

AGENDA ITEM 3 A  
Information Item

**MEMORANDUM**

**DATE:** June 5, 2025

**TO:** El Dorado County Transit Authority

**FROM:** Brian James, Executive Director

**SUBJECT:** Implications of the Proposed 2025–26 California State Budget on Transit Operations and Capital Programs

**REQUESTED ACTION:**  
**BY MOTION,**  
Information Only

**BACKGROUND**

Governor Gavin Newsom’s proposed 2025–26 California State Budget outlines major shifts in public transit funding, including a \$1.5 billion reduction to the Cap-and-Invest program—an essential funding stream that supports transit initiatives aimed at reducing greenhouse gas emissions. This proposed cut presents significant challenges for transit agencies statewide, with potential consequences for both operational capacity and the delivery of capital projects. Further compounding the fiscal outlook, a continued decline in diesel fuel sales is projected to reduce Transit Development Act (TDA) revenues by approximately 30%, placing additional strain on local transit funding sources.

In the proposed budget, a substantial portion of Cap-and-Invest revenues is redirected toward other state priorities, including \$1.54 billion for Cal Fire and a long-term allocation of at least \$1 billion annually to the California High-Speed Rail project through 2045. While some funding programs remain under legislative negotiation, the current proposal places several transit funding streams—including the Transit and Intercity Rail Capital Program (TIRCP), Zero-Emission Transit Capital Program (ZETCP), and Low Carbon Transit Operations Program (LCTOP)—at serious risk of being reduced or eliminated entirely.

**DISCUSSION**

If the proposed California state budget is enacted, the proposed funding cuts may lead to service reductions, increased fares, or deferred maintenance, adversely affecting ridership and service reliability. Reduced funding could also delay or scale back planned capital projects, impacting long-term infrastructure improvements and expansion plans.

A coalition of transit advocates, including the California Transit Association (CTA), is urging the legislature to allocate at least \$2 billion in continuous and one-time transit funding to

mitigate the proposed cuts. The CTA is recommending that transit Board members and management staff engage with State Legislators to advocate for the restoration of transit funding in the final state budget, emphasizing the critical role of public transit in economic recovery and environmental sustainability.

The proposed 2025–26 state budget presents significant challenges to our transit agency’s financial stability and service delivery. Proactive engagement with policymakers is essential to navigate the potential impacts and advocate for the necessary support to maintain and enhance our transit services.