

Dollars & Democracy

An Introduction to California's State Budget Process

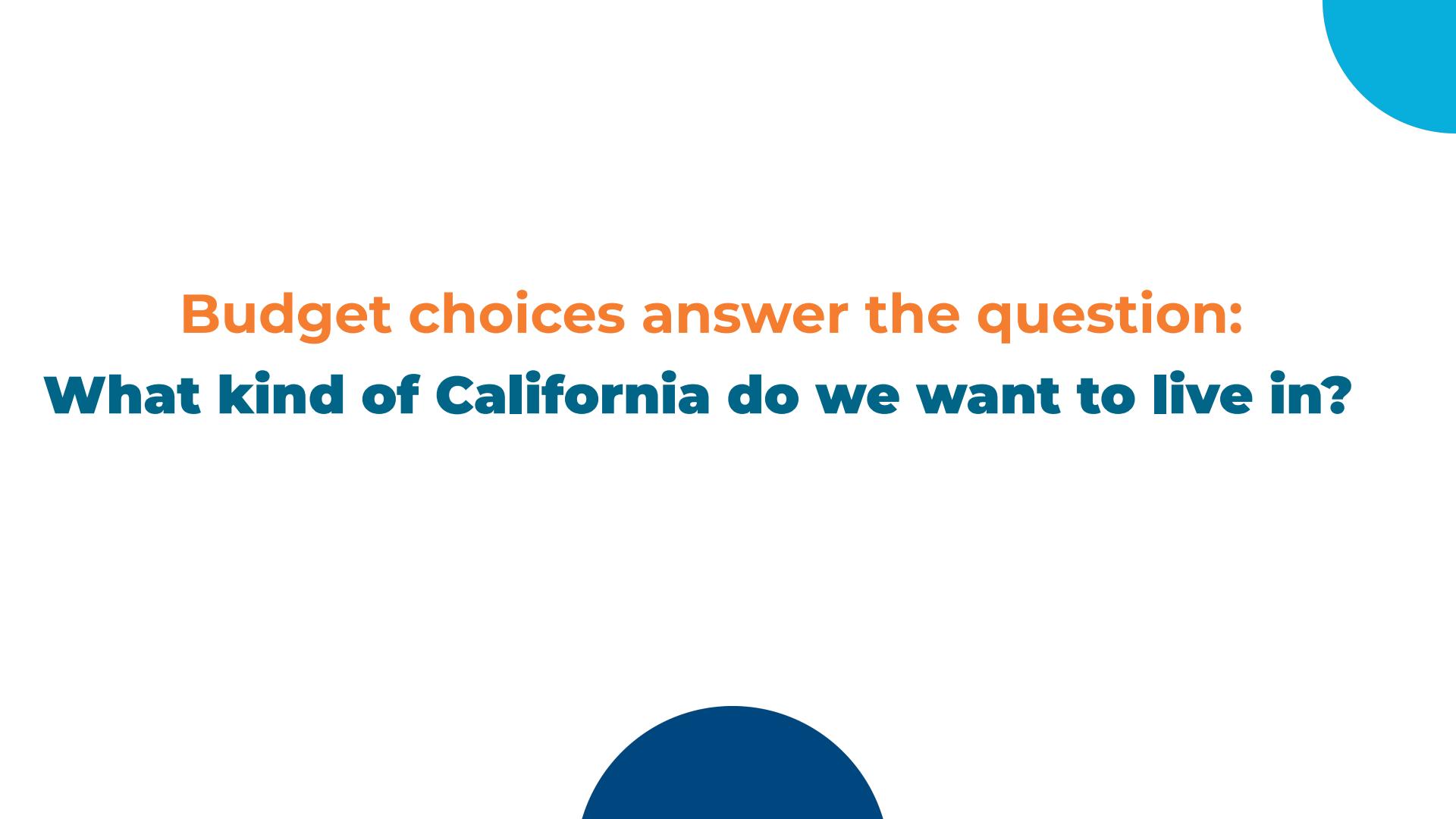


**Budgets are
statements
of our values
and priorities.**



Budget choices affect all Californians.





