

**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**

BUDGET EMERGENCY PROCLAMATION

WHEREAS the Budget Stabilization Account was approved by the voters to help the state save for a rainy day and mitigate the historic volatility in state revenues, specifically from fluctuations in capital gains; and

WHEREAS due largely to the federal government's sweeping tariff policy, the 2025 May Revision forecast of the California economy projects a period of below-trend growth and rising unemployment ("growth recession") and a General Fund revenue forecast downgrade by \$5.2 billion in fiscal years 2023-24 through 2025-26; and

WHEREAS the estimated revenues are inadequate to fund General Fund expenditures for the 2024-25 and 2025-26 fiscal years, so the 2025 Budget Act must reduce billions of dollars in state expenditures to balance the budget in 2024-25 and 2025-26; and

WHEREAS the Budget Stabilization Account has \$17.6 billion in reserves after several deposits were made over the past several years when state revenues were higher; and

WHEREAS a withdrawal of a portion of the reserves in the Budget Stabilization Account will help the state maintain fiscal stability in the 2025-26 fiscal year, continue funding for core state programs and services, and avoid more harmful cuts in programs that are essential to the well-being of Californians throughout the state; and

WHEREAS upon a proclamation of a budget emergency, the Legislature may pass a bill that (1) suspends for one fiscal year the transfer of moneys from the General Fund to the Budget Stabilization Account required by the Constitution and (2) returns a certain amount of funds that have been transferred to the Budget Stabilization Account to the General Fund for appropriation to address the budget emergency; and

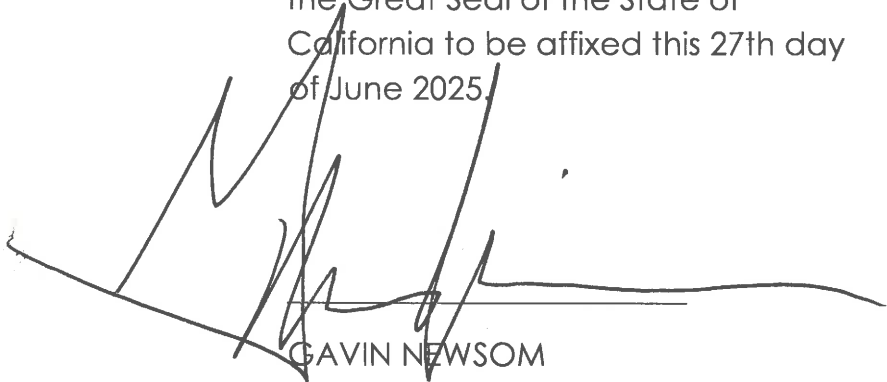
WHEREAS a budget emergency may include a determination by the Governor that estimated resources are inadequate to fund General Fund expenditures for the current or ensuing fiscal year, after setting aside funds for the reserve for liquidation of encumbrances, at a level equal to the highest amount of total General Fund expenditures estimated at the time of enactment of any of the three most recent Budget Acts, adjusted for the annual percentage change in the cost of living for the State as measured by the California Consumer Price Index and the annual percentage growth in state population.

NOW THEREFORE I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by State Constitution, **DO HEREBY PROCLAIM** that I have determined that estimated resources are inadequate to fund General Fund expenditures for the current or ensuing fiscal year, which constitutes a budget emergency within the meaning of Article XVI, section 22, subdivision (b), paragraph (2), of the State Constitution.

I FURTHER DIRECT that as soon as hereafter possible, this Proclamation be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Proclamation.

This Proclamation is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have
hereunto set my hand and caused
the Great Seal of the State of
California to be affixed this 27th day
of June 2025.

A large, stylized handwritten signature in black ink, appearing to read 'Gavin Newsom', is written over a horizontal line.

GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY WEBER, PH.D.
Secretary of State