DRPT

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Annual Budget- Draft

Fiscal Year 2026

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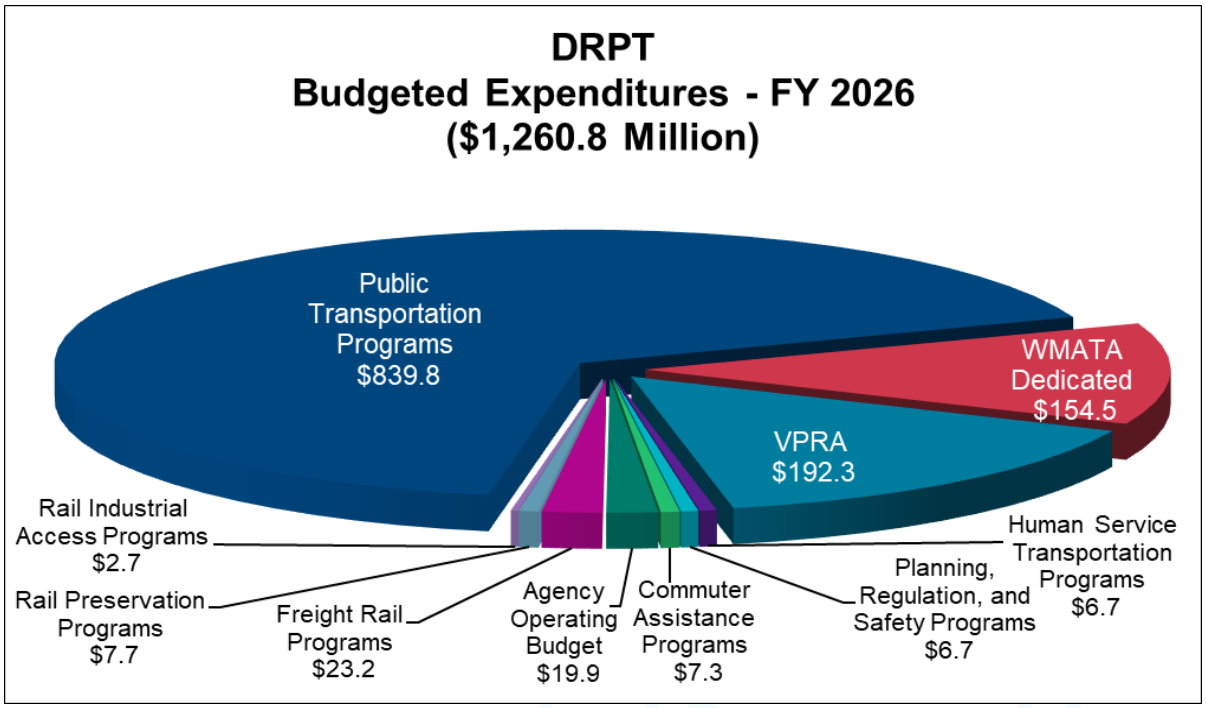
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Summary of Programs

Summary of FY 2026 Budget

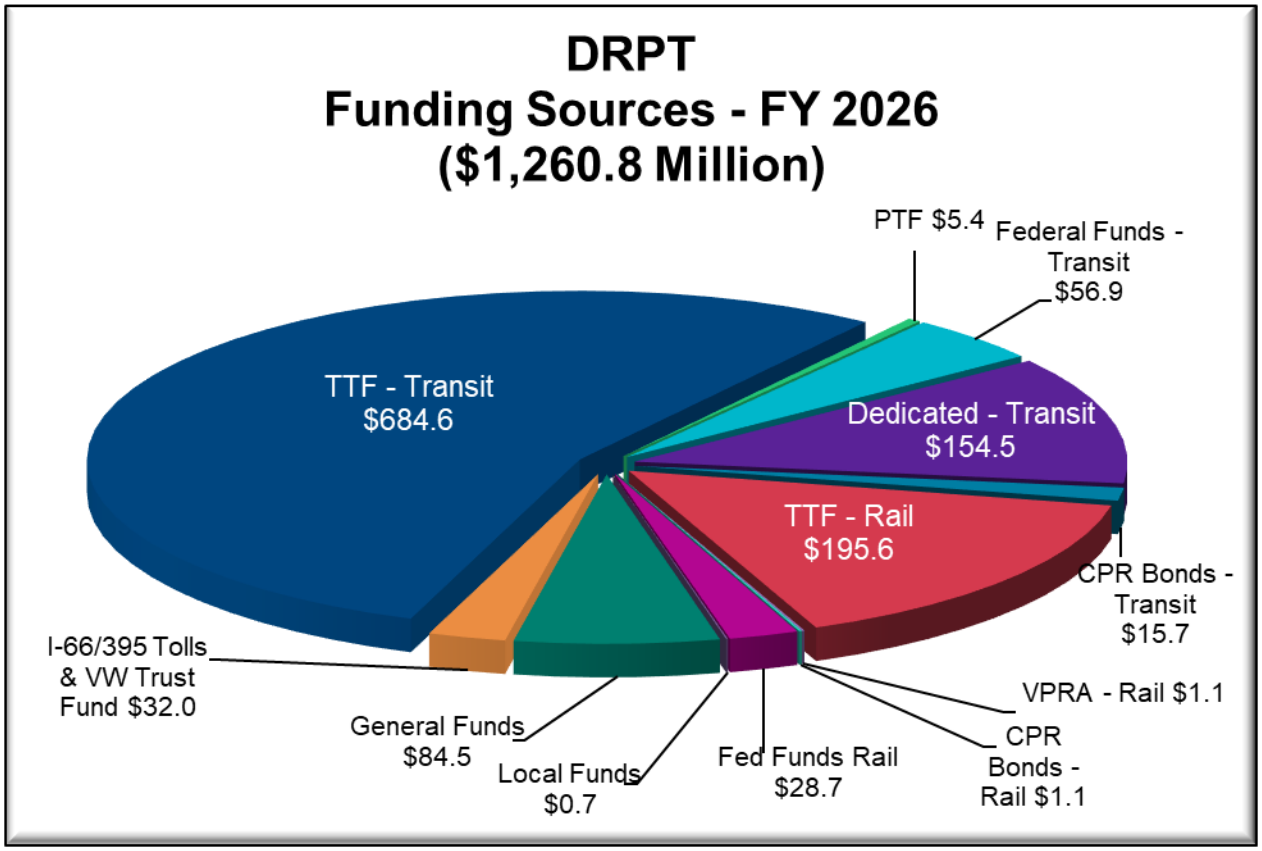
In FY26, DRPT will invest $1,260.8 million in state, federal, and local resources towards improving public transportation and rail capacity across the Commonwealth of Virginia. The overwhelming majority of these funds are directed to a variety of recipients, including public transportation providers, local and regional government entities, freight railroads, and the Virginia Passenger Rail Authority (VPRA). The VPRA was established in section §33.2-288.B. of the *Code of Virginia* to oversee passenger rail projects within the Commonwealth, including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the revenues of the Commonwealth Rail Fund. The VPRA share is estimated at $172.2 million for FY26. In addition, in FY26 DRPT will draw down $20.1 million of FRA funds on behalf of the VPRA for the FASTLANE grant program.

