



California Budget
& Policy Center

Dollars and Democracy: An Introduction to the State Budget Process

SCOTT GRAVES, DIRECTOR OF RESEARCH
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HUNGER ADVOCACY NETWORK
ADVOCACY TRAINING, SAN DIEGO

calbudgetcenter.org

Goals of the Presentation

- Highlight **key facts** about California's state budget
- Describe the **constitutional framework** for the state budget process
- Review the budget process timeline, including the **Governor's role** and the **Legislature's role**
- Discuss when and how **members of the public** can get involved



**The state budget expresses
our values and priorities.**

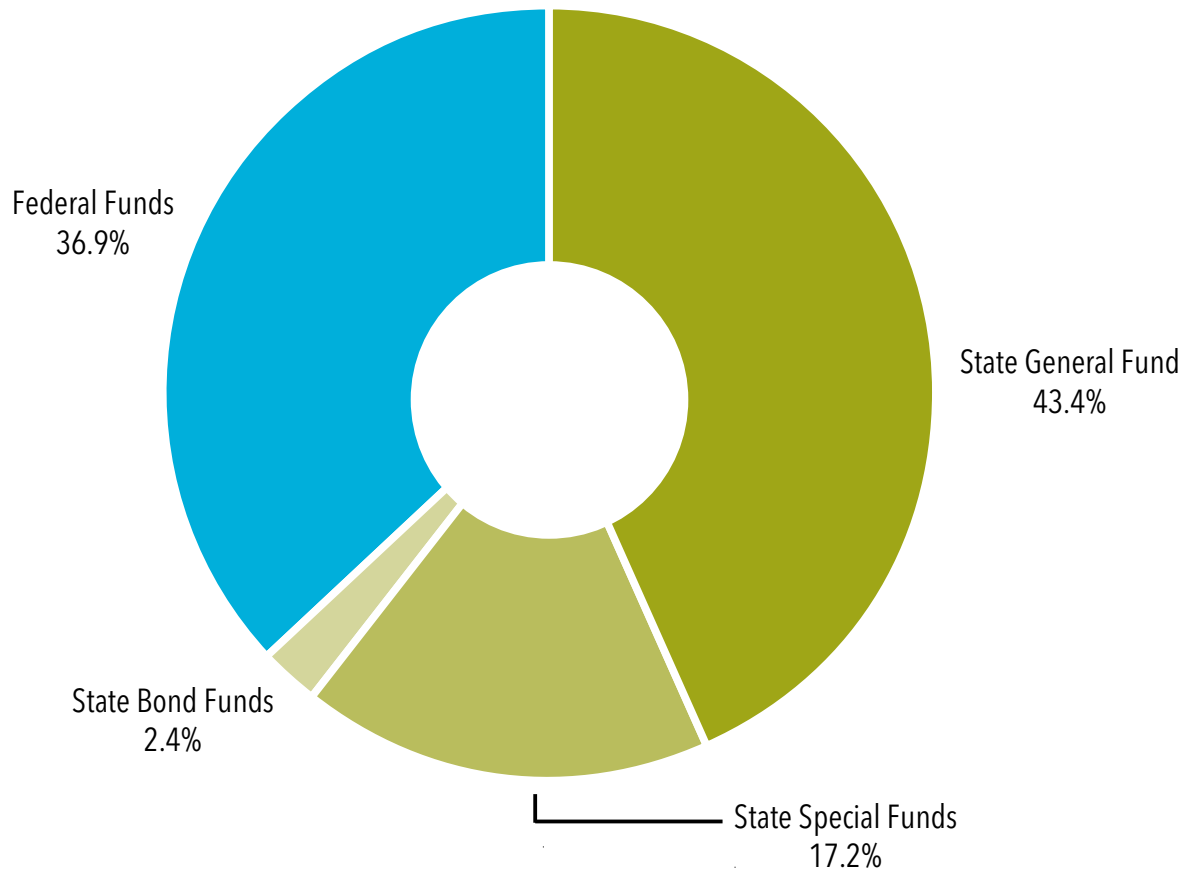


**The state budget =
state funds + federal funds.**



State Funds Account for Nearly Two-Thirds of California's State Budget

Enacted 2015-16 Expenditures = \$265.5 Billion



Note: Percentages do not sum to 100 due to rounding.
Source: Department of Finance

