



California Budget
& Policy Center

Dollars and Democracy: An Introduction to the State Budget Process

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calbudgetcenter.org

**What comes to mind
when you think of the
state budget?**











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



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



Key Facts About the State Budget

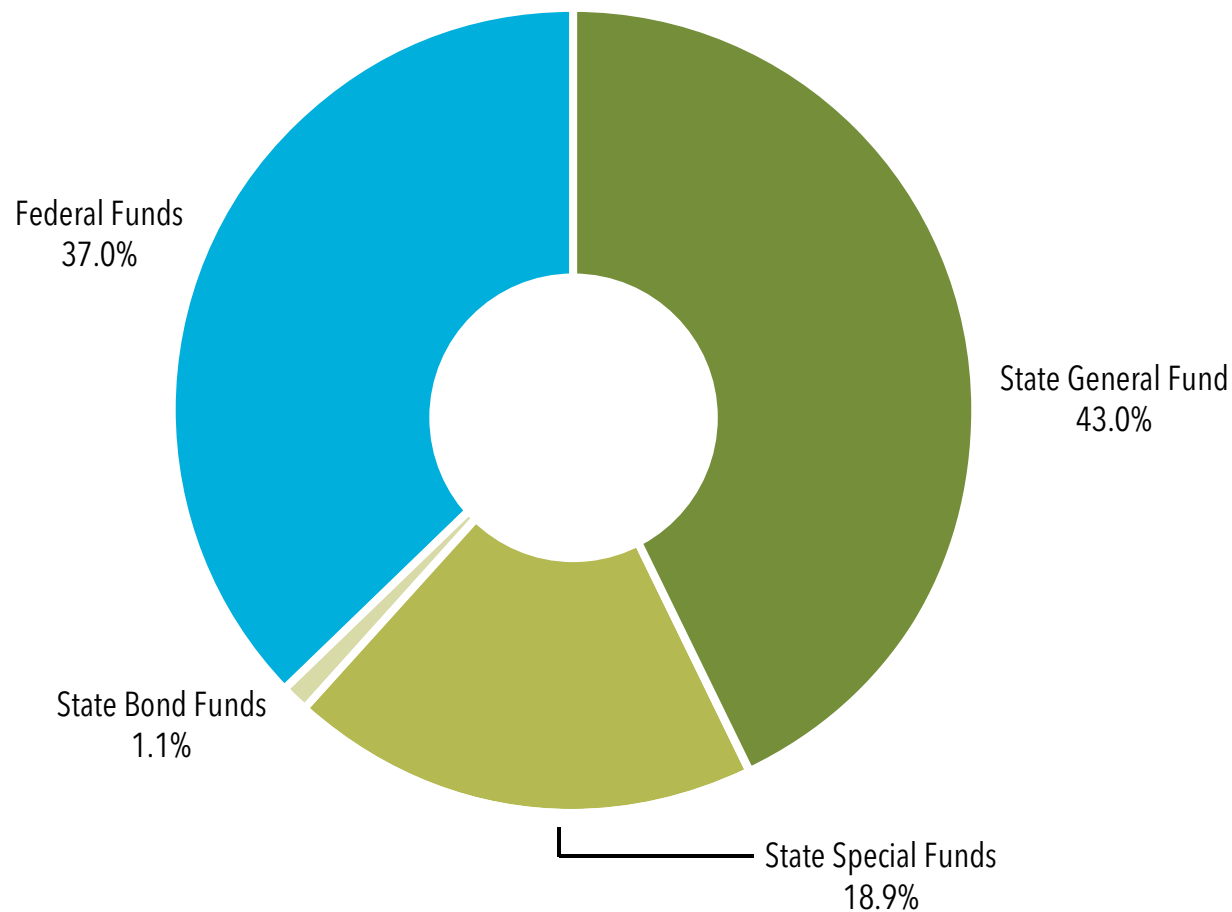


**The state budget =
state funds + federal funds.**



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

Total Enacted 2017-18 Expenditures = \$290.8 Billion



Source: Department of Finance



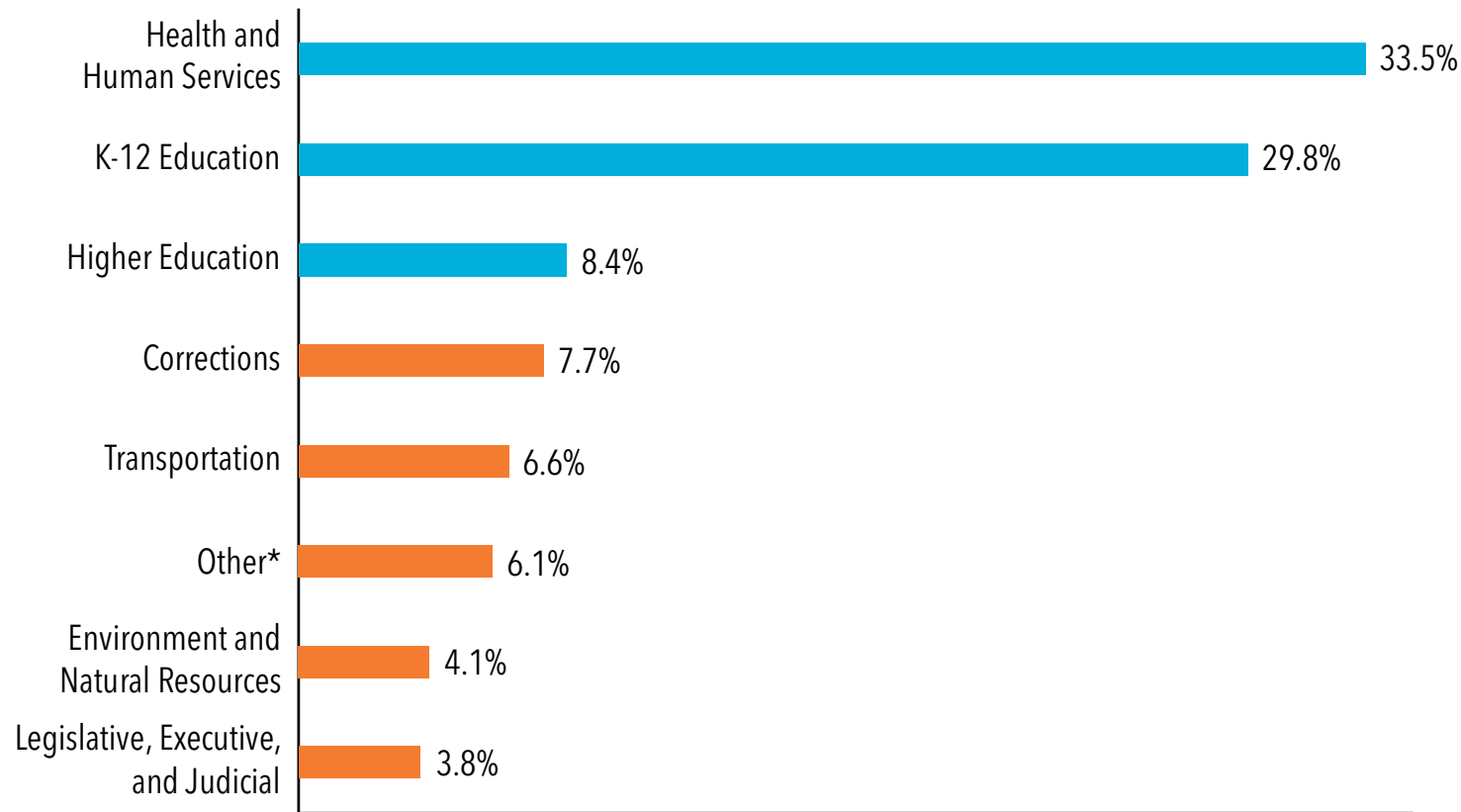
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**The state budget supports a
broad range of public services
and systems.**