Expenditures for FY26 are estimated to be $52.4 million more than FY25. Additional detail is included in the specific program sections of this document.



The chart depicts the FY26 DRPT budget across the agency's service areas and payments to the VPRA. The budgeted expenditures for each are discussed in more detail later in this report.

The following chart depicts the source of funds for DRPT's annual budgeted expenditures. It is not based on the annual estimated revenues for each funding source; rather, the funding source is derived from over 2,000 projects included in the cash flow projections used to estimate the budgeted expenditures. Additional information concerning the DRPT FY26 funding sources can be found in the Annual Budget section of this report.



FY 2026 Service Area Budget Highlights

Agency Operating Budget

The DRPT program management and administrative budget increased 0.5% or $0.1 million to $19.9 million. The Appropriations Act authorizes the Commonwealth Transportation Board (CTB) to approve up to 5.0% per year of the Commonwealth Mass Transit Fund (§33.2-1526), Rail Preservation and Development Fund (§33.2-1602), and the revenues allocated to the Department from the Commonwealth Rail Fund (§33.2-1526.4) to be used to support the DRPT costs of project development, project administration, and project compliance. DRPT has elected to use only 3.7% of the 5.0% allowable under the Appropriations Act of the Rail Preservation Fund, Commonwealth Rail Fund, and Commonwealth Mass Transit Fund in FY26 for project oversight.

Over the past several years, the transit programs managed by DRPT have grown significantly as have the associated revenues. This growth has been accompanied by increased demand by the General Assembly for accountability over the funds in these programs. The nature of the large-scale projects that DRPT now manages is highly diverse in their scope and service, changing dramatically over the last 15 years. Examples of these projects include the following: the Virginia Breeze intercity bus, WMATA oversight, transit way improvements related to the Amazon headquarters arrival, as well as I-95 and I-81 freight rail corridor programs. The agency's operating budget will be used to develop and expand the program oversight requested by the General Assembly related to state transit funding.

A summarized list of these estimated administrative costs is included in the footnotes of the budget statement at the end of this document. Despite the increase in demands on the agency, the DRPT operating budget only represents 1.6% of the $1,260.8 million of total funds administered.

Public Transportation Programs

The state funding for Public Transportation is comprised of revenues from the Commonwealth Mass Transit Fund (CMTF) and the Commonwealth Transit Capital Fund (CTCF). Effective July 1, 2020, HB 1414 adopted numerous structural changes to the transportation funding system in the Commonwealth. Most state transportation revenues are directed to the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund, which are administered by the Virginia Department of Transportation (VDOT). Revenues are then disbursed from the Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The CMTF receives 23% of the Transportation Trust Fund. This structure allocates the net impact of upturns and downturns in specific revenues so no one mode is adversely affected.

Chapter 854 of the 2018 Acts of Assembly established a separate allocation for the Washington Metropolitan Area Transit Authority (WMATA) and set allocation percentages for DRPT's Operating, Capital, and Special programs in FY19 and beyond. It is important to note that these bills did not create additional transportation revenues. Instead, they built on the new revenues generated by HB 2313 in 2013 by changing the distribution of existing revenues.

Beginning in FY21, these funds were distributed in accordance with the *Code of Virginia* and specific Appropriations Act language as follows:

- Up to 5.0% of the CMTF to support costs of project development, project administration, and project compliance (current Appropriation Act language)
- $2.0 million (current Appropriation Act language) of the MTTF for state safety oversight
- $1.5 million (current Appropriations Act language) of the MTTF for paratransit capital projects and enhanced transportation services for the elderly and disabled

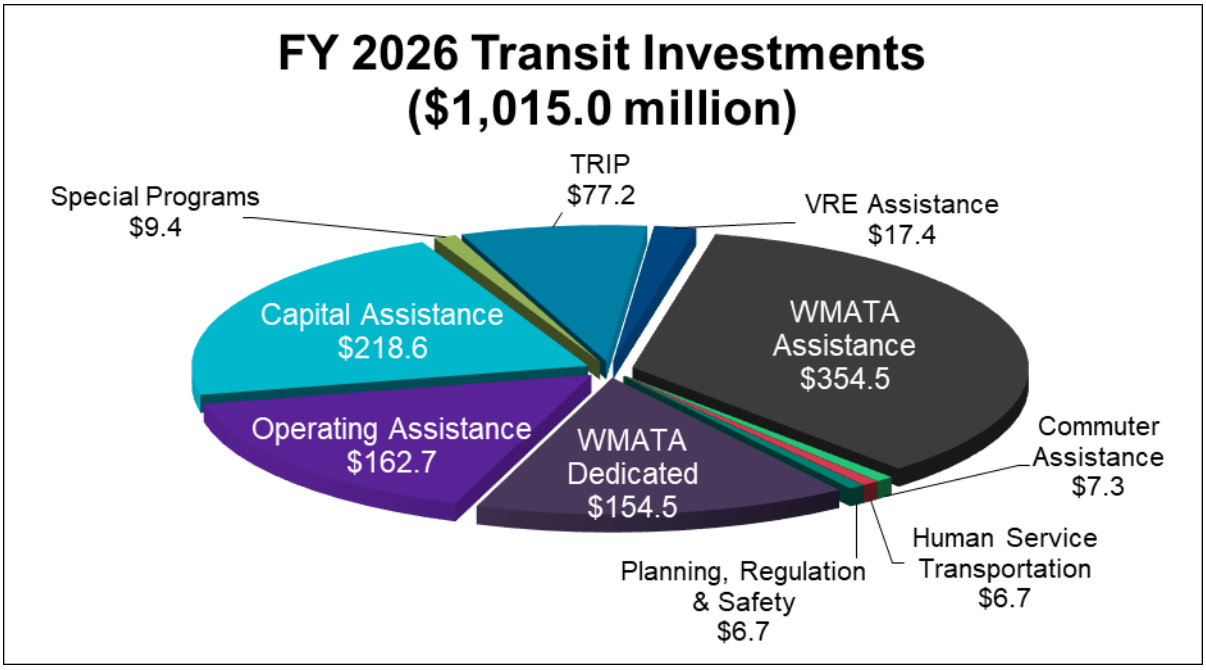
The remaining funds are allocated by statute (§33.2-1526.1) with a minimum of 24.5% for state operating assistance grants, 17.0% awarded as capital assistance grants, 46.5% for distribution to WMATA for capital purposes and operating assistance, 6.0% for the Transit Ridership Incentive Program (TRIP), 3.5% for distribution to the Virginia Railway Express, and the balance of up to 2.5% awarded as special projects grants, subject to CTB approval.