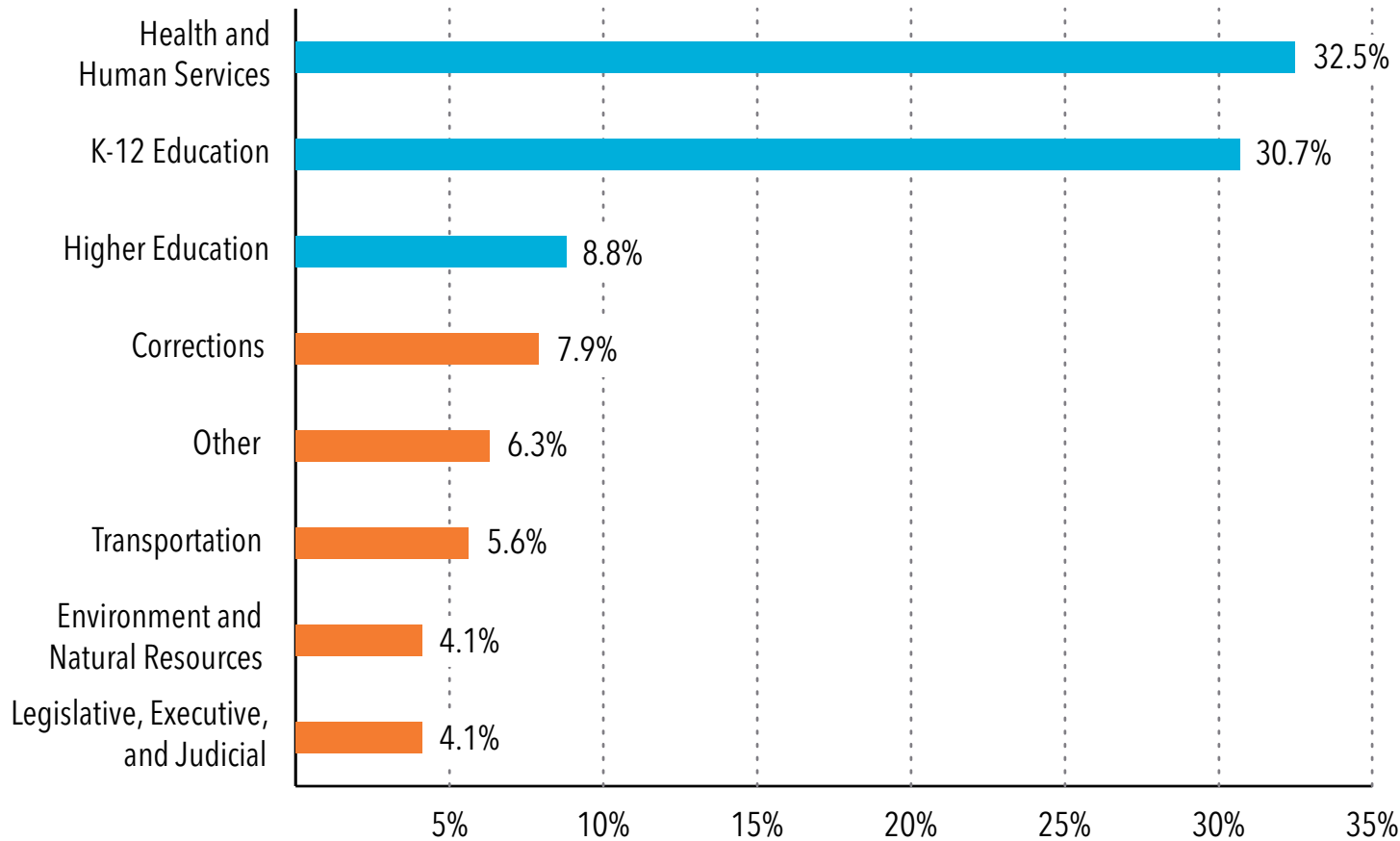


The state budget supports a range of public services and systems.



More Than Two-Thirds of State Spending Supports Health and Human Services or Education

Enacted 2015-16 General Fund and Special Fund Expenditures = \$161.1 Billion



Source: Department of Finance



**The “budget package”
consists of the budget bill
and budget-related bills.**



Bills in the 2015-16 Budget Package

- **AB 93:** The initial 2015-16 budget bill
- **SB 97:** A new budget bill ("Budget Bill, Jr.") that amended the *2015-16* budget bill
- **AB 116:** A new budget bill that amended the *2014-15* budget bill
- **Budget-related bills:** AB 95, AB 104, AB 114, AB 117, AB 119, SB 75, SB 78, SB 79, SB 80, SB 81, SB 82, SB 83, SB 84, SB 85, SB 88, and SB 98