**Budget choices answer the question:
What kind of California do we want to live in?**

This presentation:

- Explores **key facts** about the state budget
- Reviews **key rules** that shape the state budget process
- Highlights the **key players** in the state budget process
- Outlines **advocacy opportunities** during each phase of the state budget process





Part One

Key Facts About

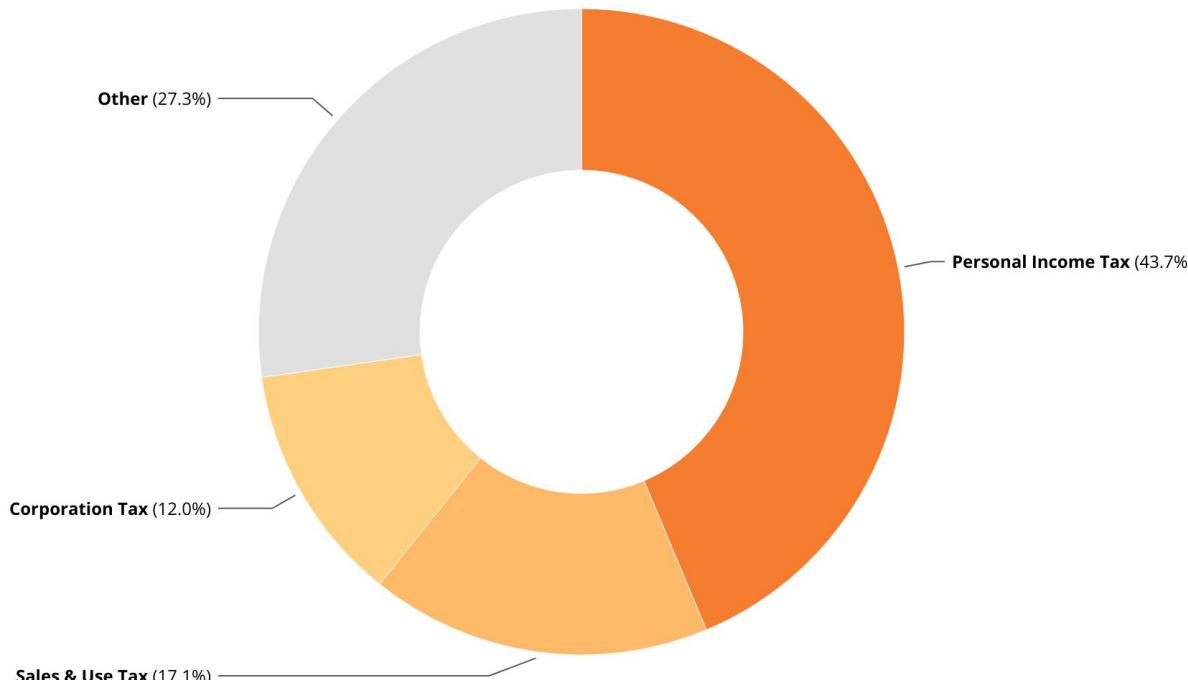
the State

Budget

**Most of the state revenue that
funds public services in California
comes from three sources.**

Most State Revenue Comes from the Personal Income Tax, the Sales & Use Tax, and the Corporation Tax

Estimated General Fund and Special Fund Revenue as of the Enacted 2025-26 State Budget (June 2025) = \$296.7 Billion



Note: "Other" reflects loans and transfers — excluding transfers to/from the Budget Stabilization Account (the state's constitutional rainy day fund) — as well as a broad range of additional revenue sources, including taxes, fees, and fines. Figures do not sum to 100 due to rounding.