The CTCF is made up of the CPR bonds authorized under Chapter 896 of the 2007 Acts of Assembly allocated to transit capital. The major revenue source for these bond authorizations is the tax on insurance premiums. Beginning in FY19, these bond funds completed the 10-year period under the original bond authorization and the $60 million annual amount available ended. Current year allocations of these funds represent monies deobligated from prior year projects.

By the close of FY21 when the WMATA state of good repair funding grant ended, the state transit capital assistance program lost an additional $50 million of annual bond funding. However, section §33.2-1526.1.B of the *Code of Virginia* allocates up to $50 million off the top of the CMTF starting in FY22 for the WMATA State of Good Repair program.

In 2018, the General Assembly directed the CTB to develop a separate prioritization process for state of good repair projects and major expansion projects. The process for state of good repair projects is based upon transit asset management principles, including federal requirements for Transit Asset Management pursuant to 49 U.S.C. § 5326 while the process for major expansion projects is based on Smart Scale factors. Over 85% of the transit capital program has historically been utilized for the replacement or maintenance of existing assets.

The FY26 budget for Transit Programs is depicted in the following chart. This chart represents FY26 anticipated expenditures across the major Transit programs.



The FY26 budget of $1,015.0 million for Transit investments represents an increase of $31.8 million from $983.2 million in the FY25 Budget.

As compared to the FY25 Budget, capital projects decreased $34.5 million. In FY2025 it was projected that there would be an increase in large bus purchases and facility construction needs as supply constraints from COVID eased. Capital projects have become more erratic in FY 2025 with some back orders being filled quickly and other orders delayed due to the continued impact of supply issues. Transit agencies are projecting that bus orders will take longer to fill than they have in the past, and as such they have reduced their forecast bus purchases in FY 2026.

WMATA Assistance includes an allocation of $50.0 million of CMTF funding, which was funded from bond proceeds prior to FY22, to match the federal funds WMATA is receiving under the federal state of good repair program. The Transit programs are discussed in more detail in the following sections.

Public Transportation Operating Funds

The budgeted amounts in this report include anticipated expenditures on all the projects and grants that DRPT manages for FY26, not just amounts allocated in FY26 by the CTB in the SYIP (See note 1 for more information). The budgeted FY26 transit operating expenditures are $162.7 million or an increase of $6.2 million from FY25. Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 24.5% of the CMTF to support operating costs of transit providers and that the CTB shall establish service delivery factors, based on effectiveness and efficiency, to guide the relative distribution of such funding. Such measures and their relative weight shall be evaluated every three years.

DRPT has worked in consultation with the Transit Service Delivery Advisory Committee (TSDAC) and other stakeholders to develop the necessary policies and procedures to implement a performance-based state transit operating allocation. The TSDAC adopted the following policy objectives to guide their deliberations: promoting fiscal responsibility, incentivizing efficient operations, supporting robust transit service, rewarding higher patronage, promoting mobility, supporting a social safety net, and utilizing data that exists for all agencies.

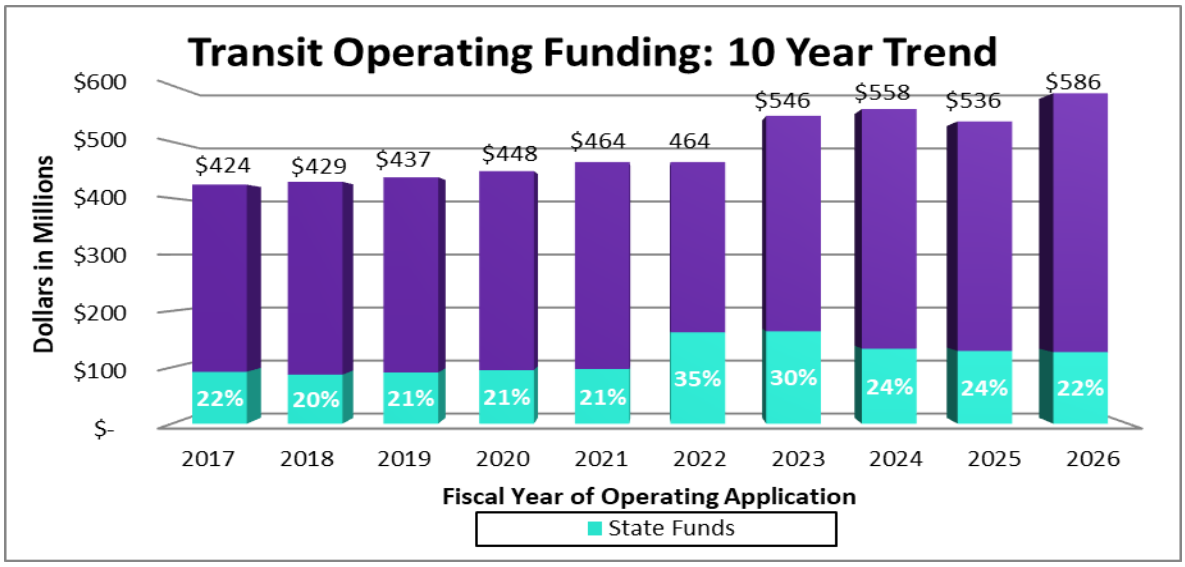
The CTB adopted the allocation policy for transit operating funding based on performance factors as follows:

System Sizing Metrics:
- Bus Systems:
  - Operating Cost (50%)
  - Ridership (30%)
  - Revenue Vehicle Hours (10%)
  - Revenue Vehicle Miles (10%)

Performance Adjustment:
- All Systems:
  - Passengers per Revenue Vehicle Hour (20%)
  - Passengers per Revenue Vehicle Mile (20%)
  - Operating Cost per Revenue Vehicle Hour (20%)
  - Operating Cost per Revenue Vehicle Mile (20%)
  - Operating Cost per Passenger (20%)

To ensure an even distribution of funding, the share of state operating assistance is to be capped at 30% of an agency's operating cost. A one-time exception was made when mid-year FY22 revenue collections were significantly higher than estimates and the State allocated 35% of agency operating costs. Unallocated balances remaining after applying the cap are run through the performance-based formula to ensure full allocation of the available operating funding. Agencies that receive an increase in state assistance because of the performance-based formula are encouraged to invest the increased allocation into sustaining and expanding service options.

DRPT's FY26 state share of operating funding covers 21.7% of transit agency expenditures which is a decrease of 2.3% from the prior year. The following chart provides a history of the state's participation in the cost of transit operations in the Commonwealth. Prior years in the chart have been restated to exclude operating payments made to WMATA. In FY19 and beyond funding for WMATA operating and capital are reported as WMATA Assistance. In FY25 and beyond, funding for VRE operating and capital are reported as VRE Assistance.



Public Transportation Capital Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 17.0% of the Commonwealth Mass Transit Fund for capital purposes distributed utilizing the transit capital prioritization process established by the Board pursuant to Section 33.2-214.4 of the *Code of Virginia*. Capital program grants from the CMTF are funded based on the total cost of the project. Effective July 1, 2019, capital projects are prioritized in three different categories:

State of Good Repair (SGR): capital projects or programs to replace or rehabilitate an existing asset. SGR is based on transit asset management principles, including federal requirements for Transit Asset Management. Projects are prioritized based on asset condition score and service impact score.

