

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:

- Discusses **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



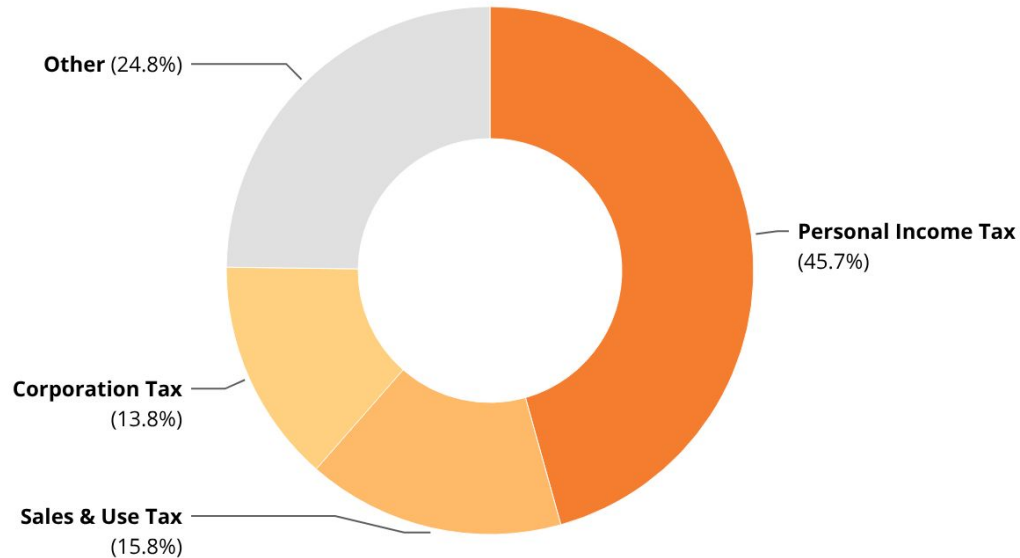


Part One **Key Facts About** **the State** **Budget**

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

Projected General Fund and Special Fund Revenue as of the 2026-27 Enacted State Budget = \$328.4 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

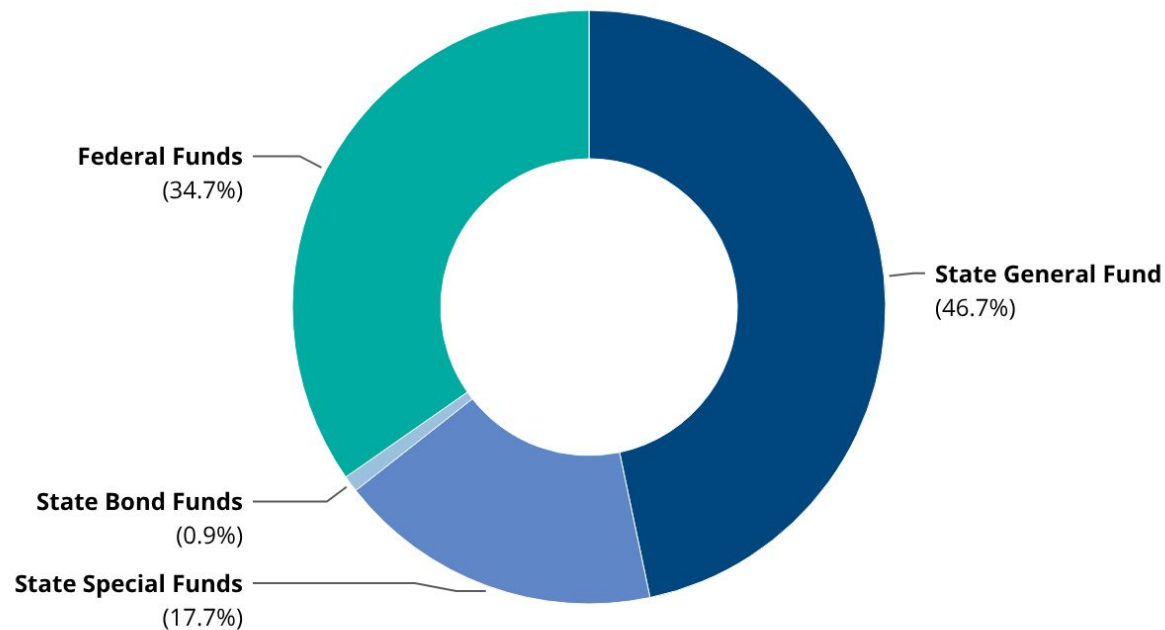


California Budget
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The state budget =
Three types of state funds +
federal funds.