Source: Department of Finance

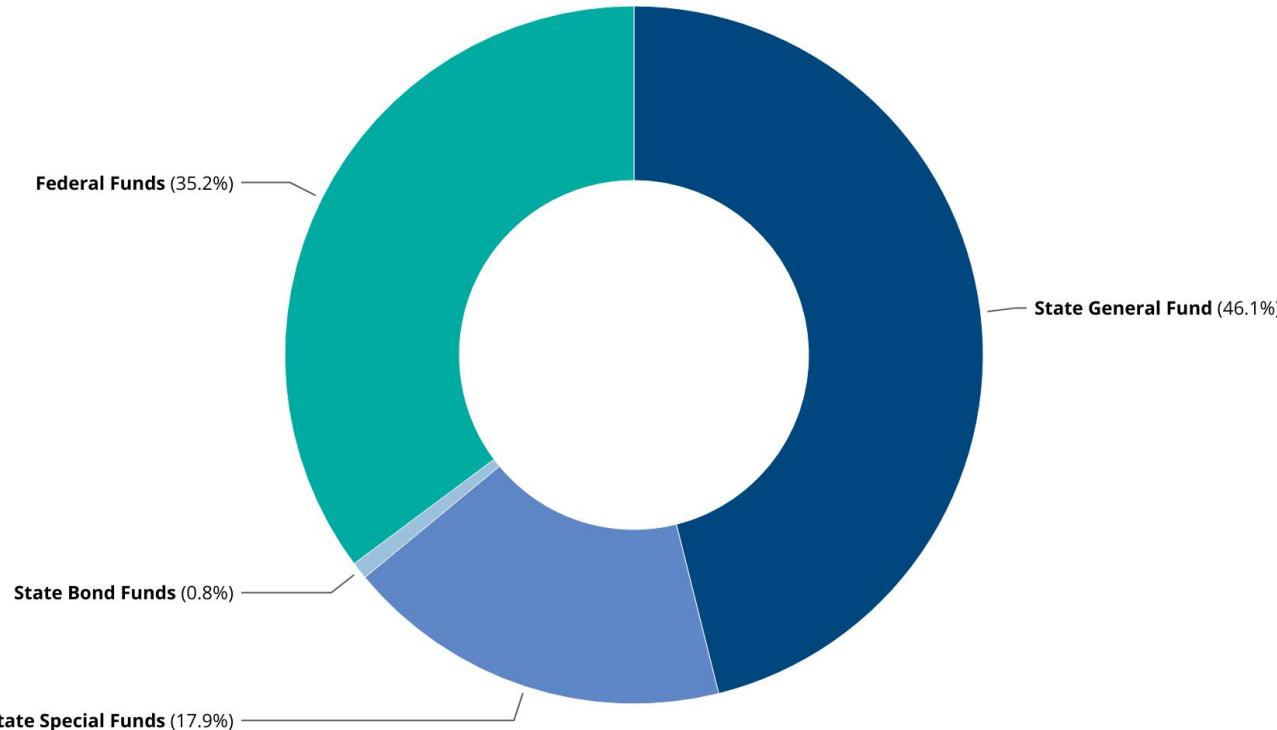


California Budget
& Policy Center

**The state budget =
Three types of state funds +
federal funds.**

State Funds Account for Almost Two-Thirds of California's 2025-26 State Budget

Total Enacted 2025-26 Expenditures = \$495.6 Billion



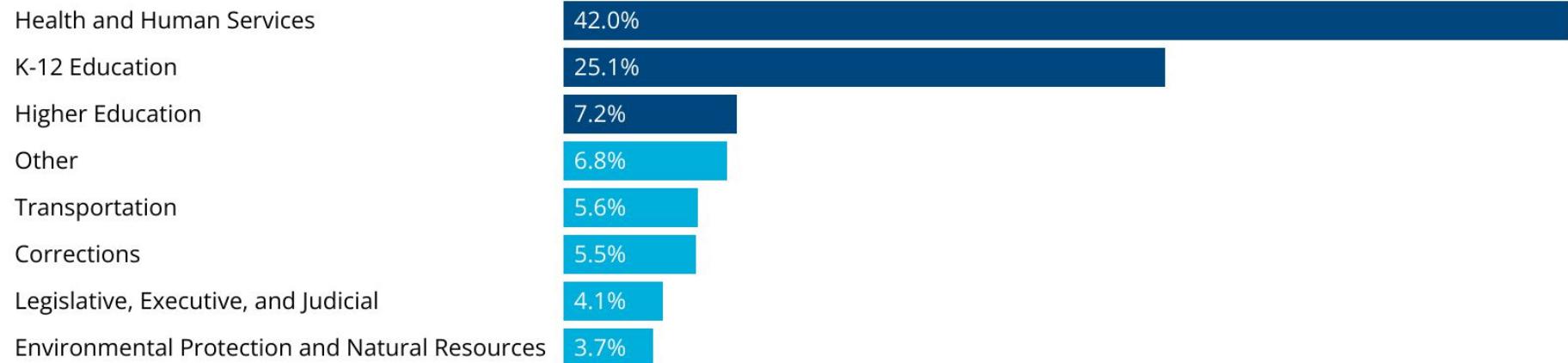
Source: Department of Finance

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



Almost 3 in 4 State Dollars Support Health and Human Services, K-12 Education, or Higher Education

Enacted 2025-26 General Fund and Special Fund Expenditures = \$317.2 Billion



Note: "Other" reflects a number of budget categories, including Business, Consumer Services, and Housing as well as Labor and Workforce Development. Percentages do not sum to 100% due to rounding.

Source: Budget Center analysis of Department of Finance data



California Budget
& Policy Center

Almost 80% of Federal Funds Spent Through the State Budget Support Health & Human Services

Federal Funds Estimated to Be Spent in 2025-26 Under the Enacted State Budget = \$174.5 Billion



Note: "Other" reflects a number of budget categories, including Environmental Protection, Natural Resources, and Government Operations.

Source: Budget Center analysis of Department of Finance data

**The state budget
consists of a “package”
of bills that include:**

- **Budget bills**
- **Trailer bills**
- **Other bills (from time to time)**



Governor Newsom Signed Nearly 50 Budget-Related Bills in 2025



Note: Budget bills signed into law include the 2025 Budget Act as well as nine "Budget Bill Juniors" that amended the 2025 Budget Act or previous Budget Acts.

