

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

September 9, 2025

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

The Honorable Robert Rivas
Speaker of the Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Dear Members of the California Legislature,

Today, as California celebrates the 175th anniversary of its admission to the Union, our country faces an uncertain future and pernicious threats to the foundation of our democracy. As I write to you, California is menaced by a federal administration that dismantles public services, punishes allies across the globe, and sweeps the rule of law into the gutter. They have thrown away decades of progress on clean air and water, sent the U.S. military into the streets of our cities, and used extortion in an attempt to bully our businesses and world-class public institutions. But California, this uniquely blessed state, is standing up. Graced by God with bountiful resources and made greater by our spirit of openness and courage, I have no doubt we will emerge stronger — but only if we fight together and hold fast to our values. Friends and colleagues, the state of the state is strong, fully committed to defending democracy, and resolved to never bend.

California began the year with one of the worst natural disasters in American history. But look no further for proof of our resilient spirit than the fortitude Californians displayed when hurricane-force winds swept through Los Angeles in early January. Despite great personal danger, our firefighters, law enforcement personnel, and other first responders demonstrated tireless resolve. They saved countless lives. As we mourn the people lost in Altadena, Pacific Palisades, Malibu, and beyond, we take solace in the heroic way those communities stood up in the aftermath. They moved with a singular purpose to support businesses, schools, houses of worship, and displaced families. At the same time, federal, state, and local officials mobilized with historic speed and scale in the days and weeks after the fires. Through executive orders waiving red tape, the state paved the way for debris-removal crews to move quickly through damaged areas and streamlined permits to speed rebuilding. Homes are now rising. Our commitment will not waver; we will be there until the last residents return and local businesses thrive again.

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

Even as fires still burned, the newly elected President began targeting our state — testing our resolve with his relentless, unhinged California obsession. This Legislature moved with extraordinary speed throughout this year to support fire-impacted communities and prepare for the federal attacks we knew were coming. Together with the Attorney General, we have filed 41 lawsuits on behalf of the people of California to challenge federal actions that threaten to drive up prices, force layoffs, and inflict economic ruin. We're fighting for equal access to education and health care, and to uphold the Constitution and the ideals of this nation.

In June, the President deployed the National Guard and U.S. Marines in Los Angeles in a cowardly attempt to scare us into submission, as masked officers and immigration agents snatched people off the streets. They chased farmworkers through fields in Ventura County and arrested strawberry sellers in the very plaza in Los Angeles where Japanese Americans were rounded up during World War II. Through the courts — and the raised voices of everyday people — California has resisted this dangerous and un-American assault on our values. We are committed to protecting the men and women who make this state stronger through their hard work and entrepreneurial spirit. And when the President threatens to bankrupt UCLA — an engine of innovation and economic prosperity, a world leader in science and medicine — with his own bankrupt ideas, he will fail.

It would be a mistake to think California is cowering in the face of this onslaught. The foundation we have built together empowers us to embrace the values that have made California the global center of progress. We imagine — and implement — the future. We build what others say is impossible. Our state is strong because of the engine of economic growth California has built over the past seven years — in schools, community colleges, and universities, as well as in labs, on construction sites, and factory floors. Together, we have crafted a bold economic vision for the Golden State that will bring us well into the 21st century.

From cradle to career, we are reimagining education and workforce development to meet the demands of a changing economy. That starts by ensuring that opportunity is not limited by your ZIP code. California now offers college and career savings accounts from birth. Public school students receive comprehensive support, including free meals, mental health services, enriched academic programs, and afterschool activities. As of this school year, universal transitional kindergarten will be available to all four-year-olds,

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

easing the financial burden on parents and giving California children a jump start on their education. The Universal Meals Program is projected to serve nearly one billion meals in schools — we want hungry minds, not hungry children.

To connect education to employment, the state has created regional collaboratives that align schools and colleges with local job markets. We're focusing on three fields where demand is exploding: education, health care, and green energy. This Master Plan for Career Education envisions students beginning career exploration in high school, with expanded access to college courses, career technical education, and paid internships at the University of California, the California State University system, and community colleges. We made community college tuition-free for two years for first-time, full-time students through the California College Promise, and we're investing in affordable student housing and open educational resources. We're working with leaders in the tech industry to prepare the next generation for the workforce of a new era, teaching young people how to embrace the opportunities and advancements offered by AI, while also teaching them to recognize and handle risks accordingly. Apprenticeships and earn-and-learn programs are scaling up dramatically, to serve more than 500,000 individuals by 2029 — a goal we will undoubtedly exceed.

Innovation is California's inheritance. We intend to keep it. Our economy now exceeds \$4.1 trillion, powered by a culture that rewards risk, attracts capital, and welcomes new ideas. We lead the nation in startups, venture capital, IPOs, and manufacturing output. We have more AI companies, more space technology, and more green innovation than any place on Earth. Now, we're scaling that ecosystem through bold public investment. At the same time, we're supporting emerging sectors, such as space exploration, where the Space Industry Task Force connects public and private partners. We are turning a shuttered Los Angeles mall into UCLA Research Park, a global hub for breakthroughs in immunotherapy and engineering. We are supporting one of our most essential legacy industries, Hollywood, with film and television tax credits that will keep production here at home. Our CalCompetes tax incentives have attracted \$52 billion in investment and generated over 161,000 jobs, spanning from manufacturing to the space industry, since the program's inception in 2013.

