



June 2, 2025

The Honorable Mike McGuire
Senate President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Robert Rivas
Assembly Speaker
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

The Honorable Scott Wiener
Chair, Senate Budget & Fiscal Review
Committee
1020 N. Street, Room 502
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

Dear Senate Pro Tempore McGuire, Speaker Rivas, Senate Budget Committee Chair Wiener and Assembly Budget Committee Chair Gabriel,

On behalf of the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG), I am writing to thank you for your leadership and acknowledge the difficult choices before you in the state budget negotiations. As you weigh the various trade-offs, I ask that you keep in mind that investments in public transit and affordable housing have a multiplier effect of social, environmental and economic benefits whereas disinvestment in them will have negative repercussions that could set the Bay Area and the state back for years to come.

MTC and ABAG respectfully request that you reject the Governor's proposed funding cuts to public transit in the May Revision and express my concern about the lack of commitment to extending the continuously appropriated transit and housing programs in the Governor's "Cap and Invest" proposal.

May Revise: Reject Cuts to Transit

The proposed cuts to transit from discretionary funding within the Greenhouse Gas Reduction Fund (GGRF) in the May Revise, which amount to a loss of almost \$300 million in the Bay Area alone, would stall progress the Bay Area is making to increase ridership and improve the transit rider experience. Public transit systems carry about 1 million trips per day in the nine-county Bay Area, take cars off the road and offer an affordable, stress-free alternative to driving.

At a time when the federal government is rolling back its investment in Medicaid and social services, reliable public transit plays a key role in assisting families whose budgets are stretched thin as it means they can keep their transportation costs down, often the second highest component of household budgets. Fiscal year 2025-26 is an especially critical year for Bay Area transit. Thanks to the multi-year transit funding package incorporated into Senate Bill 125 in 2023 and further refined in last year's budget, the Bay Area's transit operators are able to avert major service cuts that would otherwise begin next year. This state commitment was essential to buy time for the Bay Area to invest in self-help to sustain transit service for another 10-15 years, while Bay Area transit agencies shift to a more financially sustainable business model.

SB 63 (Wiener/Arreguín) is the authorizing legislation for that self-help measure. Pending passage later this summer, Bay Area voters in multiple counties will have an opportunity to generate new funds to avert major service cuts and invest in improvement that make transit more convenient and affordable. The Bay Area needs a strong state partner to position the ballot measure for success.

If the state adopts the Governor's proposed GGRF cuts to transit, the region's precarious transit funding situation will be derailed, putting passage of the regional measure at serious risk as well as jeopardizing billions of dollars in federal matching funds for major capital projects. With a combined operating deficit of over \$800 million among the SB 63-funded agencies, a cut in state funding that puts the regional measure at risk could have long-term financial repercussions for the state for many years to come.

“Cap and Invest” Proposal: Retain Continuous Appropriations to Transit and Affordable Housing Programs

With respect to Cap and Trade reauthorization, we request that you retain current law's framework of continuous appropriation of GGRF funds to the Transit and Intercity Rail Capital Program (TIRCP), Low Carbon Transit Operations Program (LCTOP) and the Affordable Housing and Sustainable Communities Program (AHSC). Each of these programs play an essential role in delivering cleaner air, more equitable mobility, and sustainable growth across California. Given the significant negative impacts to housing affordability and public transit that would result from terminating the continuous appropriations to these programs, we support the Legislative Analyst's Office's recommendation that the Legislature defer consideration of the Cap and Invest proposal until later this summer to allow more time for deliberation.

The Bay Area is counting on TIRCP to help fund its transit capital improvement projects over the coming years, including, for example, SMART to Healdsburg in the North Bay, S.F. Muni train control system upgrades, the Eastridge to BART Connector in the South Bay, plus dozens of other awarded projects in [Cycle 6](#) and [Cycle 7](#) which would be at risk without a commitment to sustaining the TIRCP continuous appropriation. Among state programs, TIRCP can be uniquely leveraged thanks to the Federal Transit Administration's Capital Investment Grant (CIG) program. For example, the BART to Silicon Valley Phase II project anticipates a \$5.1 billion CIG grant, but this depends on the state upholding its promise of an additional \$375 million for the project, which was awarded in Cycle 6. Similarly, the Portal – the extension of Caltrain to the Salesforce Transit Center in downtown San Francisco – and Valley Link in the Tri-Valley, are counting on their TIRCP awards (as well as future awards) as part of their funding plans to secure \$3.4 billion and at least \$450 million, respectively, in federal CIG funds.

The Bay Area also depends heavily on the AHSC program to help close funding gaps in its [affordable housing pipeline](#), which includes 433 housing projects which, once built, will provide almost 41,000 new affordable homes across the nine counties. According to an analysis conducted in 2024 by the Bay Area Housing Finance Authority – an MTC-ABAG affiliated agency – and Enterprise Community Partners, these projects require \$9.7 billion in subsidy to move forward. Bay Area projects compete well in AHSC and have received over one-third of the program's awards since 2015 in part due to the extensive transit network that the region, the

state, and the federal government have invested in over the last 50+ years. Approximately 2/3 of the Bay Area projects funded support transit-oriented affordable housing, providing access to transit for residents and boosting ridership for the transit agencies.

With housing and homelessness topping Bay Area residents' concerns and almost 37,000 Bay Area residents experiencing homelessness as of the 2023 Point-in-Time count, I respectfully request that you maintain (at a minimum) the current level of continuous appropriation to affordable housing in the reauthorization of Cap and Trade.

High Speed Rail Joint Benefit Projects

With respect to the Administration's proposal to set a \$1 billion annual guarantee for High-Speed Rail, consistent with MTC-ABAG's Cap and Trade Extension Advocacy Principles, I recommend that such funds be eligible to support Northern California's high-speed rail joint benefit projects and fulfill the promise made to voters to connect California's major economic centers. A set-aside for joint benefit projects should be included so that those working, traveling, and paying taxes in California today can enjoy near-term benefits of infrastructure improvements that will also support future statewide HSR tomorrow.

Summary: Reject Cuts to Transit in GGRF Discretionary Funding and Extend Continuous Appropriation to TIRCP, AHSC and LCTOP

In summary, MTC and ABAG urge you to stand firm in your commitment to improving the lives of Californians by safeguarding investment in public transit and affordable housing, which benefit *all Californians* and are foundational to the state's ability to deliver an environmentally sustainable and economically vibrant future. Please contact Rebecca Long, Director of Legislation & Public Affairs at rlong@bayareametro.gov or 415-778-5289 or Scott Wetch, our Sacramento representative, at 916-446-3414 or swetch@actuml.com with any questions.

Sincerely,



Andrew B. Fremier
Executive Director

cc: The Honorable Gavin Newsom, Governor
The Honorable Toks Omishakin, Secretary, CalSTA
The Bay Area Legislative Delegation