

ECONOMY

California schools, agencies face higher fuel prices from Iran war



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Gas prices at a Chevron gas station in downtown Los Angeles on March 31, 2026. Photo by Jae C. Hong, AP Photo

IN SUMMARY

As CHP, Caltrans and schools adjust spending because of rising fuel costs, the state braces for broader effects of higher energy prices.

As California drivers are paying [the highest gas prices](#) in the nation, local and state agencies face increased fuel costs because of the U.S. and Israel's war in Iran that began at the end of February.

Gov. Gavin Newsom pointed to higher energy costs as just one of the many effects of Trump administration policies straining the state, despite the stronger-than-expected financial outlook in [the revised budget](#) he unveiled Thursday.

“(The war’s) impact across this country is self-evident,” the governor said.

Agencies such as the California Highway Patrol and Caltrans, and school districts around the state, are tightening their belts as a result. The state’s Finance Department is bracing for additional effects; in its budget summary it said that it expects elevated energy prices to drive broader inflation and “reduce real purchasing power, while [tariffs](#) are still expected to continue to raise costs [for businesses](#) and consumers.”

“It isn’t just higher oil prices themselves as a standalone percentage or price-per-barrel issue – but how the effects of these price increases ripple throughout the economy,” said H.D. Palmer, spokesperson for the department, in an email. For example, he mentioned higher prices trickling down to consumers because the agricultural industry’s [fertilizer prices have climbed](#) due to the closure of the Strait of Hormuz.

Gas prices affect schools

Soaring fuel prices have hit hard for rural schools, where school buses can travel more than 100 miles a day and districts’ budgets have little wiggle room for extra expenses. In Siskiyou County, diesel has risen as high as \$7 a gallon.

“The impact has been substantial,” said Allan Carver, Siskiyou County superintendent. “It’s literally taking money away from programs that benefit kids and families. It’s as simple as that.”



Gas prices on a sign at a gas station in Fresno on March 19, 2026. Photo by Larry Valenzuela, CalMatters

Schools rely on gas and diesel to take children to and from school, transport sports teams to games and deliver supplies around the county, which spans 6,347 square miles. Almost nothing is a short drive. When the Yreka High volleyball team plays its rival, Modoc High, that's a six-hour round-trip journey halfway across the state.

"We do what we can to save money, but there's only so much we can do," Carver said. "As we start making our budgets for next year, this is definitely something we need to account for."

Law enforcement also under pressure at the pump

For the CHP, whose vehicles include patrol cars, motorcycles and helicopters, average per-gallon fuel costs have risen almost 46% since the war began, according to spokesperson Jaime Coffee. The agency has adjusted spending on other projects to accommodate the increased costs.

Caltrans, whose fleet includes everything from passenger vehicles to heavy-duty trucks, has seen about a 44% increase in fuel costs since the beginning of the war, with diesel fuel costs accounting for a significant portion,

spokesperson Chris Clark said. The department’s fuel costs were \$3.9 million in February, \$4.6 million in March and \$5.7 million in April. The agency has “absorbed” the rise and has not requested additional funding, Clark said.

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