



OFFICE OF THE GOVERNOR

March 22nd, 2023

The Honorable Toni Atkins
Senate President pro Tempore
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Dear Members of the California Legislature,

As Governor, it is my duty – and my honor – to “report to the Legislature each calendar year on the condition of the State” and make recommendations to help guide our policy work ahead.

I am proud to submit this State of the State message to you with optimism for what lies ahead and determination to tackle the challenges we still face. In January, I submitted my budget proposal that not only outlined the priorities of my administration for the coming year, but also reflected the four years of hard work we have done together – guiding the state through unprecedented challenges, while making investments that will serve Californians for decades to come.

In a time of so much political division and animosity, we have shown the nation what we can do working together – standing up for fundamental rights, facing down our most vexing problems and supporting our continued growth in what is soon to be the fourth largest economy in the world.

We are doing the hard work that will set the course for California’s future – remaking our system of public education, building more housing faster, increasing access to quality, affordable health care, protecting our climate, ensuring public safety, and investing in new industries that will change the world we live in, and put a new generation of Californians to work. Creating the largest volunteer corps in the nation, to build stronger communities and give more Californians a sense of belonging.



We are confronting extremes. From extreme *politics* around the country that threaten to roll back the progress we've made — and the rights revolution of the last 60 years— to contending with extreme *weather* that threatens our way of life with record droughts, increasingly horrific wildfires, and now storms and floods that devastate communities like Planada, Pajaro and the mountain towns of San Bernardino.

Despite these threats, my optimism in California has not wavered. It has only been reinforced by the stories we heard as we traveled the state in recent days – and over the last four years – with our partners in the Legislature standing beside us.

And it is amplified by the work that Californians all around the state are doing – the entrepreneurial drive and creativity that is leading to new discoveries and creating new businesses that power our economy, and the unmatched dedication and compassion of so many Californians, enriching our communities and improving people's lives.

I saw people come together in Capitola and Montecito to help victims of winter storms. I watched communities pick themselves up through shock and grief after the senseless mass shootings in Monterey Park and Half Moon Bay. I was awed at the innovation at Planet Labs in San Francisco, as they prepare to launch new satellites that will detect methane leaks around the world.

I was proud to celebrate when Tesla decided to open a new headquarters for research and development here in the state of its birth, bringing hundreds of high-paying jobs and a vote of confidence in California's continued position as the tip of the global innovation spear.

I was moved by the humanity of Cynthia Hawkins, who runs the Watts hamburger stand built by her father and grandfather during the Great Depression, and who has carried on the family tradition of feeding members of her community even when they cannot afford a meal.

Those are the values and the spirit of California. That is the California Way.

That spirit is embodied in the work of Rachelle and Loren Ditmore at City of Refuge, a community centered organization in Sacramento that offers safe homes for women and children, youth programs, and employment development for those looking to remake their lives. New hope for people who have been cast aside, or fallen on hard times and need a second chance.

Rachelle and Loren have a simple slogan that drives the work they do: Return dignity. Restore lives. Rebuild community.

Return. Restore. Rebuild. Words that can also serve as a guide for what we have ahead of us this year.

RETURN to a system of common-sense health care, where essential medicine does not bankrupt someone who falls ill. On the very first day of my administration more than four years ago, I signed an executive order to bring down the cost of prescription drugs by leveraging California's market power.

Today, that work is realized – we have signed a contract to bring \$30 insulin to all Californians - and across the nation.

It's simple. People should not go into debt to receive life-saving medication. Beginning next year, Californians will be able to access affordable insulin and pay 90% less than what many spend now, saving anywhere from \$2,000 to \$4,000 per year. And this is just the beginning.

RESTORE a sense of justice to our correctional system by transforming our oldest prison, San Quentin, from a maximum-security facility into one focused on rehabilitation and education to improve public safety and reduce recidivism rates in the state. Building on the work we've been leading across our correctional system, I am asking you to invest \$20 million this year to begin the reimagining and repurposing of San Quentin to make it the home of a new model that can better prepare those ready to reenter society, and to help those who have committed crimes to take accountability for their actions and work to repair that harm they have caused.

