



GOVERNOR
Gavin Newsom

January 9, 2026

Dear Members of the California Legislature,

Last year, California faced a succession of trials—economic upheaval, natural disaster, and political chaos from a new federal administration hell bent on destroying American institutions and the values we hold dear as a state. And yet, time and again, California chose steadiness over panic, forward movement over retreat, and responsibility over easy answers.

Because of what we have built and protected in past state budgets, millions of Californians are better off today. Children can get through the school day with full stomachs and stronger foundations for learning. Young people have greater access to college at all levels and are prepared for good-paying jobs through apprenticeships. We have confronted climate change as a call to invent, build, and lead with new technologies. We have cut drug costs, expanded tax credits for businesses and families, and put unprecedented efforts into tackling the mental health and housing crises that have gripped this country for too long. These examples—among many that we can be proud of—are not accidents. They are the result of deliberate action taken hand-in-hand with the California Legislature.

The budget I present to you today rests on that foundation of shared values. But it's also shaped by an understanding of the moment before us. There are encouraging signs in the California economy—our population is increasing, businesses are expanding, and our innovation ecosystem, fueled in no small part by the state's burgeoning AI industry, has boosted budget revenues. Yet history teaches us that prosperity, if taken for granted, can vanish as quickly as it arrives. California's responsibility is to act with steady hands and anticipate future instability. Significantly, the Trump Administration and leaders in Congress—chaos agents who act with cruel indifference or outright malice—have attempted to shift costs to California taxpayers and disrupt the lives of working families here.

The work of governing is not bluster and threats on social media, but preparing for storms before they arrive. For that reason, this 2026-27 budget must honor the commitments we have already made—to educate our children, care for the vulnerable, protect public safety—and preserve the long-term health of our finances. By rebuilding reserves and confronting structural challenges directly, we will ensure that California can meet the next crisis without abandoning the people who depend on us.

This January budget is not the final word. It is a beginning—a statement of purpose. In the months ahead, we will work together to refine a final budget that looks beyond a single year, mindful of the obligations to the people we serve. I look forward to working with you to safeguard what we have built, to strengthen what remains unfinished, and to prepare California for the years ahead.

With respect,

/s/ Gavin Newsom

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