Minor Enhancement (MIN): Projects or programs to add capacity, new technology, or a customer enhancement meeting the following criteria:

- Project cost is up to $2 million, OR
- For expansion vehicles, a minor enhancement entails a fleet increase of no more than 5 vehicles or less than 5% of the fleet size, whichever is greater

Minor enhancement projects are prioritized solely on service impact scores.

Major Expansion (MAJ): Projects or programs that add, expand, or improve service with a cost exceeding $2 million or for expansion vehicles, an increase of greater than 5 vehicles or 5% of fleet size, whichever is greater. Projects are prioritized based on the following SMART SCALE factors:

- Congestion Mitigation
- Economic Development
- Accessibility
- Safety
- Environmental Quality
- Land Use

In FY26, the budget for public transportation capital expenditures is $218.6 million, which is a decrease of $34.5 million from FY25. In FY2025 it was projected that there would be an

increase in large bus purchases and facility construction needs as supply constraints from COVID eased. Capital projects have become more erratic in FY 2025 with some back orders being filled quickly and other orders delayed due to the continued impact of supply issues. In addition, many capital facility projects and bus purchases have experienced cost increases due to inflation. Some of the major projects that will be supported by these funds include replacement transit vehicles, expansion transit vehicles, vehicles for elderly and disabled services, service support vehicles, transit facility and station construction and renovation, and transit facility planning and design. Taking these factors into consideration, transit agencies are projecting that orders will take longer to fill than they have in the past, and as such they have reduced their forecasts.

Public Transportation Special Program Funds

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 2.5% of the Commonwealth Mass Transit Fund for special programs. The Special Programs budget is estimated at $9.4 million for FY26. These funds are used to award discretionary grants for ridesharing, public transportation promotion, operation studies, technical assistance projects, as well as programs that enhance the provision and use of public transportation services.

Public Transportation Ridership Incentive

Section §33.2-1526.1 of the *Code of Virginia* provides that the CTB shall allocate 6.0% of the Commonwealth Mass Transit Fund for the Transit Ridership Incentive Program established pursuant to Section §33.2-1526.3 of the *Code of Virginia*. The Board shall establish the Transit Ridership Incentive Program to promote improved transit service in urbanized areas of the Commonwealth with a population exceeding 100,000 and to reduce barriers to transit use for low-income individuals. The FY26 budget includes $77.2 million to support projects such as free fare programs and regional connectivity routes, which is an increase of $40.0 million from FY25. The program initially had a slow start due to the onset of the pandemic and the effects of high inflation. Expansion of the scope of projects that can utilize the incentives increased access to these funds and the uptick in ridership has created a greater demand for new routes.

VRE Assistance Funds

HB 1496 of the 2023 Legislative Assembly established a funding stream beginning in FY26 to the Virginia Railway Express. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 3.5% of the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to VRE for capital purposes and operating assistance. The budgeted state assistance provided to VRE is $17.4 million for FY26.

WMATA Assistance Funds

The budgeted state assistance provided to WMATA increased $24.3 from $330.2 in FY25. Section §33.2-1526.1 of the *Code of Virginia* provides that the Commonwealth Transportation Board (CTB) shall allocate 46.5% of the Commonwealth Mass Transit Fund to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. WMATA Assistance funds include a special allocation of general funds of $84.5 million in FY 26 to fund the projected budget deficit. In FY18 and prior years, WMATA received a share of the funds available for the operating and capital assistance based on program allocation guidance. Under the new process, greater oversight responsibility is required of the Northern Virginia Transportation Commission for these state funds dedicated to WMATA.

Commuter Assistance Programs

The Commuter Assistance Programs budget of $7.3 million includes $6.4 million of CMTF funds for FY 2026 to support Transportation Demand Management (TDM) projects. The budget also includes Federal Highway Administration (FHWA) funds of $0.1 million and state funding of $0.8 million for projects included in the VDOT SYIP that DRPT will administer, such as the Arlington County Commuter Services program, Hampton Roads Transit TRAFFIX program, Telework, RideFinders, and various Transportation Management Plans.

The TDM program is a discretionary grant program that provides state funds to support up to 80% of the costs of TDM projects and other special projects that are designed to reduce single-occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that encourage travel in shared ride modes.

Human Service Transportation Programs

The Human Service Transportation Programs budget is estimated at $6.7 million for FY26. Human service transportation programs are operated by local government social service agencies or private non-profit human service agencies for the benefit of their clients. These clients are elderly or disabled individuals and economically disadvantaged children who are enrolled to receive publicly funded social services.

Human service transportation differs from public transportation in that it is designed to serve the very specific needs of human service agency clients and in most cases, service is restricted to the clients of those agencies who often have no other transportation service available to them. It is not open to the general public. The funding for this program consists of $5.5 million from the Federal Transit Administration, $0.7 million of local provider match, and $0.5 million of CMTF funds for enhanced transportation services for the elderly and disabled.

Planning, Regulation, and Safety Programs

DRPT's FY26 budget includes $6.7 million of estimated expenditures for Planning, Regulation, and Safety Programs, which include long-term planning and regional corridor studies. The budget for these programs consists of the FTA 5303/5304 planning funds of $6.0 million and CMTF state match allocations of $0.7 million.

WMATA Dedicated Funds

Chapter 854 of the 2018 Acts of Assembly established the WMATA Capital Fund. It also established a Restricted and Non-Restricted account within the WMATA Capital Fund. Monies in the Restricted Account may be used for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. Monies in the Non-Restricted account may be used for capital purposes including the payment of debt service on bonds or other indebtedness. The expected revenues budgeted to the Dedicated WMATA Capital Fund are estimated at $154.5 million for FY26.

Restricted Account – (capital purposes excluding debt service)
The underlying revenues come from local recordation tax and statewide motor vehicle rental tax. For FY26, DRPT is allocating $35.0 million that will be accounted for in the Restricted Account.

Non-Restricted Account – (capital purposes including debt service)
The underlying revenues come from regional gas taxes, grantor's taxes, transient occupancy tax, local taxes, or other contributions from Northern Virginia local jurisdictions and a supplement from the CMTF. For FY26, DRPT is allocating $119.5 million that will be accounted for in the Non-Restricted Account.