Source: Budget Center analysis of budget-related legislation

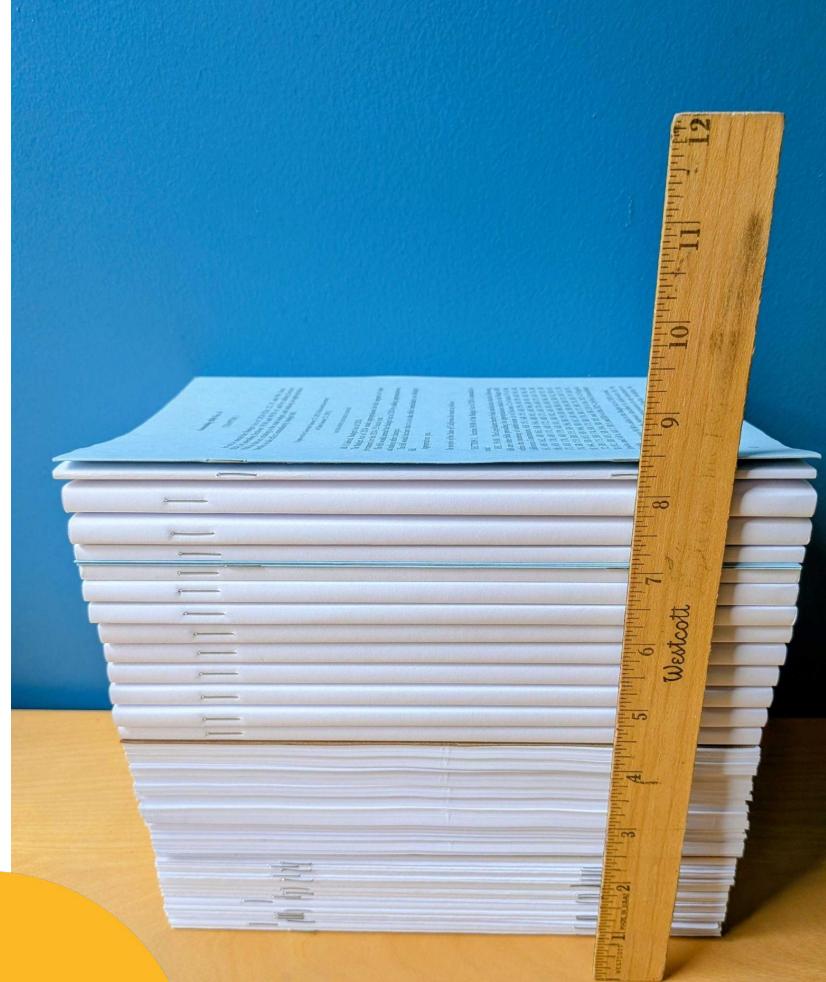


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**The budget-related bills
signed into law in 2025
total thousands of pages.**

Longest bill = 900+ pages

Shortest bills = 3 pages



What Are Budget Bills?

- **Budget bills provide appropriations.**
 - Appropriations are the individual line items in the budget.
 - They authorize a state department or other entity to spend money from a specific fund for a specific purpose.
- **In addition, budget bills:**
 - Move through the Assembly and Senate budget committees.
 - Are majority-vote bills — they can always be passed by a simple majority vote of each house.

Two Kinds of Budget Bills

- **Budget Act**
 - This is the initial budget bill passed by the Legislature and signed by the governor for the new fiscal year.
- **“Budget Bill Junior”**
 - Describes any budget bill that amends the Budget Act, such as by increasing or reducing spending.
 - There's no limit on the number of Budget Bill Juniors that can be included in a budget package.

What Are Trailer Bills?

- **Trailer bills:**
 - Generally make changes to state law related to the Budget Act.
 - Must contain an appropriation *and* be listed in the Budget Act — requirements that link trailer bills to the state budget.
- **In addition, trailer bills:**
 - Move through budget committees (like budget bills).
 - Are organized by policy areas, like housing and health.
 - Generally can be passed by a simple majority vote.

Other Bills in the Budget Package

- The budget package sometimes includes bills that move *independently* of the Budget Act.
- These bills:
 - Make changes to state law.
 - Could include, for example, constitutional amendments or bills passed in a special session.
 - Can move through budget committees or through the legislative process (policy committees and appropriations committees).

Part Two

Key Rules That Shape the State Budget Process



**Three are three key
budget-related deadlines:**

**Two in the state Constitution,
one in state law.**

Key State Budget Deadlines

Constitution	State Law	Constitution
January 10	May 14	June 15
Deadline for the governor to propose a budget for the upcoming fiscal year (starting July 1).	Deadline for the governor to release a revised budget ("May Revision") for the upcoming fiscal year.	Deadline for the Legislature to pass the initial budget bill for the upcoming fiscal year.

**Legislators face financial
penalties if they miss the
June 15 deadline.**

(Prop. 25 of 2010)

Lawmakers Lose Pay if They Don't Pass the Budget on Time

- All members of the Assembly and Senate **permanently forfeit their pay and “per diem”** — reimbursement for travel & living expenses — **for each day after June 15** that the Budget Act is not passed and sent to the governor.
- These penalties **do not apply to Budget Bill Juniors or to trailer bills**, which don't have to be passed by June 15.

**Budget bills and most trailer
bills can be passed by a simple
majority vote of each house and
take effect immediately.**

(Prop. 25 of 2010)

A **two-thirds (supermajority)
vote of each house is needed to
approve any tax increase.**

(Prop. 26 of 2010)

The state Constitution contains complex formulas that establish state budget priorities.

Three Key Budget Formulas in the State Constitution

- **Prop. 98 (1988):** Guarantees a minimum annual level of funding for K-12 schools and community colleges.
- **Prop. 2 (2014):** Requires some state revenues to be set aside to pay down debts and save money for a rainy day.
- **Prop. 4 (1979, “Gann Limit”):** Caps spending by restricting the growth of certain appropriations from tax proceeds.

