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FOR IMMEDIATE RELEASE

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*****PRESS RELEASE*****

**FACING FISCAL CLIFF, SFMTA BOARD APPROVES
BALANCED TWO-YEAR BUDGET TO PRESERVE MUNI
SERVICE AND KEEP SAN FRANCISCO MOVING**

Plan to close the deficit that would begin July 1 depends on State loan, two November ballot measures, internal efficiency efforts and modest fare and parking changes

San Francisco, CA – Facing the most challenging financial crisis in its history, the San Francisco Municipal Transportation Agency (SFMTA) Board of Directors today unanimously approved a balanced two-year operating budget of \$1.5 billion for Fiscal Year (FY) 2026-2027 and \$1.6 billion for FY 2027-2028. The SFMTA’s balanced budget closes an immediate shortfall of \$307 million in the budget’s first year, which begins on July 1, 2026, and \$344 million in the second year.

The approved budget prioritizes fast, safe, and reliable Muni service as well as other core transportation services. The plan maintains paratransit service as well as free and discounted Muni fares for youth, seniors, and people with disabilities, among others.

"This budget charts a path to a sustainable future for Muni and will help everyone who travels around San Francisco," said **Julie Kirschbaum, SFMTA Director of Transportation**. "It shows our shared focus on protecting core Muni services through stronger fiscal accountability paired with significant new revenue to replace pandemic relief funds and stabilize our budget. We deeply appreciate the leadership of Mayor Lurie, the Board of Supervisors, other elected leaders, our Board of Directors, our labor and business partners, and community members who engaged in this budget process. I also want to thank everyone at the SFMTA, especially our Finance team, who got this budget done. There is much more work to do, but this is the start we need."

The FY26-27 and FY27-28 budget is the first step of a multi-year strategy to reduce costs and stabilize the SFMTA budget, where the deficit was projected to grow to \$434 million within five years. The budget approved today captures significant savings and lays the groundwork for future operational and cost efficiencies, with the long-term goal of tackling the structural deficit by bringing expenditures into alignment with revenues, which is required to avoid significant cuts to Muni service and programs.



The SFMTA Board also approved the agency’s two-year capital budget, totaling \$655 million in year one and \$546 million in year two. Among other investments, the capital budget focuses on sustaining the infrastructure, facilities, vehicles and technology that support Muni service as well as improving roadway safety and accessibility for all street users.

“Approving this balanced budget underscores the Board’s firm commitment to fiscal accountability and public transparency throughout this process. Our priority is always the riders who rely on Muni, and this budget allows the SFMTA to continue delivering the transportation services our city deserves,” **said Janet Tarlov, Chair of the SFMTA Board of Directors.** “I want to thank SFMTA staff who worked countless hours to prepare and finalize one of the most challenging budgets this agency has faced. My sincere appreciation to my fellow board members who gave so many hours to ensure their input and contributions were well informed and consistent.”

The first year of the two-year budget includes a \$200 million loan from the State of California via the Metropolitan Transportation Commission (MTC). The loan has a 12-year term, with two years of interest-only payments (approximately \$8 million per year) followed by a 10-year repayment period including both interest and principal payments (approximately \$30 million per year).

Rising labor costs contribute significantly to the SFMTA’s structural deficit. Mandatory increases in healthcare and retirement contributions have led to personnel expenses outpacing revenue growth, despite reducing headcount by 89 positions. This necessitated difficult budgetary tradeoffs to offset the impact of labor increases and prevent severe service cuts. About 75% of the total SFMTA operational budget funds Muni service.

Creating a Culture of Efficiency

Prior to this two-year budget, the SFMTA has taken aggressive steps to strengthen fiscal management and accountability, resulting in \$246 million in cost savings. That work beginning in FY 2020 includes:

- Investing \$6 million in improved fare enforcement strategies;
- Eliminating more than 500 vacant positions that would have cost the agency approximately \$170 million;
- Eliminating planned one-time investments, saving the agency \$30 million in non-personnel costs, as well as negotiating rate reductions across a dozen professional service contracts, saving \$9 million; and
- Implementing transit priority and other reliability improvements that allow Muni buses to get to their destinations more quickly, allowing the SFMTA to deliver more Muni service with the same number of buses and transit operators, saving the agency \$30 million to date.