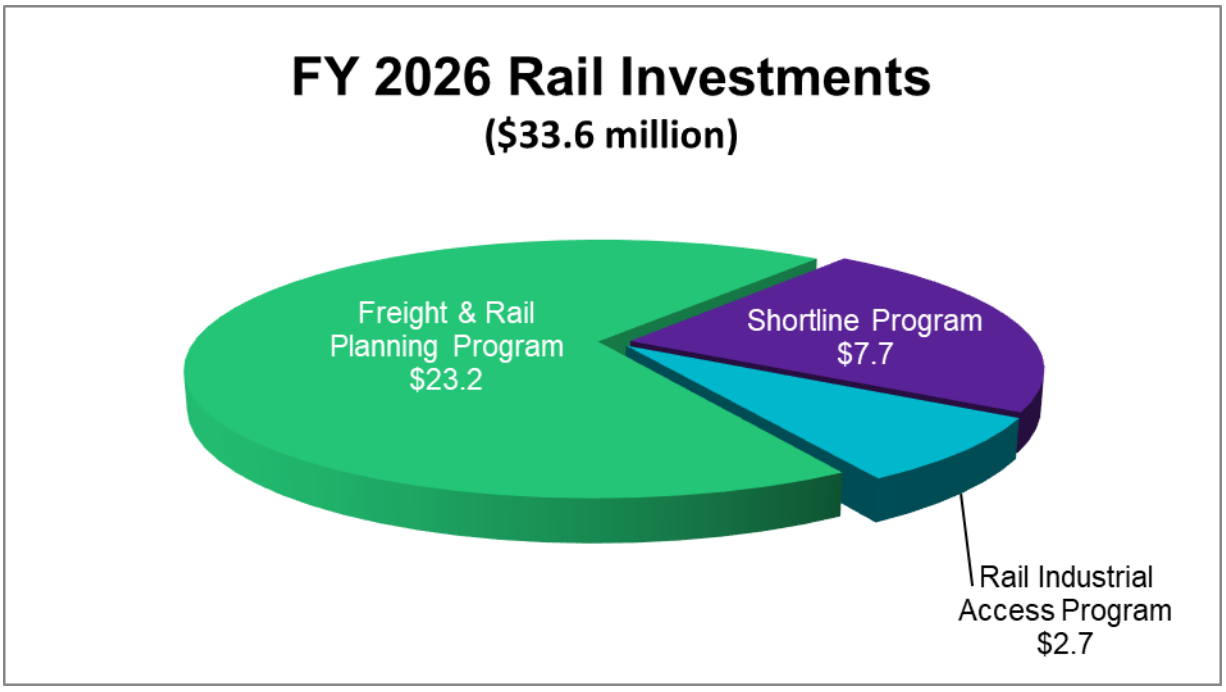
This funding is contingent on Maryland and the District of Columbia taking action to provide dedicated funding to WMATA. The percentage of funding provided by the Commonwealth shall be proportional to the amount of funding provided by the District of Columbia and Maryland relative to their respective share of WMATA funding each fiscal year.

Rail Programs

DRPT's FY26 budget for rail service areas is $33.6 million, including the funding of freight and rail planning projects, shortline preservation, and rail industrial access programs. In prior years, DRPT administered passenger rail projects within the state including the state-supported Amtrak service. In FY21, the Virginia Passenger Rail Authority (VPRA) was established to oversee passenger rail projects within the state including intercity passenger service.

Effective July 1, 2020, the VPRA and the Commonwealth Rail Fund came into existence pursuant to Section §33.2-1526.4 of the *Code of Virginia*. The new legislation implemented numerous structural changes to the transportation funding system in the Commonwealth. Most State transportation revenues are directed to the Commonwealth Transportation Fund and the Highway Maintenance and Operating Fund. Revenues are then disbursed from the Commonwealth Transportation Fund to the Transportation Trust Fund and then distributed to meet the varying transportation needs of different modes of transportation. The Commonwealth Rail Fund receives 7.5% of the Transportation Trust Fund. This structure consolidates the net impact of upturns and downturns in specific revenues. This serves to mitigate the year-to-year impacts on the revenue streams of the various modes of transportation. In FY21, the Commonwealth Rail Fund replaced the Intercity Passenger Rail Operating and Capital Fund (IPROC) and Rail Enhancement Fund (REF) with 93% of the fund going to the VPRA while 7% of the funds are retained by DRPT to support freight and rail planning projects.

The distribution of anticipated expenditures falls into three categories as displayed in the following chart:



Funding for DRPT's rail programs is supported through federal, state, and local funding sources:

Federal

- Federal Railroad Administration (FRA) grant funds of $8.6 million

State

- Commonwealth Rail Fund of $13.0 million
- Shortline Railway and Development funds of $7.1 million
- VPRA Transfers of $1.1 million
- Rail Industrial Access (RIA) funds of $2.7 million
- Transportation Capital Projects Revenue (CPR) Bond funds of $1.1 million

Transportation Bond Funds

Chapter 896 of the 2007 Acts of Assembly provides for CPR bonds to be issued annually with a minimum of 4.3% of the proceeds going to either the Rail Enhancement Fund or the Shortline Railway Preservation and Development Fund. The final bond allocation for rail was made in FY18. For FY26, budgeted expenditures from prior year's bond proceeds are expected to be $1.1 million for freight rail infrastructure improvements and improvements to the tracks of shortline railroads.

Rail Preservation Fund

As part of the Rail Preservation Program, the Shortline Railway Preservation and Development Fund will support 13 projects for Virginia's shortline railroads in FY26. These Rail Preservation projects consist primarily of bridge and track upgrades, yard improvements, siding enhancements, and tie and rail replacement, as well as the related ballast, tamping, and surfacing of existing rail lines operated by the shortline railroads in Virginia. These projects are funded through the annual Transportation Fund allocation and related interest revenues, and the CPR bonds.

In FY26 DRPT may use up to fifty percent of the 7% share of the Commonwealth Rail Fund for the purposes of the Shortline Railway Preservation and Development Fund pursuant to §33.2-1526.4. In FY25 and prior this amount was fixed at up to $4.0 million.

Rail Industrial Access Program

This program funds the construction of industrial access railroad tracks for the purpose of connecting industries to the rail network and creating jobs. These projects are funded through the Commonwealth Transportation Fund as they are approved by the CTB. Beginning in FY25 the maximum amount of the award was set at $750,000 per project.

Planning and Freight Rail Program

DRPT is the state agency responsible for rail planning and the freight rail program in the Commonwealth. Every four years, the Federal Railroad Administration requires states to submit an updated State Rail Plan. This is required for Virginia to be eligible for federal rail funding. DRPT also works closely with the two major Class I railroads operating in Virginia concerning freight projects and shortline railroads. Virginia's Class I railroads, shortline railroads, and the Port of Virginia are typical recipients of grants.

Virginia Passenger Rail Authority

The VPRA was established in section §33.2-288.B of the *Code of Virginia* to oversee passenger rail projects within the Commonwealth including the state-supported Amtrak service. The VPRA receives ongoing funding from DRPT of 93% of the revenues of the Commonwealth Rail Fund. In FY26 the estimated revenues of the Commonwealth Rail Fund are $185.2 million, of which $172.2 million will be distributed to the VPRA. In addition, DRPT is the sole recipient of FRA funds for the Commonwealth of Virginia. In FY26 DRPT will draw down $20.1 million of FRA funds on behalf of the VPRA for the FASTLANE grant program for the Long Bridge project.

