

June 11, 2025

Re: Critical Funding for California's Public Transit Agencies

The Honorable Gavin Newsom
Governor of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom:

As leaders in the Bay Area business community, we know that a strong economy depends on a reliable and efficient public transit system. At least half of all transit trips in the Bay Area are work commutes, making transit essential to our economy. Hundreds of thousands of employees rely on BART, Muni, Caltrain, and other systems to get to work every day, and residents are continuing to commute more frequently each month. Yet without new funding urgently, these transit operators will be forced to make drastic service cuts. If operators cut service, it will severely compromise the ability of our workforce to reach job centers—impacting business operations, productivity, and long-term growth.

That's why we are united in supporting the Legislature's newly announced proposal—released on Monday, June 9—which would bring critical resources to public transit. The deal includes two key components:

- **A one-time \$750 million long-term loan** to Bay Area transit agencies to fund short-term fiscal needs, including operating deficits.
- **Full restoration of the \$1.1 billion** in transit funds that were allocated in 2023 via SB 125.

This proposal would deliver **\$1.85 billion more** in transit funding than what was included in the May Revise. We strongly urge you to adopt it as part of the final budget agreement.

However, even if this proposal moves forward, a **\$1.6 billion funding gap remains** that threatens service levels, job access, and economic momentum. We respectfully request that you:

- **Accept the Legislature's proposal** for a \$750 million loan to Bay Area transit agencies to avoid catastrophic service cuts.
- **Restore the \$1.1 billion in SB 125 transit funds** to uphold prior commitments and maintain core service.

- **Re-commit to the Greenhouse Gas Reduction Fund (GGRF) allocations through 2030**, as sustained transit service is essential to meeting California's ambitious climate goals.
- **Commit to funding public transit service in the Cap-and-Invest program beyond 2030** in order to provide the financial stability and support that is necessary to support access to opportunity, support economic growth, achieve the state's climate goals, and manage traffic.

Without additional state funding, transit agencies will be forced to make deep cuts that ripple far beyond lost service. These cuts would not only disrupt commutes, potentially adding hours of traffic congestion per driver per week - but would also result in significant losses in sales tax revenue, reduced business activity, and long-term declines in commercial and residential property values. This would negatively impact California's financial health, as the Bay Area contributes one-third of the state's GDP.

Furthermore, this transit service is a critical lifeline for tourism, with the Bay Area set to take the global stage with the Super Bowl and World Cup in 2026. Without additional state funding, local agency cuts will undermine job access, slow economic activity, and weaken our recovery.

We urge you to act swiftly to keep our transit systems running over the next two years while we work towards a future regional measure that will provide a sustainable solution going forward. We must ensure that our public transit systems remain a foundation of economic strength for the Bay Area and California as a whole.

Sincerely,

Bay Area Council

Jim Wunderman
President & CEO

San Francisco Chamber of Commerce

Rodney Fong
President & CEO

SPUR

David Friedman
Interim CEO

Advance SF

Wade Rose
President