Part Three

Key Players in the State Budget Process



Key Players in the State Budget Process

The Governor



Gavin Newsom
California Governor

“Big
Three
”

Three orange arrows originate from the text "‘Big Three’" and point towards the individual portraits of the three key players: Governor Newsom, Senator Limón, and Assembly Speaker Rivas.

The Legislature



Monique Limón
Senate President pro Tempore



Robert Rivas
Assembly Speaker

The Public



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



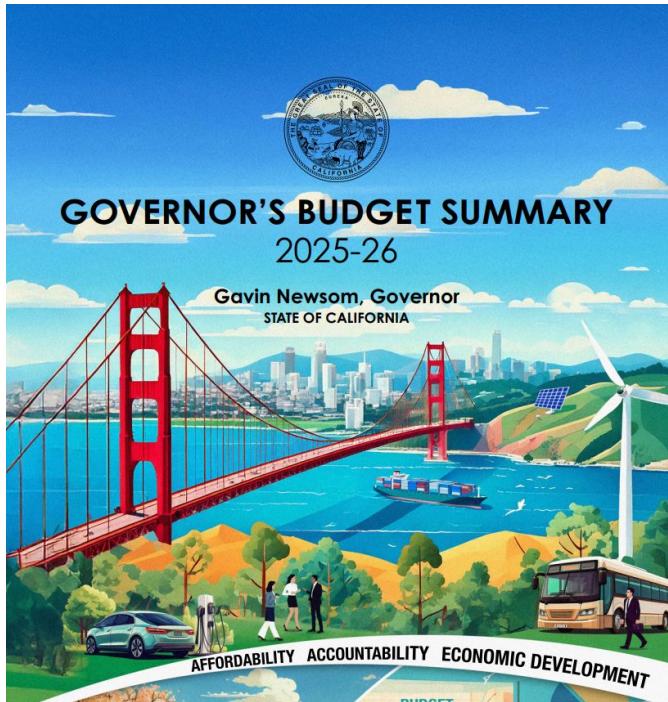
**Governor's
Proposed Budget:
By January 10**



**Governor's
May Revision:
By May 14**



**Enacted State
Budget:
By Late June**



The Department of Finance welcomes you to the

California Budget 2025-26

Gavin Newsom Governor
State of California

Select Budget Year

Governor's Proposed Budget (January) The Budget proposed by the Governor Summary » Detail »	May Revision (May) Changes to the Governor's Proposed Budget based upon the latest economic forecasts Summary » Detail »	Enacted Budget (Summer) The Budget passed by the Legislature and signed by the Governor Summary » Detail »
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**The Legislature
reviews, revises, and
adds to the governor's
proposals, with help
from the Legislative
Analyst's Office.**



John Laird



Chair
Senate Budget and Fiscal
Review Committee
*(includes five
subcommittees)*

Gabriel Petek



Legislative Analyst

Jesse Gabriel



Chair
Assembly Budget
Committee
*(includes seven
subcommittees)*

Assembly and Senate budget subcommittees lead the budget process in the Legislature

California State Assembly



Agenda

Assembly Budget Subcommittee No. 2
on Human Services, & Assembly Budget Subcommittee No. 3
on Education Finance

Assemblymembers Dr. Corey Jackson & David Alvarez, Chairs

Wednesday, March 24, 2024
10:00 A.M. – State Capitol, Rm 126

JOINT INFORMATIONAL HEARING

ITEMS TO BE HEARD		
Item	Description	Page
6100	California Department of Education	
5180	California Department of Social Services	
Issues	1. California Master Plan for Early Learning and Care 2. Universal Transitional Kindergarten Implementation 3. Childcare & Preschool Funding Rates Oversight 4. Childcare & Preschool Quality Improvement & Workforce Support 5. Breaking Barriers to Childcare Access	2 5 10 17 19

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the committees.