The new budget includes additional cost-saving measures, such as the elimination of 89 vacant positions and savings of \$20 million from reducing non-labor expenditures, as well as work orders



with other departments. By implementing these additional efficiency measures now, the SFMTA will reduce out-year budget deficits.

Modest Fare and Parking Changes Generate Revenue

The FY26-27 & FY27-28 budget also includes modest increases to Muni fares and parking fees and fines that, coupled with increased Muni ridership and continued fare compliance gains, are expected to generate approximately \$30 million in FY26-27 and an additional \$15 million in FY27-28. The budget plan eliminates the 15-cent Clipper card discount so that full-fare customers who pay with a Clipper card will pay the same amount for a Muni ride (\$3) as people who pay cash or tap their credit card. To account for inflation, fares will increase by 10 cents in 2028.

To better recover costs, the budget also increases the price of a single-ride cable car fare from \$9 to \$12 in the FY26-27 (before phasing it out in FY27-28) and creates a new family-friendly Cable Car Plus pass. This \$18 fare unlocks unlimited cable car rides, and other Muni service, and allows two youth to ride free with each paying adult.

The most innovative new fare policy in the budget encourages more daily Muni use by introducing fare capping, an innovative fare practice adopted by transit agencies around the world. Muni's first fare capping policy means that after a customer pays for two Muni rides on the same day, any additional rides are free.

These collective fare changes help protect vulnerable populations by supporting the continuation of free or discounted Muni fares for youth, seniors, people with disabilities, and people with limited incomes. About 14,000 SFUSD students rely on Muni to get to and from school thanks to our Free Muni for Youth program.

The budget also increases some parking fees and fines. Parking citation late penalties will be increased by 10% and online credit card fees will be passed on to customers. Parking meter rates, which are adjusted in specific locations based on demand, will also see the base rate increase by \$0.25 in FY27-28.

At the same time, the budget reduces the fine for some parking violations, such as not curbing a car's wheels when parked on a hill.

Keeping Muni Service Reliable

In 2025, the [SFMTA received an overall approval rating of 78%](#), the highest in the agency's history. The survey found year-over-year improvements across multiple service categories.

The [Muni Forward program](#) has made significant upgrades to San Francisco's busiest transit corridors, covering more than 100 miles. This includes improvements to more than 75 miles of



transit lanes and traffic signals for buses and trains, and enhanced bus stops. Riders are experiencing up to 35% faster travel times on improved routes.

This program has saved the agency approximately \$30 million since FY 2020 by providing more Muni service with the same number of buses and transit operators. Muni Metro service has also become more reliable. Thanks to programs like Fix It Week, moderate subway delays were down 63% in 2025 compared to 2019, while long delays were down 58%.

Street Safety and Capital Investments

Safety is central to every SFMTA project and remains a top priority in our capital investment strategy. Guided by data and community input, investments focus on targeted safety improvements where they will have the greatest impact.

Funding for key safety, connectivity and community benefit programs supports measures shown to reduce pedestrian collisions by over 30% on average. The capital investment strategy prioritizes investment in:

- Proactive traffic calming, including school areas, and speed limit reductions
- Core safety treatments for intersections on the High Injury Network
- Quick build community benefit corridor projects
- Community-based transportation plans
- Community-focused programs such as Safe Routes to School

In addition to targeted safety investments, the SFMTA continues to prioritize core maintenance and a state of good repair to keep the transportation system moving safely and reliably. This includes maintaining and upgrading signals and critical repairs by agency shops to address urgent needs and community requests. The SFMTA plans to invest capital funds into phase 1 of the light rail vehicle quarterlife overhaul. This will rehabilitate up to 157 light rail vehicles through repairs and system upgrades and will allow the SFMTA to extend the fleet's life by improving reliability and the passenger experience.

Together, these efforts help keep streets safe, support a full range of travel options, and ensure transit service remains reliable and accessible across the city.