More Than 7 in 10 State Dollars Support Health and Human Services or Education

Enacted 2017-18 General Fund and Special Fund Expenditures = \$180.0 Billion

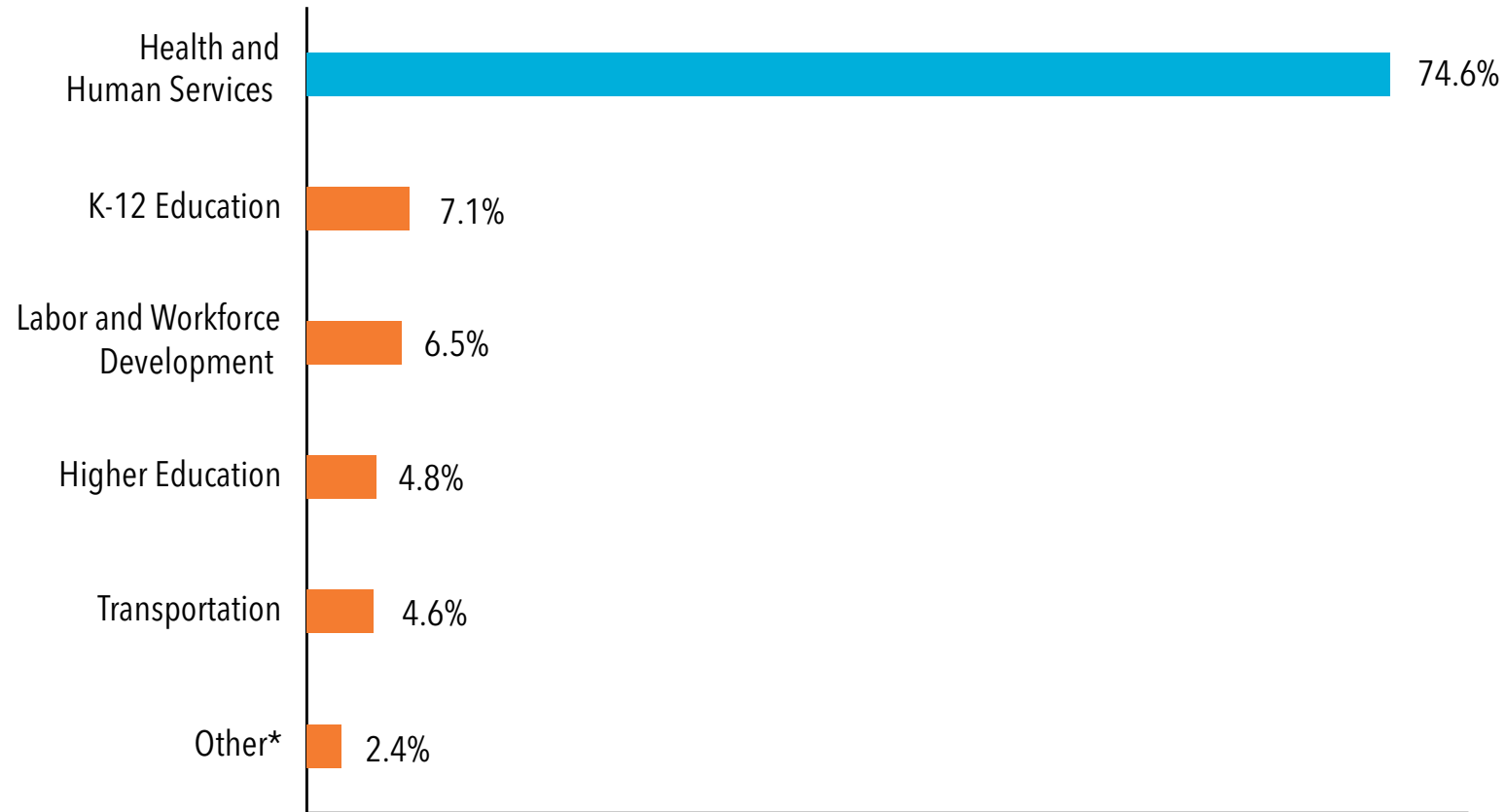


* Includes Business, Consumer Services, and Housing; Labor and Workforce Development; Government Operations; and General Government.
Source: Department of Finance



More Than 7 in 10 Federal Dollars Spent Through the State Budget Support Health and Human Services

Federal Funds Estimated to Be Spent Through the State Budget in 2017-18 = \$107.5 Billion



* Includes Environmental Protection; Legislative, Judicial, and Executive; Corrections and Rehabilitation; and other state budget categories that account for relatively small shares of federal funds.

Source: Department of Finance



**California's state budget is
actually a budget "package."**



The budget package consists of one or more **budget bills** plus budget-related **trailer bills**.



There is no limit on the number of trailer bills that may be included.