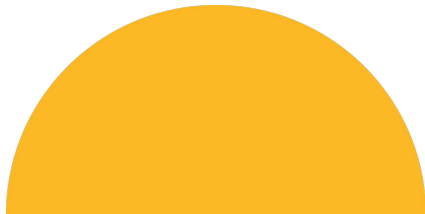
State Funds Account for Almost Two-Thirds of California's 2026-27 State Budget

Total Enacted 2026-27 Expenditures = \$538.9 Billion



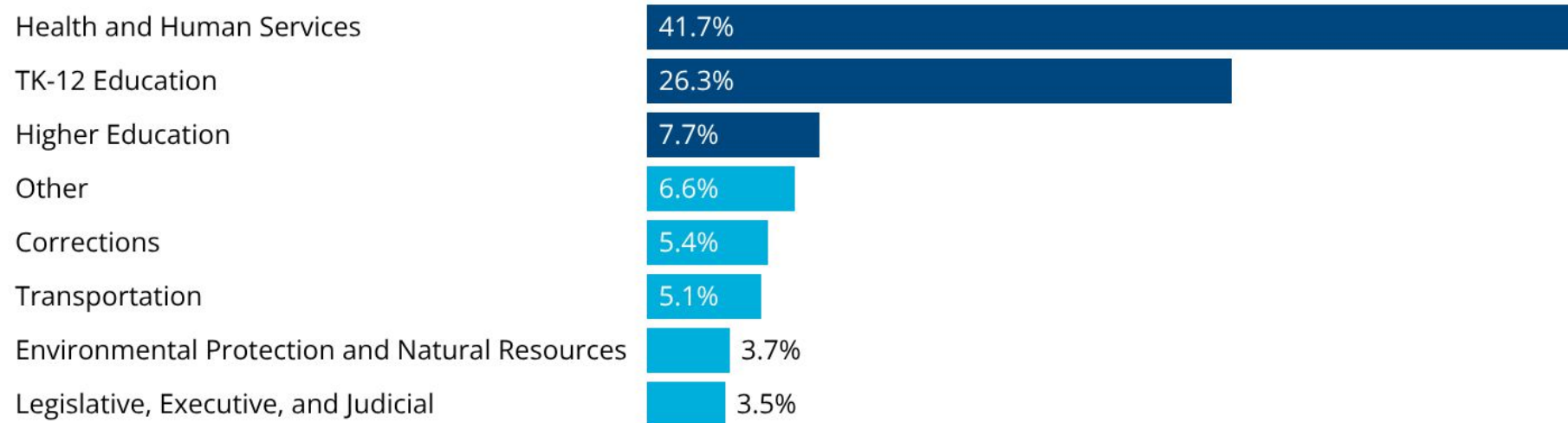
Source: Department of Finance

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



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

Enacted 2026-27 General Fund and Special Fund Expenditures = \$346.6 Billion



Note: "Other" reflects a number of budget categories, including Business and Consumer Services, Housing and Homelessness, and Labor and Workforce Development.

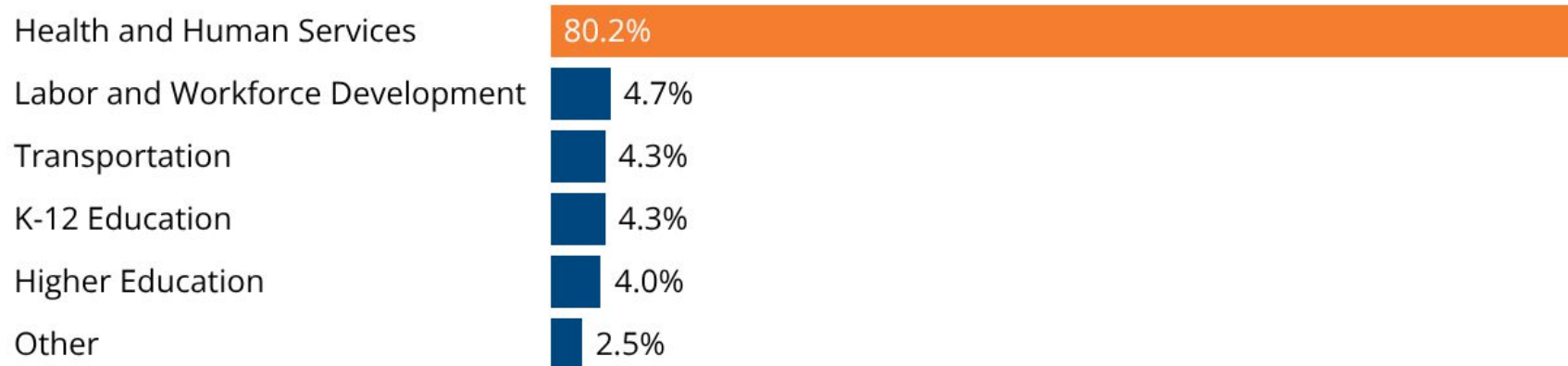
Source: Budget Center analysis of Department of Finance data



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4 in 5 Federal Dollars Spent Through the State Budget Support Health and Human Services

Federal Funds Estimated to Be Spent in 2026-27 Under the Enacted State Budget = \$187.2 Billion



Note: "Other" reflects several budget categories, including Environmental Protection, Natural Resources, Housing and Homelessness, and Government Operations.