At the same time, California has built an economic foundation that supports everyone in our state — one that embraces the dignity of work and a good-paying career, regardless of where you live. We created the California Jobs First initiative, which

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

divided the state into 13 regional economies that were then empowered to craft custom-built strategies tailored to the needs of the people who live there. The 13 collaboratives engaged more than 10,000 residents and experts in the development of their plans. This initiative is about building a stronger economy from the ground up – with each region guided by its own data-driven, community-led strategies, so that no county, town, or person gets left behind. We want an economy that works for everyone, supporting mechanics, technicians, truck drivers, farmers, teachers, medical researchers, nurses, doctors, small business owners, and entrepreneurs across all fields.

Even before this year began, it was clear the new federal administration would work to dismantle our clean air and water standards. Their attempts to undermine our decades of environmental progress only underscore their own lack of economic vision, which threatens to cede the future to China. No other place in the country has built a stronger green economy than California, a leader in environmental action for decades. More than 2 million zero-emission vehicles have been sold in California, accounting for approximately one-quarter of all new cars sold in the state. The state now boasts 60 ZEV-related manufacturers, and ZEVs are among our top exports. Clean transportation also means modernizing our systems. We've electrified 51 miles of Caltrain tracks and built over 60 miles of guideway for high-speed rail in the Central Valley. We're also running homes and businesses in California with clean electricity at ever-increasing, historic rates. This year so far, the state's grid has operated with 100 percent clean electricity for the equivalent of 60 full days. To address our water challenges, California is implementing strategies to store, recycle, desalinate, and conserve enough water to serve more than 8.4 million households by 2040. Our climate investments will create millions of new jobs and cut air pollution by more than 70 percent. In California, economic growth and environmental protection go hand in hand.

California thrives on smart, strategic risk. To stay competitive, we are eliminating the obstacles that slow progress — streamlining approvals and permits for housing, clean energy, broadband, transit, water systems, and forest and vegetation management. At the Office of Data and Innovation, designers, data scientists, and developers work with state agencies to rethink and rebuild how services are delivered, guided by real-world experience. We're also using technology to save lives. In 2024, nearly a quarter of California's wildfires were detected by AI-enabled cameras, and CAL FIRE assessed

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

over 4,000 fire starts with satellite technology, helping crews respond faster than ever.

Few people make me prouder of California than the legions of volunteers in this state. Together, we have built a volunteer force larger than the Peace Corps. Our Californians For All College Corps has provided more than 14,000 part-time service opportunities to support debt-free pathways for low-income students. The Youth Service Corps has employed tens of thousands of young people in community service. At the same time, the state's Climate Action Corps created the country's first state-level climate service corps to empower all Californians to take meaningful action to safeguard the climate. It has funded over 1,500 fellows and created opportunities for all Californians to act.

California's streamlining spirit is on full display at the DMV, once maligned as sluggish and unresponsive — no more. By listening to customers and staff members alike, a modernized DMV expanded online services, built a virtual field office, and added payment options, dramatically cutting wait times. In the same spirit of listening, learning, and acting, we launched Engaged California. This new platform enables Californians to share ideas, provide feedback on their government, and participate in respectful, solution-focused conversations. Rather than slashing and burning, we're finding ways to make government more effective, efficient, and engaged. We have also launched a new AI-powered tool to streamline the permitting process and expedite building permit approvals in hard-hit Los Angeles communities, helping families and businesses rebuild faster.

Affordability is the bedrock of economic mobility. California must be a place where everyone can afford to live, work, and thrive. Over the past six years, we've added tens of thousands of new childcare slots and expanded Paid Family Leave. We've dramatically increased the Earned Income Tax Credit and created new supports, such as the Young Child Tax Credit and the Foster Youth Tax Credit, providing billions in relief to working families. We're piloting CalRx, a state-owned generic drug label, to slash the costs of insulin and naloxone. After CalRx naloxone entered the market in 2023, generic prices dropped almost 25 percent in a single quarter, saving the state tens of millions of dollars and helping us save hundreds of thousands of lives from drug overdoses. We're making retirement savings more accessible through CalSavers and increasing basic support for older and disabled adults.

But one of our longest-standing affordability crises is housing. We've created

UNDER STRICT EMBARGO

DRAFT NOT FOR PUBLICATION UNTIL 10 AM PT ON TUESDAY, SEP 9

accountability tools to ensure local governments do their part. We've also approved 42 housing- and homelessness-related CEQA reforms to accelerate homebuilding, and we're holding local governments accountable for planning and permitting their fair share of new housing through a new Housing Accountability Unit. We've invested tens of billions in affordable housing and fast-tracked projects on state-owned land.

These programs, investments, and government innovations demonstrate California's commitment to solving big challenges. We are relentless in spirit, leaving nothing unattended. And even if everything we have done is replicated by other legislatures and governors, as often happens, there remains something singular in the California spirit that fuels our success. Over 175 years, we have drawn pioneers in thought and industry, oddballs and intellectuals who were given the capital and freedom to create new worlds from their own imaginations. We are the state that built Hollywood into the most significant cultural force of the 20th century, and, decades later, by sheer imagination and sweat equity, transformed the world with the Internet and technological marvels.

My last letter to you warned about the poisonous populism of the right and the anxiety many people were feeling about the state of this country — some of it grounded in real fear about the national economy, but much of it stoked by misinformation and bigotry. We are now nine months into a battle to protect the values we hold most dear and to preserve the economic and social foundation we built for California. We are facing a federal administration built on incompetence and malicious ignorance, one that seeks the death of independent thinking. This is not the first time this state has endured darkness. Each time, we have created our own light and forged our own path toward a better place. Just as we have before, we will emerge stronger, smarter, and more unified. Next year, when it is again my duty and privilege to report on the State of the State one final time, I know California will look brighter and more prosperous than ever before — because of the indelible, audacious spirit that defines us.

Thank you,

Gavin Newsom
Governor of California