**The state Constitution
establishes the rules of the
budget process.**



**The state Constitution
sets two budget-related
deadlines:
January 10 and June 15.**



**The budget can be passed
by a simple majority vote.
(Proposition 25 of 2010)**



Placeholder Proposition 25 Trailer Bills Listed in the 2015-16 Budget Bills

- **Sec. 39.00** The Legislature hereby finds and declares that **the following bills are** other bills providing for appropriations **related to the Budget Bill** within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution:
AB 94, AB 95, AB 104, AB 105, AB 106, AB 107, AB 108, AB 109, AB 110, AB 111, AB 112, AB 113, AB 114, AB 115, AB 116, AB 117, AB 118, AB 119, AB 120, AB 121, AB 122, AB 123, AB 124, AB 125, AB 126, AB 127, AB 128, AB 129, AB 130, AB 131, AB 132, AB 133, AB 134, AB 135, AB 136, AB 137, AB 138, SB 70, SB 71, SB 72, SB 73, SB 74, SB 75, SB 76, SB 77, SB 78, SB 79, SB 80, SB 81, SB 82, SB 83, SB 84, SB 85, SB 86, SB 87, SB 88, SB 89, SB 90, SB 91, SB 92, SB 93, SB 94, SB 95, SB 96, SB 97, SB 98, SB 99, SB 100, SB 101, SB 102, SB 103, SB 104, SB 105, SB 106, SB 107, SB 108, and SB 109.



**A supermajority (two-thirds)
vote is needed to approve any
tax increase.
(Proposition 26 of 2010)**



Proposition 26 added this key phrase to the state Constitution:

“Any change in state statute which results in **any** taxpayer paying a higher tax” requires a two-thirds vote of each house of the Legislature.



**K-14 education is guaranteed
a minimum level of funding.
(Proposition 98 of 1988)**



**A portion of state revenues
must be set aside to pay
down debts and save for a
rainy day.
(Proposition 2 of 2014)**



Budget decisions are made throughout the year, both in public settings and behind the scenes.



Navigating the State Budget Process

Each year the Governor and Legislature work to craft the state's spending plan. While the January-to-June period gets the most attention, the process of crafting the budget is an ongoing enterprise, giving Californians ample opportunity to stay engaged and involved year-round.

The Governor

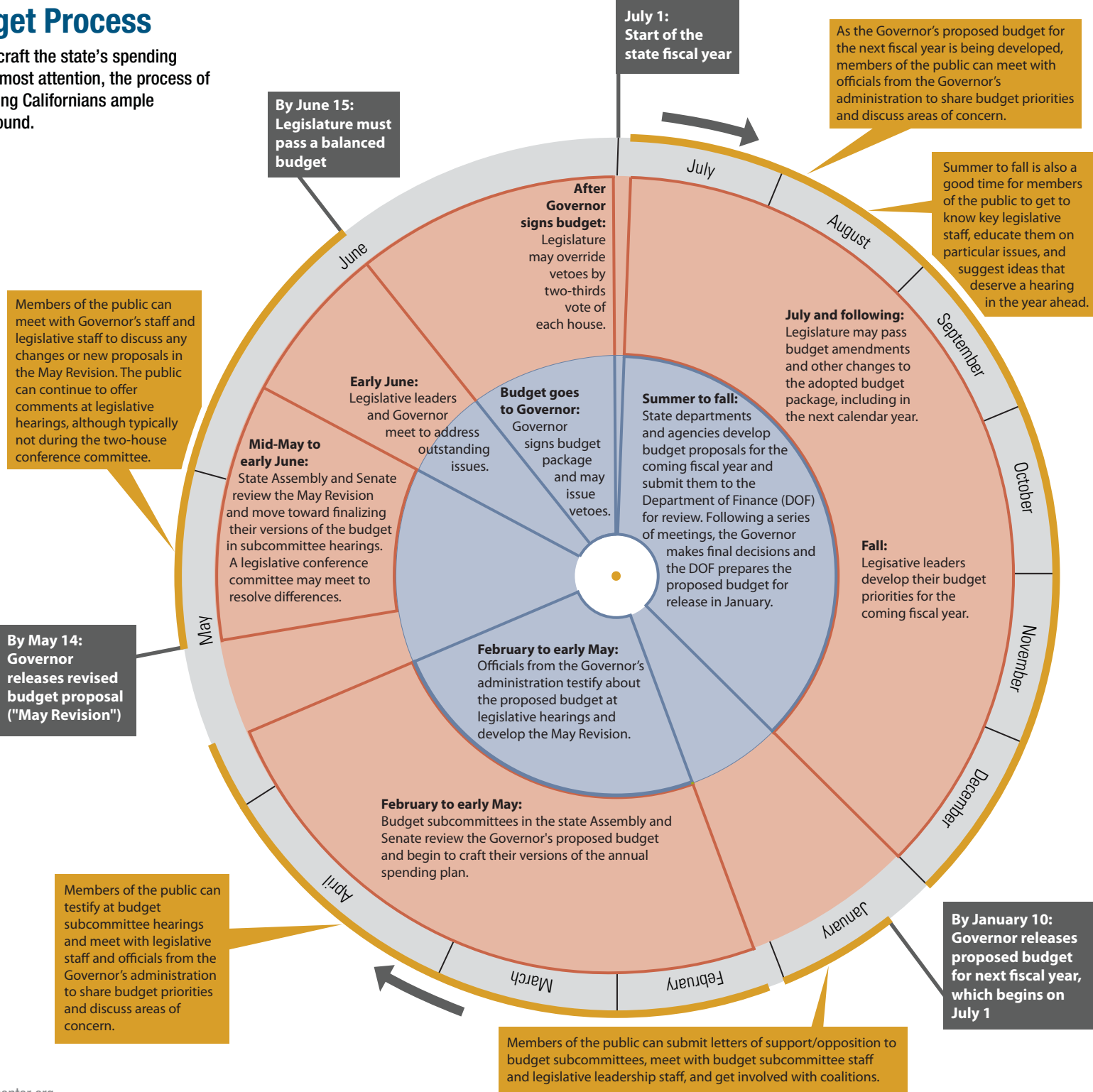
The Governor has the lead role in developing the state budget. Each year, the Governor proposes a spending plan, which is introduced as the budget bill in the Legislature. The Governor can sign or veto the budget bill passed by legislators as well as other bills in the budget package that make policy changes related to the budget. The Governor can also reduce or eliminate individual appropriations using the line-item veto.