The 34 Bills in the 2017-18 Budget Package (So Far)

- **AB 97:** The initial **2017-18 budget bill**
- **AB 109, AB 120, AB 134, SB 108, and SB 113:** Additional budget bills that **amended the initial 2017-18 budget bill**
- **SB 107:** Another budget bill that **amended the 2016-17 budget bill**
- **Other bills in the budget package:** AB 99, AB 102, AB 103, AB 107, AB 111, AB 114, AB 115, AB 119, AB 126, AB 129, AB 130, AB 131, AB 133, AB 135, SB 84, SB 85, SB 88, SB 89, SB 90, SB 92, SB 94, SB 96, SB 97, SB 103, SB 110, SB 112, and SB 117



The Constitutional Framework for the State Budget Process



**California's Constitution
establishes the basic rules
of the state budget process.**



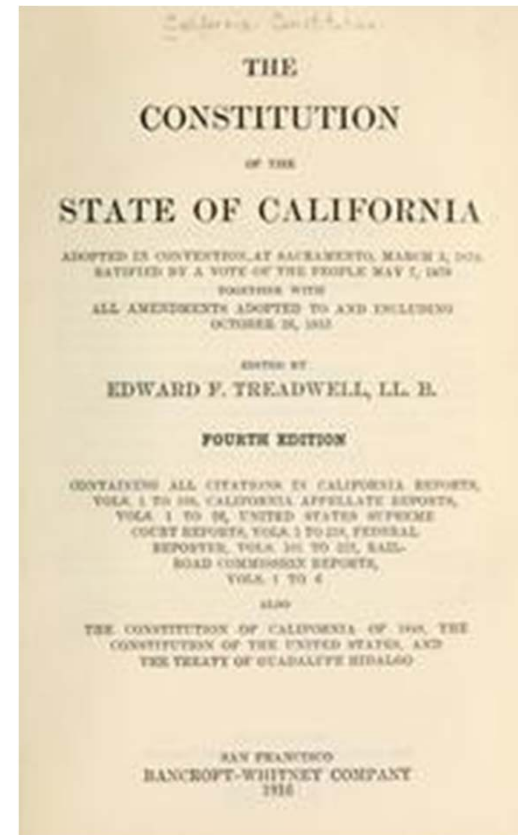
US Constitution

- Roughly 7,800 words
- Amended 27 times



California Constitution

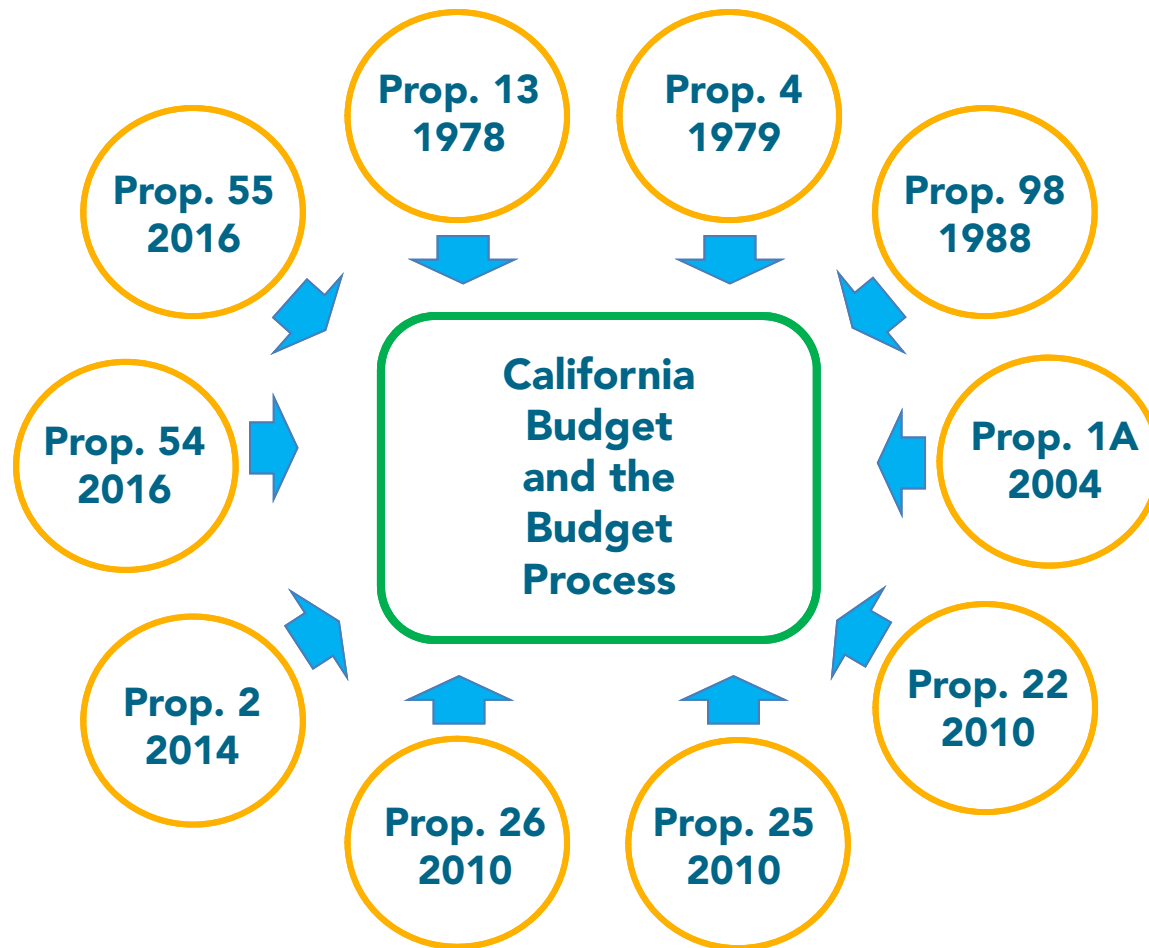
- Roughly 75,000 words
- Amended 500+ times



