026	Budget FY2027
Operations	\$569.8M	\$587.8M
Capital Improvement Program	\$148.7M	\$213.6M
General & Administration	\$203.3M	\$210.3M
Debt Service	\$70.8M	\$84.4M
OPEB	\$54.3M	\$55.6M
Other Non-Operating	\$24.1M	\$25.3M
Contingency	\$0	\$28.1M
<b>Total Requirements</b>	<b>\$1,071.0M</b>	<b>\$1,205.1M</b>



# FY2027 Proposed Budget - Fund Balance

## Unrestricted Fund Balance

- ▶ Beginning the year with 7.1 months of operating reserves – ending the year with 4.6 months of reserves.
- ▶ Planned expenditures exceed forecasted revenues by \$257M.
- ▶ Unrestricted Fund Balance expected to decrease by \$194M.



# FY2027 Proposed Budget

## FUND BALANCE BREAKDOWN

+	\$779.6M	Beginning Fund Balance
+	\$947.7M	Resources
-	\$1,205.1M	Requirements
=	\$522.2M	Ending Fund Balance
	\$(257.4M)	Increase (Decrease) in Fund Balance
	\$163.7M	Restricted Fund Balance
	\$358.5M	Unrestricted Fund Balance*

\*Historically, only 65% (or \$233M) of this is available at a given time

# FY2027 Proposed Budget

## UNRESTRICTED FUND BALANCE BREAKDOWN

**\$358.5M Unrestricted Fund Balance**

\$156.3M 2.0 months operating reserves

\$106.6M Receivables

\$49.9M Materials & Inventory and Prepaid Assets

\$(35.5M) Payables & Unearned Revenue

**\$81.2M Actual Unrestricted Fund Balance Available**

# Budget Timeline

## Key Dates

- ▶ 3/11/26 - Budget document released
- ▶ 3/25/26 – Budget Committee Meeting/ Budget approval
- ▶ 4/22/26 – TSCC Budget Hearing
- ▶ 5/27/26 – Budget adoption\*
- ▶ 7/1/26 – Adopted Budget release and implementation

\*Impact of service and administrative reductions will be reflected in the adopted budget.



# Questions?



## Proposed Budget

**Fiscal Year 2027 (July 2026–June 2027)**

Tri-County Metropolitan Transportation District of Oregon  
Budget & Forecasting Department