The Legislature

The Legislature – made up of the Assembly and Senate – reviews the Governor's proposed budget and crafts its own version of the spending plan. The Legislature can maintain, modify, or reject the Governor's proposals, with review occurring through each house's budget committee and related subcommittees. The Legislature must pass the budget bill, but not other bills in the budget package, by June 15. The Legislature can override a Governor's veto by a two-thirds vote of each house.

The Public

The public has various opportunities for input during the budget process. Members of the public can meet with officials from the Governor's administration and with legislators and their staffs, testify before budget committees and subcommittees, and write letters of support and opposition. Through individual engagement or as part of coalitions, members of the public can express their budget priorities and areas of concern.



**The Governor has the lead
role in crafting the budget.**



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The Department of Finance (DOF) prepares the Governor's proposed budget, including a summary, for release each January. The DOF also prepares a revised budget known as the "May Revision."



**The Legislature reviews
and revises the Governor's
proposed budget.**



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The Assembly Budget Committee and the Senate Budget and Fiscal Review Committee help develop the Legislature's version of the budget. The Legislative Analyst's Office (LAO) provides fiscal and policy advice to the Legislature and publishes analyses.



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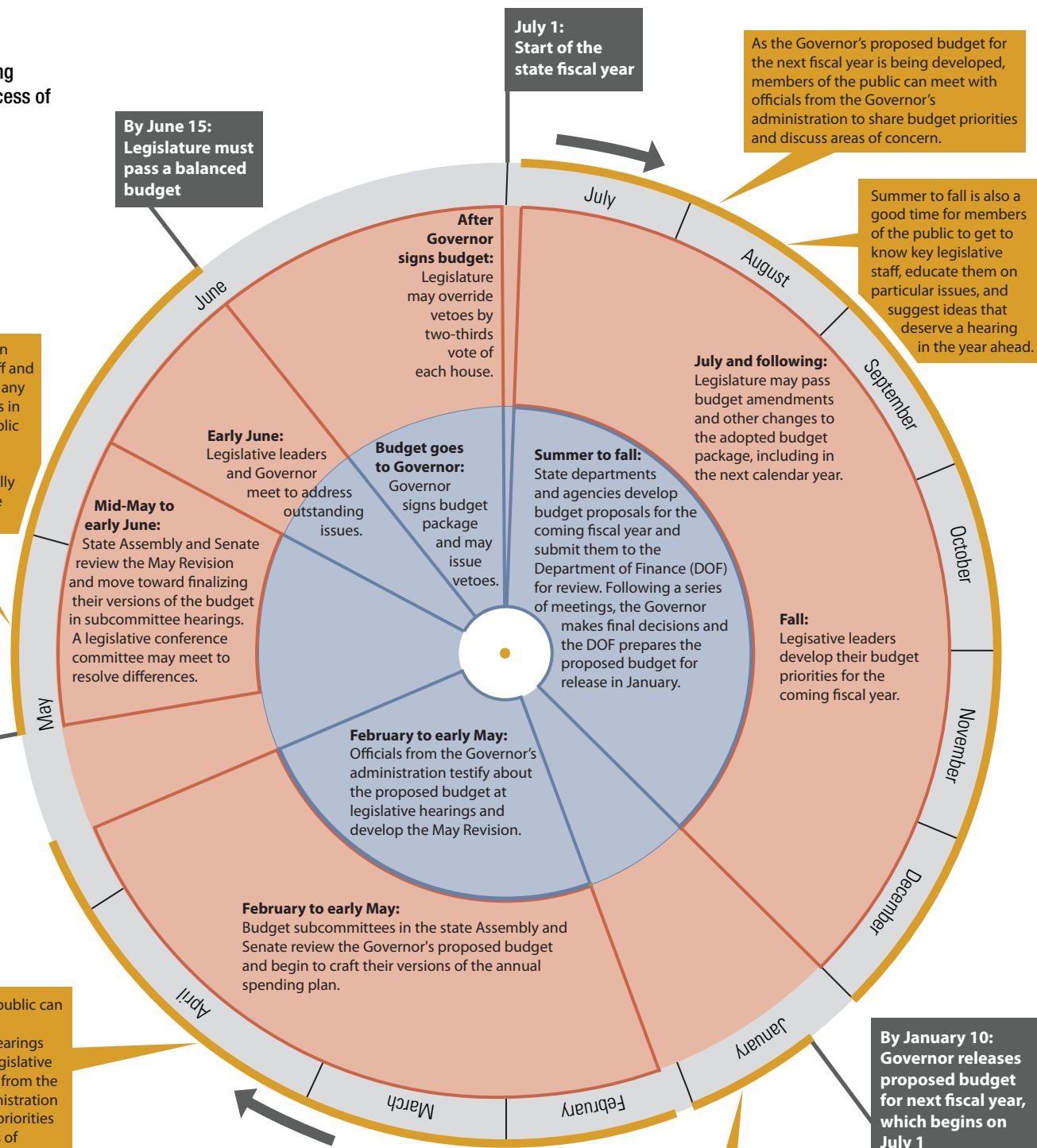
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Members of the public can meet with Governor's staff and legislative staff to discuss any changes or new proposals in the May Revision. The public can continue to offer comments at legislative hearings, although typically not during the two-house conference committee.