Source: Budget Center analysis of Department of Finance data



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

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



Governor Newsom Signed More Than 40 Budget-Related Bills in 2026



Note: Reflects budget-related legislation passed during the 2026 session, which ended on September 1. Budget Bills include the 2026 Budget Act as well as eight "Budget Bill Juniors" that amended the 2026 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 2026 total
thousands of pages.

Longest bill = 962 pages

Shortest bill = 1 page



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



The Legislature



Monique Limón
Senate President pro Tempore



Robert Rivas
Assembly Speaker

The Public



The governor has the
lead role in crafting the
budget.



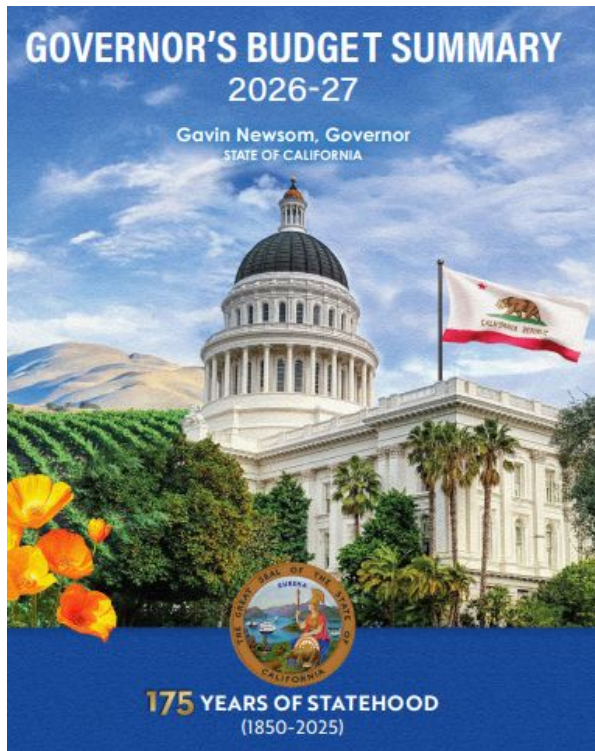
**Governor's
Proposed Budget:
By January 10**



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



**Enacted State
Budget:
By Late June**



The 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



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?

- In August, the governor and legislators **revise the budget package** that they adopted just a couple of months before (in June).
 - The governor's administration **builds the proposed budget for the upcoming fiscal year** — the spending plan that's due by January 10.
 - Legislative leaders develop **Assembly and Senate priorities** for the upcoming year.
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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?

- The governor releases the **proposed budget** for the upcoming fiscal year by January 10.
 - The Legislature's budget committees and subcommittees **convene hearings to review the governor's proposals** and develop their own spending plans for the upcoming fiscal year.
 - The governor's administration **prepares the revised budget** (the "May Revision") for release by May 14.
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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.

Budget Process Moves Fast After Mid-May

May

First Half of May

Second Half of May

**Governor finalizes and
releases the May Revision
by May 14**

June

First Half of June

Second Half of June

Budget Process Moves Fast After Mid-May

May

First Half of May

Governor finalizes and
releases the May Revision
by **May 14**

Second Half of May

**Assembly &
Senate**
convene
public
hearings to
review May
Revision

**Assembly &
Senate**
release their
own budget
plans in late
May (could
slip to early
June)

June

First Half of June

Second Half of June

Budget Process Moves Fast After Mid-May

May

First Half of May

Governor finalizes and releases the May Revision by May 14

Second Half of May

Assembly & Senate convene public hearings to review May Revision

Assembly & Senate release their own budget plans in late May (could slip to early June)

June

First Half of June

Assembly & Senate leaders negotiate a joint (two-house) budget plan and draft the Budget Act

Budget Act must be in print by **June 12** and must be passed by **June 15**

Second Half of June

Budget Process Moves Fast After Mid-May

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Second Half of June

Governor and legislative leaders ("Big 3") negotiate behind the scenes to reach a three-way deal on the state budget

Budget Process Moves Fast After Mid-May

May

First Half of May

Governor finalizes and releases the May Revision by May 14

Second Half of May

Assembly & Senate convene public hearings to review May Revision

Assembly & Senate release their own budget plans in late May (could slip to early June)

Governor and legislative leaders ("Big 3") negotiate behind the scenes to reach a three-way deal on the state budget

June

First Half of June

Assembly & Senate leaders negotiate a joint (two-house) budget plan and draft the Budget Act

Budget Act must be in print by **June 12** and must be passed by **June 15**

Second Half of June

Big 3 continue negotiating and announce a three-way budget deal by late June

By late June, **Legislature** passes budget package as agreed to with the governor, including amendments to the Budget Act

Governor signs the bills in the June budget package (some may be signed in July)

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.)

Want to better understand state and county budgets?

Explore our **Budget Academy** for tools and resources to help you master the budget process, strengthen your advocacy, and drive meaningful change!



SCAN TO LEARN MORE!



Circling back to where we started...

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

Our values and priorities as Californians



Let's stay connected!

1107 9th Street, Suite 310, Sacramento, California 95814

calbudgetcenter.org



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