SFMTA's Long-Term Funding Strategy

The SFMTA is currently facing the largest financial crisis in the agency's history, and despite significant progress in identifying cost savings internally, more funding is required to help keep Muni and other transit services running. Without adequate funding, the SFMTA will be forced to make significant cuts to Muni services and programs beginning in FY 27-28.

The SFMTA's funding strategy includes three sources of revenue to close the structural deficit, maintain current service, and create a stronger future for Muni:



- Ongoing work to identify efficiencies and cost savings as well as limited additional revenue generated by agency operations (e.g., Muni fares, parking, advertising).
- Regional revenue measure: the **Connect Bay Area Transit Initiative** would allow voters in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties to consider a sales tax to fund BART, Muni, Caltrain, AC Transit and other transit systems. The sales tax in San Francisco would be 1% and would provide Muni with about \$155 million per year if approved by voters. If approved, this initiative would include a mandated fiscal oversight auditor assigned to each transit agency.
- Local revenue measure: the **Stronger Muni for All** ballot measure would allow voters in San Francisco to vote on a parcel tax whose proceeds would fund Muni. If approved, owners of homes that are 3,000 square feet or less would pay \$129 per year. Owners of larger homes and owners of commercial parcels would pay more, and there would be a limit on the amount of the tax that could be passed on to renters. If approved by voters, this measure would provide Muni with about \$150 million annually to fund Muni operations plus about \$10 million annually for service quality improvements.

Decisions SFMTA Will Need to Consider Without the Funding Strategy

If the SFMTA is unable to close future budget gaps, impacts could affect the entirety of the Muni system and include:

- The elimination of up to 20 Muni routes, including hilltop and neighborhood routes, those on corridors with nearby service, and downtown express service
- Doubled wait times on Metro, Rapid and frequent routes, leading to more crowding and pass ups
- The reduction of evening service (9 p.m. to midnight) by up to 60%,
- The reduction or elimination of historic service on our three cable car lines and F Market & Wharves streetcar line Less transit service for special events like Giants, Warriors and Valkyries games, Fleet Week and concerts in Golden Gate Park

Community-Informed Budget Process

The SFMTA Budget community outreach and engagement process kicked off in October 2025, with a city-wide survey in four languages to collect feedback on the community's transportation priorities going into the two-year budget cycle. The survey was available online and in print. The SFMTA received over 5,000 responses; about 2,500 included additional comments. This input directly informed the development of the two-year budget.

Eighty-four percent of respondents selected "Maintaining the speed, frequency, and reliability of Muni buses and trains" as their first or second transportation priority. Captured comments from



survey takers included “Muni is vital to all San Franciscans,” and “Maintaining services on all routes is the key to keep this city moving.”

Following the survey and initial budget proposals, the SFMTA held three public open houses for community members to attend. Briefings were also offered to over 60 community organizations and stakeholders from October 2025 to April 2026. These presentations included formal advisory councils and committees, and advocacy groups as well as neighborhood organizations. The SFMTA also used digital tools including website updates, e-mail and text blasts, social media campaigns, and digital shelter ads to keep the public informed and promote feedback channels.

“This was an incredibly tough budget year, and while we do not agree with every decision, we appreciate that this budget protects the core of what riders depend on,” **said Dylan Fabris, San Francisco Transit Riders Community & Policy Manager.** “Preserving Muni service, maintaining discount programs for those who need them most, and introducing fare capping are meaningful wins in a very difficult financial moment. We are grateful that SFMTA worked closely with community partners and advocates throughout this process to deliver a budget that reflects riders' top priorities while helping to avoid devastating service cuts.”

“We feel the SFMTA has done its best to listen to community stakeholders like CTRIP concerning their budget challenges and plans,” **said Jon Hee, Chair of Chinatown TRIP.** “We agree and support this current budget that reduces the chances of service cuts since cuts that would highly impact the lifeline for the Chinatown community “

Mayor Daniel Lurie will include the balanced two-year SFMTA budget in his May 1 budget submittal to the Board of Supervisors, which per the Charter may then allow the budget to take effect without a vote or reject the budget in its entirety. For more information about the SFMTA’s budget process, [please visit this page](#).

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