By May 14: Governor releases revised budget proposal ("May Revision")

Members of the public can testify at budget subcommittee hearings and meet with legislative staff and officials from the Governor's administration to share budget priorities and discuss areas of concern.

Members of the public can submit letters of support/opposition to budget subcommittees, meet with budget subcommittee staff and legislative leadership staff, and get involved with coalitions.



The Bottom Line

- The state budget expresses our values and priorities.
- The state Constitution establishes the rules of the budget process.
- The Governor has the lead role in the budget process.
- Lawmakers review and revise the Governor's proposed spending plan.
- Budget decisions are made throughout the year.



State Budget Resources

- **California Budget & Policy Center:** Analyses and commentary, presentations and events, and technical assistance (calbudgetcenter.org).
- **Department of Finance:** The Governor's budget proposals and related documents (www.dof.ca.gov).
- **Legislative Analyst's Office:** Budget and policy analyses, budget recommendations, and historical budget data (www.lao.ca.gov).



State Budget Resources (continued)

- **Legislative Counsel:** Bills and bill analyses, a free bill-tracking service, the state codes, and the state Constitution (leginfo.legislature.ca.gov).
- **State Assembly and Senate:** Committee agendas and other publications, floor session and committee schedules, the annual legislative calendar, and live audio streaming of legislative proceedings (assembly.ca.gov and senate.ca.gov).
- **The California Channel:** Live and archived webcasts of legislative hearings and floor sessions (www.calchannel.com).





California Budget
& Policy Center

1107 9th Street, Suite 310
Sacramento, California 95814

916.444.0500

sgraves@calbudgetcenter.org

[@SHGraves29](https://twitter.com/SHGraves29)

[@CalBudgetCenter](https://twitter.com/CalBudgetCenter)

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