Senate Budget and Fiscal Review— Scott Wiener, Chair

SUBCOMMITTEE NO. 1



Agenda

Senator John Laird, Chair
Senator Dave Min
Senator Scott Wilk

Thursday, March 14, 2024
9:30 a.m. or Upon Adjournment of Session
1020 O Street- Room 2100

Consultants: Christopher Francis, Ph.D. and Elisa Wynne

Items for Discussion

Item	Department	Page
6440	University of California (UC).....	2
6610	California State University (CSU).....	2
Issue 1:	UC and CSU System Updates	2
Issue 2:	Higher Education Student Housing	9
6610	California State University (CSU)	14
Issue 3:	CSU Enrollment	14
6440	University of California (UC).....	18
Issue 4:	UC Enrollment.....	18
Issue 5:	Governor's Proposals for UC	23

Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

What Do Budget Subcommittees Do?

- **Focus on specific policy areas**, like education or health.
- **Hold dozens of hearings** to review the governor's proposals, which they can approve, modify, or reject.
- **Meet with policy advocates** to understand their priorities.
- **Evaluate “budget asks”** submitted by advocates and legislators and decide which to include in their budget plans.
- **Finalize the Assembly and Senate versions of the budget**, which are later combined into a unified legislative budget plan.

**Members of the
public engage
with policymakers
to inform and
influence budget
choices.**



**Building relationships
with state policymakers
and staff is crucial to
effective budget advocacy.**

Building Relationships Is Key to Effective Budget Advocacy

- **The Capitol runs on relationships:** Who you know is critical to advancing your budget priorities.
- **Autumn is best for building/renewing relationships:** Staff and policymaker workloads tend to be lighter during the fall, but it's never too late to start.
- **An advocate's work is never done:** Turnover is high in the Legislature and in the executive branch, so the work of relationship-building never ends.

**Members of the public
have many ways to
make their voices heard in
the state budget process.**

Key Ways to Make Your Voice Heard

- Submit “**budget letters**” to policymakers outlining your budget priorities.
- Schedule **meetings with key policymakers and staff** in the Legislature and in the governor’s administration.
- Provide **public comment** and — if invited — **testify** as part of a panel at budget subcommittee hearings.
- Participate in “**lobby days**” at the Capitol, joining forces with a broad range of advocates to focus state policymakers’ attention on specific issue areas like child care or health care.

Part Four

Advocacy Opportunities During Each Phase of the State Budget Process



**The state budget process is
cyclical, with decisions
made throughout the year.**

The Three Distinct Periods of the State Budget Process

**July to
December**

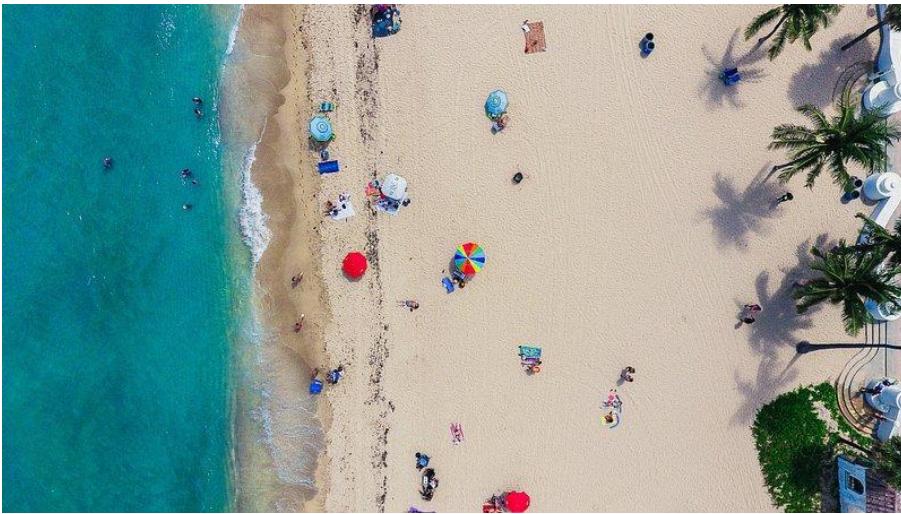


**January to
Mid-May**



**Mid-May
to June**

State Budget Process: July to December



Quick take:

- **Quietest period of the budget process** — lots happening, but mostly behind the scenes. Still, there are plenty of advocacy opportunities.

July to December: What's Happening?