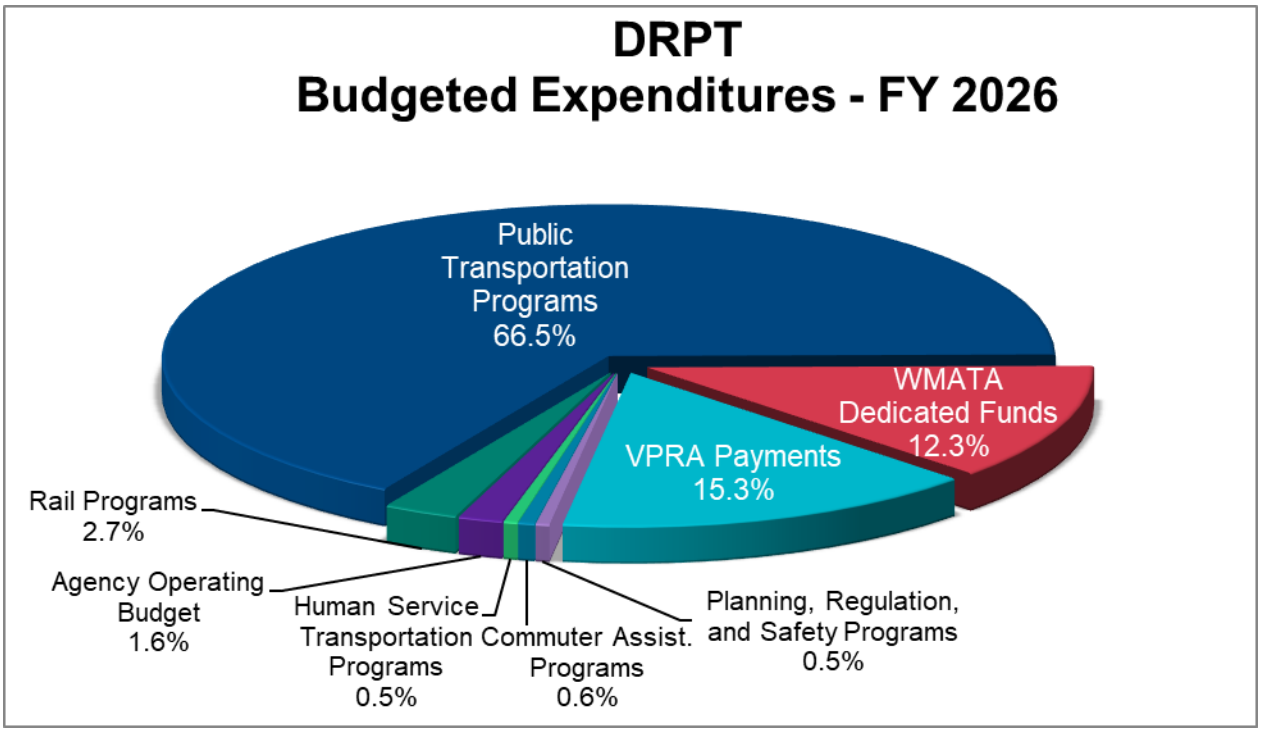
Annual Budget Statement

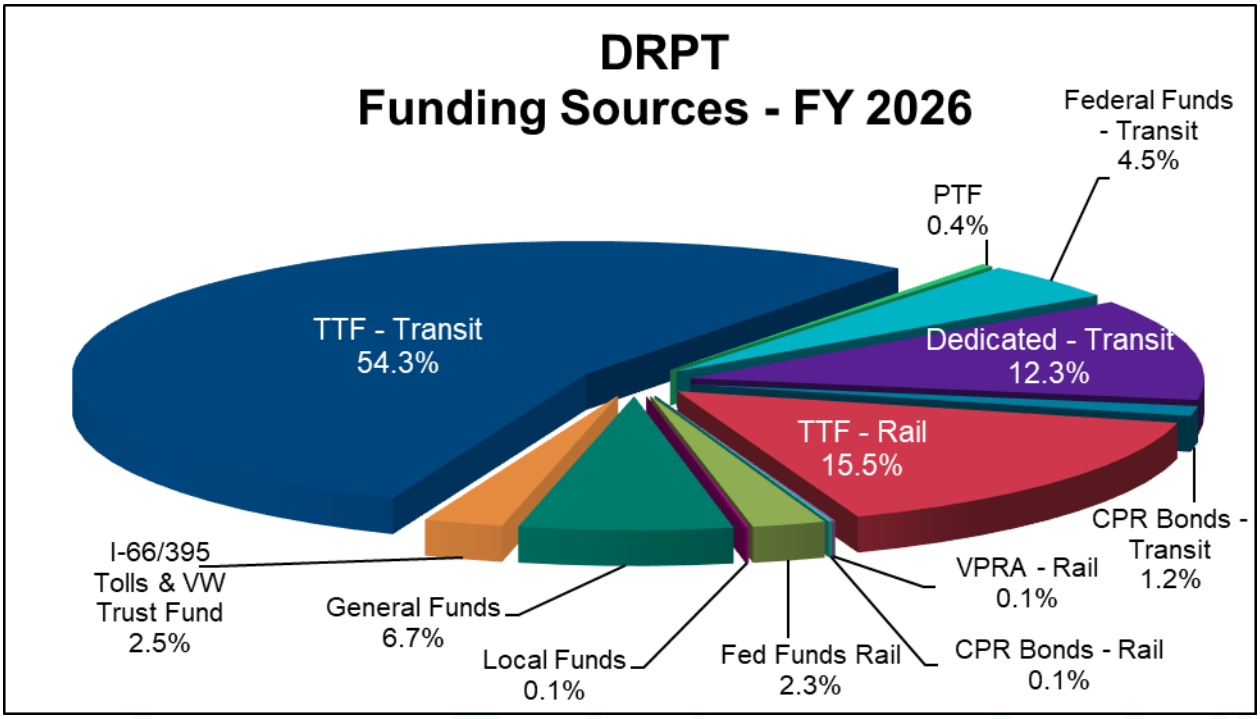
Budgeted Expenditures - FY 2026

	($ in millions) Adopted FY 2025	Recommended FY 2026	Increase / (Decrease)	Percentage Change
Public Transportation Programs				
Operating Assistance [Notes 1, 2, 3]	$ 156.5	$ 162.7	$ 6.2	4.0%
Capital Assistance [Notes 1, 2, 4]	253.1	218.6	(34.5)	-13.6%
Special Programs [Notes 1, 2, 5]	10.0	9.4	(0.6)	-6.0%
Ridership Incentive Programs [Notes 1, 2, 6]	37.2	77.2	40.0	107.5%
VRE Assistance [Notes 1, 2, 7]	16.3	17.4	1.1	6.7%
WMATA Assistance [Note 2, 8, 13]	330.2	354.5	24.3	7.4%
Total Public Transportation Programs	**803.3**	**839.8**	**36.5**	**4.5%**
Commuter Assistance Programs [Notes 1, 9]	8.2	7.3	(0.9)	-11.0%
Human Service Transportation Pgm [Notes 1, 10]	10.8	6.7	(4.1)	-38.0%
Planning, Regulation, & Safety Pgm [Notes 1, 11]	6.4	6.7	0.3	4.7%
WMATA Dedicated Funding [Note 12]	154.5	154.5	-	0.0%
Total Transit Programs	**983.2**	**1,015.0**	**31.8**	**3.2%**
Rail Programs				
Rail Preservation Programs [Notes 1, 14]	10.6	7.7	(2.9)	-27.4%
Rail Industrial Access [Notes 1, 15]	4.6	2.7	(1.9)	-41.3%
Planning and Freight Rail Programs [Notes 1, 16]	27.3	23.2	(4.1)	-15.0%
Total Rail Programs	**42.5**	**33.6**	**(8.9)**	**-20.9%**
Agency Operating Budget [Note 19]	19.8	19.9	0.1	0.5%
Agency Total Before VPRA Payments	**1,045.5**	**1,068.5**	**23.0**	**2.2%**
VPRA Payments [Note 17]	162.9	192.3	29.4	18.0%
Agency Total	**$ 1,208.4**	**$ 1,260.8**	**$ 52.4**	**4.3%**