We must restore a sense of safety in our communities by breaking cycles of crime — and also by keeping illicit drugs off of our streets. As a parent of four children, I know how scary the prospect of a rising fentanyl problem is for parents, and for those prone to substance use and addiction. We see the ravages of this crisis across our communities — from students in our schools to the people living unhoused on our streets.

California is committed to the fight against fentanyl. At the San Ysidro Port of Entry – the busiest border crossing in the Western Hemisphere, I visited members of our California National Guard, who work alongside the Customs and Border Protection to stop this poison from proliferating across our state. I am proud of the money we have invested to put more personnel on the border, to help stop the inflow of fentanyl and methamphetamine. We have increased the number of guards members at the border by more than 10

percent in the last year, and are ready to help federal and local officials in any way possible in this ongoing and increasingly urgent fight.

And we must directly confront the most pressing, intertwined challenges our state faces: homelessness and mental health. We will **REBUILD** our system of mental and behavioral health, finally delivering on the commitment made more than 60 years ago, when California closed its mental health institutions amid a promise to provide more humane, community-based care. That promise went unfulfilled for decades, as public funding for mental health services dried up, and many people were left to fend for themselves, left to find shelter outdoors, in jails, and cycling through hospitals.

This failure has hit our veterans especially hard, as they face the highest rates of suicide and homelessness.

In 2004, California voters passed the Mental Health Services Act (MHSA), which requires every county in the state to offer a core set of services that today helps keep some 80,000 Californians off the streets, out of jails, and out of expensive hospital care.

Now, it is time to modernize the MHSA so it can better meet today's challenges – requiring that locals guarantee at least \$1 billion of those funds every year for housing those with mental illness and substance use disorders.

But we must do more. We need to build the housing and care facilities required throughout our state to treat people who are struggling with mental illness and offer specific help to our veterans who are more likely to experience homelessness.

I am asking for your partnership to place a new measure on the November 2024 ballot that would transform how California treats mental illness and offer new support for thousands of veterans. In addition to ensuring no less than 30 percent of existing MHSA funds are spent on housing, we need a new bond measure that will create thousands of new beds to care for those with behavioral health and substance use issues.

This is a moral imperative. It means building on the work we have already done – investing billions in behavioral health for young kids and young adults up to age 26 to treat brain health early, before we punish it later. Creating career pathways and training for 40,000 new mental health workers to treat and care

for those who need services. Prioritizing the needs of the most vulnerable through Care Courts.

This ballot measure is the next essential step – an important missing piece in our fight against homelessness. It will make our streets and communities safer and help us build the capacity to treat those who are sick or suffering with dignity and respect.

We are more committed than ever to building a California for All. And in the face of all the critics and skeptics, we will continue to show what's possible in California. In Lithium Valley, we are bringing good, new jobs to Imperial County, finding new ways to harness the raw materials we need to power the clean car and clean power revolution and offering hope and opportunity in one of California's most economically challenged communities.

We're investing more than \$4 billion to turn one-third of all public schools into community schools - a new model that connects kids and families with the resources and support they need to thrive, including health care, mental health counseling, universal meals and free tutoring. Supporting students outside of the classroom helps them succeed in the classroom.

In the Central Valley, we are building new capacity to store groundwater, not only helping us prepare for future droughts, but also protecting and expanding public lands, bringing open spaces to regions that do not have the same access to public parks that more affluent communities enjoy.

From clean energy to protecting abortion rights, tackling encampments to prioritizing mental health. Providing universal free meals for all public school students to fundamentally rethinking incarceration, to manufacturing our own affordable, life-saving medication, California is leading the way.

As we rededicate ourselves to the work we started together four years ago, I offer you a renewed commitment of partnership and cooperation – as we strive to make the California Dream achievable for everyone who calls our great state home.

Thank you.

Gavin Newsom