- Throughout this period, the governor's administration **builds the proposed budget** for release by January 10.
- In August, state leaders **revise the June budget package**.
- Assembly and Senate leaders **start setting priorities** for the upcoming year.
- The Legislative Analyst's Office (LAO) **releases their *Fiscal Outlook*** for state spending and revenues.

July to December: Advocacy To-Do's

- **Review websites + organizational charts** for the Legislature and the executive branch to determine key contacts and schedule introductory meetings.
- **Share your budget priorities** with policymakers and staff in the governor's administration and the Legislature.
- **Monitor budget developments in August** and be prepared to weigh in on proposed changes to the state spending plan that was adopted in June.

State Budget Process: **January to Mid-May**



Quick take:

- **The heart of the budget process** — the period with the most consistent and transparent opportunities for public involvement.

January to Mid-May: What's Happening?

- Governor **releases the proposed budget** for the upcoming fiscal year by January 10.
- Legislature's budget subcommittees **review governor's proposals** and begin to craft their own state spending plans.
- Governor's administration **prepares the revised budget** (May Revision) for release by May 14.

January to Mid-May: Advocacy To-Do's

- **Submit budget letters** outlining your priorities to budget committees, legislative leadership, and the administration.
- **Schedule meetings with:**
 - *Staff in the governor's administration* to discuss the January proposals and your concerns / recommended changes.
 - *Key lawmakers and their staff* to discuss your priorities + your take on the governor's January proposals.
- **Use public comment periods** during budget hearings + **media, storytelling, and public actions** to get attention for your issue.

State Budget Process: Mid-May to June



Quick take:

- **Fastest-moving period of the budget process** — advocacy can be challenging due to the short time frame and quick pace.

Mid-May to June: **What's Happening?**

- Governor **releases revised budget** by May 14.
- Budget subcommittees **convene May Revision hearings** to review the governor's new proposals.
- Legislators **negotiate a unified (two-house) budget plan** by late May or early June to meet the June 15 deadline to pass the budget.
- Governor and legislative leaders **announce a budget deal** — typically in the second half of June.

Mid-May to June: **Advocacy To-Do's**

- **Use public comment periods** during budget hearing to share your take on the governor's May Revision proposals.
- **Meet with key lawmakers and their staff** to press for your budget priorities to be included in the Legislature's spending plan.
- If Legislature adopts your idea but the governor is on the fence or leaning "no," **look for opportunities to move the governor to "yes"** (activate the grassroots, publish op-eds, garner media attention, etc.)

Our Budget Academy



The screenshot shows the homepage of the California Budget & Policy Center. At the top, there is a navigation bar with the organization's logo, a search icon, and links for "Budget Academy", "Resources", "News", "Events", "About", and a prominent orange "Donate" button. Below the navigation, there is a secondary horizontal menu with links for "California Budget", "Child Care & Preschool", "Poverty & Inequality", "Education", "Health & Safety Net", "Housing & Homelessness", "Justice System", and "Taxes & Revenue". The main content area features a large blue banner with white text that reads: "A Just & Equitable California Starts with the State Budget". Below this text is a smaller paragraph: "Our state must make budget and policy decisions that help communities thrive and prioritize the needs of Californians who have been denied the opportunity to share in our state's wealth." Further down, another paragraph states: "We work to make the state budget and policies easier to understand, so all Californians — including you — can advocate for a more inclusive state." At the bottom of the banner, there is a link: "Discover the tools to champion equitable policy. →". To the right of the banner is a photograph of three women of different ages and ethnicities smiling together. The woman in the center is older and has her arms around the two younger women. The background is a library or study room with bookshelves. The overall design is clean and professional, using a color palette of blues, yellows, and earth tones.

Check out our **Budget Academy** [webpage](#) for tools and resources to help you master the budget process, strengthen your advocacy, and drive meaningful change!

Circling back to where we started...

**What is the state budget about?
What should it reflect?**

Our values and priorities as Californians



Thank you!

1107 9th Street, Suite 310
Sacramento, California 95814
916-444-0500



California Budget
& Policy Center