Funding Sources - FY 2026

	($ in millions) Adopted FY 2025	Recommended FY 2026	Increase / (Decrease)	Percentage Change
TRANSPORTATION TRUST FUND				
Commonwealth Mass Transit Fund [Notes 3, 4, 5, 6, 7, 8, 9, 10, 11, 19]	$ 633.4	$ 654.8	$ 21.4	3.4%
Special Programs - VDOT Transfers [Notes 4, 5, 9, 10]	30.3	29.8	(0.5)	-1.7%
Rail Industrial Access [Note 15]	4.6	2.7	(1.9)	-41.3%
Commonwealth Rail Programs [Notes 16, 17, 18]	181.0	185.7	4.7	2.6%
Rail Preservation Program [Notes 14, 19]	10.2	7.2	(3.0)	-29.4%
Total	**859.5**	**880.2**	**20.7**	**2.4%**
2018 CHAPTER 854 DEDICATED FUNDING - Transit [Note 12]	**154.5**	**154.5**	**-**	0.0%
GENERAL FUND - Transit [Note 13]	**60.2**	**84.5**	**24.3**	**40.4%**
BOND PROCEEDS - Transit Capital and Rail [Notes 4, 10, 14]	**20.2**	**16.8**	**(3.4)**	**-16.8%**
PRIORITY TRANSPORTATION FUNDS [Note 18]	**8.2**	**5.4**	**(2.8)**	**-34.1%**
FEDERAL REVENUE				
FHWA Funding (CMAQ/RSTP) [Notes 4, 9]	18.4	0.7	(17.7)	-96.2%
Federal Transit Administration [Notes 3, 4, 10, 11]	47.9	56.2	8.3	17.3%
Federal Railroad Administration [Note 16]	2.9	28.7	25.8	889.7%
Total	**69.2**	**85.6**	**16.4**	**23.7%**
LOCAL REVENUES [Notes 10, 16]	**1.0**	**0.7**	**(0.3)**	**-30.0%**
TRANSFERS FROM OTHER AGENCIES				
VDOT I-66/I-395 Tolls Transfers [Note 4]	**26.2**	**31.5**	**5.3**	**20.2%**
DEQ VW Trust Fund Transfers [Note 4]	**2.8**	**0.5**	**(2.3)**	**-82.1%**
Virginia Passenger Rail Authority [Note 17]	**6.6**	**1.1**	**(5.5)**	**-83.3%**
TOTAL SOURCES	**$ 1,208.4**	**$ 1,260.8**	**$ 52.4**	**4.3%**


DRPT
Budgeted Expenditures - FY 2026
Public Transportation Programs 66.5%
WMATA Dedicated Funds 12.3%
VPRA Payments 15.3%
Rail Programs 2.7%
Agency Operating Budget 1.6%
Human Service Transportation Programs 0.5%
Commuter Assist. Programs 0.6%
Planning, Regulation, and Safety Programs 0.5%


DRPT
Funding Sources - FY 2026
Federal Funds - Transit 4.5%
PTF 0.4%
TTF - Transit 54.3%
Dedicated - Transit 12.3%
TTF - Rail 15.5%
CPR Bonds - Transit 1.2%
I-66/395 Tolls & VW Trust Fund 2.5%
General Funds 6.7%
Local Funds 0.1%
Fed Funds Rail 2.3%
VPRA - Rail 0.1%
CPR Bonds - Rail 0.1%

Footnotes to the FY 2026 Annual Budget

(1) The budgeted amounts in this report include anticipated expenditures on all the projects and grants that DRPT manages for FY26 and the revenue sources to cover these anticipated expenditures. A cash basis of accounting is utilized to develop the budgeted amounts. Unless the entire amount of an allocation in the SYIP will be expended in FY26, the budgeted amounts will not agree to allocations in the SYIP due to the timing of the related cash expenditures. The actual cash outlays of many capital projects may lag the related allocation of resources by as much as five years. Therefore, many capital expenditures allocated in the SYIP will be expended in future years, whereas many capital amounts included in the Budget were allocated in prior Six Year Improvement Plans.

There are line items required to be approved by the CTB in the SYIP that do not result in actual cash expenditures through DRPT and are not included in the budget. These items include Federal 5307 fund allocations with grantee FTA contracting and a portion of VPRA allocations for the Transforming Rail in Virginia project. Likewise, there are cash expenditures made by DRPT that are included in the budget that are not included in the DRPT SYIP. These include such items as a portion of the 93% or $172.2 million of revenues from the Commonwealth Rail Fund paid to the VPRA, $19.9 million of off-the-top State funding for support of the Agency's on-going administrative costs, and $2.7 million for the Rail Industrial Access projects which are approved in separate resolutions.

It is important to note that DRPT's reliance on our transportation partners for accurate information will impact the accuracy of our budgeted expenditures. The vast majority of the DRPT budgeted expenditures are initiated by a reimbursement request from one of our project partners who controls the actual project development. As such, DRPT must gather information from these partners about the timing of almost 2,000 projects to estimate cash basis expenditures each year. Based on this operating format for DRPT, a variance of up to 15% would not be unreasonable. Ultimately, the goal for DRPT is to work with our project partners to attain a variance of 10% or less by each year end.

(2) Funds are allocated by statute (§33.2-1526.1) with 46.5% for distribution to WMATA for capital purposes and operating assistance, a minimum of 24.5% for state operating assistance grants, 17.0% awarded as capital assistance grants, 6.0% for transit ridership incentives, 3.5% for distribution to VRE for capital purposes and operating assistance, and the balance of up to 2.5% awarded as special projects grants subject to CTB approval.

(3) Public Transportation Programs - Operating Assistance increased by $6.2 million from FY25 to FY26 to $162.7 million. This was mainly formula driven. The Operating Assistance line is made up of Commonwealth Mass Transit Funds of $130.1 million, $24.9 million in Federal assistance through the FTA 5311 Rural Assistance program, $4.6 million on projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match), and $3.1 million of I-66 toll funds.

