



GOVERNOR
Gavin Newsom

January 8, 2021

To the members of the Senate and the Assembly of the California Legislature:

I am proud to advance a Budget that will support and expedite our recovery from the health and economic crisis caused by COVID-19 so our state comes back stronger than before.

While the novel coronavirus presented us with new challenges, our North Star has remained the same: inclusion, economic growth and a brighter future for all. Our response to COVID-19, and in turn this Budget, advances investments that help improve access to healthcare, quality education, childcare and economic security through this pandemic and beyond. This Budget leverages California's many strengths, among them our people, our innovation and our diversity. It remains anchored in the principles of equity, opportunity and responsible governing that have undergirded our previous budgets.

Our shared prudent fiscal management provided the necessary foundation for our efforts to rise to the ongoing challenge of COVID-19. We are working with \$34 billion in budget resiliency—budgetary reserves and surplus—that will support our progress toward an equitable and broad-based recovery. Thanks to tough decisions in the past and present, we are better prepared to weather the storm and help struggling Californians where they need it most.

It is undeniable that the pandemic has laid bare, and indeed deepened, inequalities that threaten the California Dream. We have worked together to tackle these inequalities over the last two years—in healthcare, housing, education, the economy and more—and we must do so with even greater urgency to truly recover from COVID-19.

Always with an eye to the future, the Budget includes a total \$14 billion investment in our economic recovery—including early action beginning this month—to provide immediate relief for working families and small businesses most affected by the pandemic. It advances four priorities for immediate action: the Golden State Stimulus to put money into Californians' pockets, doubling down on our support to small business, an extension of the eviction protections that we worked in partnership to enact and supporting California schools in bringing students back safely for in-person instruction. Our investments in schools also focus on increasing educational opportunities for California's diverse youth and providing them with opportunities for extended learning time.

We are also proposing a California Jobs Initiative, investments in workforce development, housing infrastructure, and state deferred maintenance to accelerate job creation. The Budget also continues to build on our State's leadership in tackling climate change, including support for California's agricultural industry to advance the state's climate resilience objectives and our zero-emission vehicle goal by 2035.

The Budget also focuses on expanding opportunity with investments for Californians from early childhood to college—including expanded investments in transitional kindergarten programs to more funding for the University of California, California State University and community colleges.

The Budget also builds on our work to tackle the homelessness crisis and build more affordable housing. It advances investments in preventing and fighting wildfires.

Taken together, these proposals help us tackle the challenges we faced as a state before, during and through the pandemic. The Budget makes progress towards the goal we set when we took office to put the California Dream within reach of more Californians.

Thank you once again for your partnership throughout these times of unprecedented challenge for our state. I look forward to continuing to work together on these critical issues for all Californians and enact a 2021-22 Budget that gets us closer to California for All.

With respect,

/s/ Gavin Newsom

Gavin Newsom