(4) Public Transportation Programs - Capital Assistance decreased by $34.5 million to $218.6 million. In FY2025 it was projected that there would be an increase in large bus purchases and facility construction needs as supply constraints from COVID eased. Capital projects have become more erratic in FY 2025 with some back orders being filled quickly and other orders delayed due to the continued impact of supply issues. In

addition, many capital facility projects and bus purchases have experienced cost increases due to inflation. Taking these factors into consideration, transit agencies are projecting that orders will take longer to fill than they have in the past, and as such they have reduced their forecasts. This line item consists of $123.8 million of Commonwealth Mass Transit funds, $15.7 million of Transportation Capital Projects bond proceeds, $19.8 million of FTA funding, $0.6 million of FHWA funding, $5.4 million of priority transportation funds, $0.5 million of VW trust fund proceeds, and $28.4 million of I-66 & I-395 tolls. Additionally, $24.4 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, and related state match) is included in this Service Area.

(5) Public Transportation Programs – Special Programs decreased $0.6 million from FY25 to FY26 to $9.4 million. Funding of $9.4 million comes from the Commonwealth Mass Transit Fund. This service area includes Metrorail State Safety Oversight.

(6) Public Transportation Programs - Ridership Incentive Programs increased $40.0 million from FY25 to FY26 to $77.2 million. This line item consists solely of $77.2 million of Commonwealth Mass Transit Funds. The FY26 budget supports projects such as zero-fare and reduced-fare programs, improved transit connectivity projects in urbanized areas of the Commonwealth with a population exceeding 100,000, shelter and amenity programs and to projects that reduce barriers to transit use for low-income individuals.

(7) VRE Assistance is $17.4 million in FY26. This Funding comes from the Commonwealth Mass Transit Fund and goes to the Northern Virginia Transportation Commission for distribution to VRE for capital purposes and operating assistance. HB 1496 of the 2023 Legislative Assembly established this funding stream beginning in FY25.

(8) WMATA Assistance increased $24.3 million to $354.5 million. This Funding comes from the Commonwealth Mass Transit Fund and goes to the Northern Virginia Transportation Commission for distribution to WMATA for capital purposes and operating assistance. Also included in FY22 and beyond is $50.0 million of CMTF funding to replace the bond program that was used in prior years for the Federal State of Good Repair Program. FY26 includes $84.5 million of additional General Funds allocated in the 2024 Special Session I Acts of Assembly HB 6001 Chapter 2 Item 443 to cover budgetary shortfalls.

(9) The budgeted Commuter Assistance Programs line item decreased by $0.9 million to $7.3 million from FY25 to FY26. Commuter Assistance Programs include Commonwealth Mass Transit Funds of $6.4 million and FHWA funding of $0.1 million. Additionally, $0.8 million in projects administered by DRPT with funding allocated through VDOT's SYIP (CMAQ, RSTP, Telework and related state match) is included in this service area.

(10) The budgeted Human Service Transportation Programs line item decreased by $4.1 million to $6.7 million from FY25 to FY26. Funding includes $5.5 million of FTA 5310 and 5311 awards. The match to these federal awards consists of $0.5 million of Commonwealth Mass Transit State matching funds for the paratransit capital projects and enhanced transportation services for the elderly and disabled, as well as $0.7 million of local match to the FTA 5310 funds.

(11) Planning, Regulation, and Safety Programs of $6.7 million in FY25 consist of FTA 5303/5304 planning funds of $6.0 million and Commonwealth Mass Transit state match allocations of $0.7 million.

(12) Chapter 854 of the 2018 Acts of Assembly established dedicated capital funding for WMATA. Anticipated expenditures for FY26 are $154.5 million.

(13) The 2024 Special Session I Acts of Assembly HB 6001 Chapter 2 Item 433 established General Fund appropriations of $60.2 million for FY25 and $84.5 million for FY26 for WMATA Assistance to cover budget shortfalls.

(14) The 2006 General Assembly passed legislation (§33.2-1602) to establish the Shortline Railway Preservation and Development fund. The fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. This line item decreased $2.9 million to $7.7 million from FY25 to FY26. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund of $7.1 million. The additional $0.6 million of planned expenditures is funded by Transportation Capital Projects Bond proceeds allocated by the CTB.

(15) The Rail Industrial Access Program funds construction of industrial access railroad tracks. The activities budgeted in this line item consist of Transportation Trust Fund allocations through VDOT of $2.7 million.

(16) The budgeted Planning and Freight Rail Programs line item of $23.2 million represents a decrease of $4.1 million from FY25 to FY26. The source of funding to cover these expenditures includes $13.0 million from the 7% allocation of the Commonwealth Rail Fund. The Commonwealth Rail Fund is funded by a 7.5% allocation from the Transportation Trust Fund. Additionally, this line item includes Federal Railroad Administration funds of $8.6 million, expected VPRA transfers of $1.1 million, and bond proceeds of $0.5 million.

(17) The budget includes an estimate of $172.2 million of Commonwealth Rail Funds to be transferred to the VPRA in FY26. This represents 93% of the estimated CRF revenues expected to be collected over the course of the fiscal year. In addition, $20.1 million of FRA funds will drawn down by DRPT on behalf of VPRA for the FASTLANES grant program.

(18) In December 2021, the Commonwealth Transportation Board restored $39.8 million of Priority Transportation Funds to the Commonwealth Mass Transit Fund. In FY26, it is estimated that $5.4 million of project funding will be used for zero-fare projects and transportation facilities.

(19) The CTB is authorized by §33.2-1604 of the *Code of Virginia* to approve up to 3.5% per year of the Rail Preservation Fund and Commonwealth Rail Fund and by §33.2-1526.1 G of the *Code of Virginia* to approve up to 3.5% per year of the Commonwealth Mass Transit Fund to support costs of project development, project administration, and project compliance. The Appropriation's Act language allows the CTB to allocate up to 5% of the Rail Preservation Fund, Commonwealth Mass Transit Fund, and Commonwealth Rail Fund for use to support the DRPT costs of project development, project administration, and project compliance. DRPT forecasts that $26.9 million (5.0%) of revenues from

these funds are available to support the programs' ongoing administrative costs. However, DRPT is forecasting that only $19.9 million (3.7%) will be used to support the operating budget. The DRPT operating budget represents only 1.6% of the total $1,260.8 million FY26 budget.

Major Components of Agency Operating Budget		
Payroll and Fringe Benefits	$	11,010,000
Operations Program Support		5,020,000
Information Technology Costs		1,000,000
Central Service Agencies Indirect Costs		900,000
Rent		565,000
Finance Support		375,000
Attorney Services		350,000
Travel and Training		313,000
Other Program and Project Management Initiatives		367,114
Total	$	19,900,114

Source of Funding for Agency Operating Budget		
Commonwealth Mass Transit Fund	$	19,267,052
Commonwealth Rail Fund		479,512
Shortline Railway Preservation and Development Fund		153,550
Total	$	19,900,114