**Several ballot measures,
dating back to the 1970s,
have had an impact on
the budget and the budget
process.**



Ballot Measures With an Impact on the State Budget and the Budget Process



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



**Bills must be published, in their final form, at least 72 hours before being passed by the Legislature.
(Proposition 54 of 2016)**



**The budget bill and most
budget-related bills can be
passed by a simple majority
vote.
(Prop. 25 of 2010)**



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



Prop. 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.



**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 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 for a rainy day.
- **Prop. 55 (2016):**
 - Creates a formula to boost funding for Medi-Cal, which provides health care services for low-income residents.



The State Budget Process: Key Players and Timeline



The budget process is cyclical.

**Decisions are made throughout the year, both
in public settings and behind the scenes.**



**The key players in the
state budget process are...**



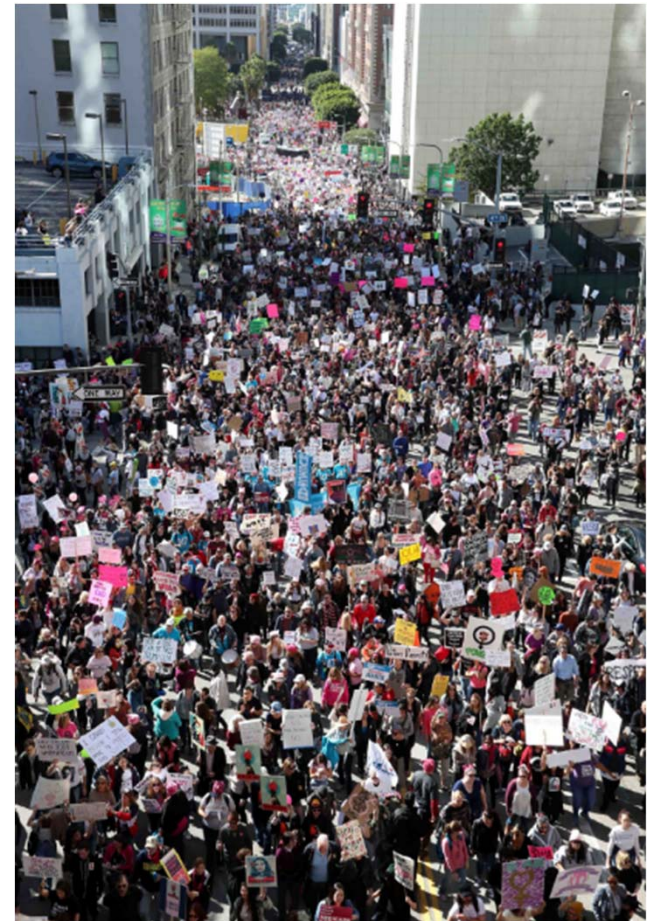
The Governor



The Legislature



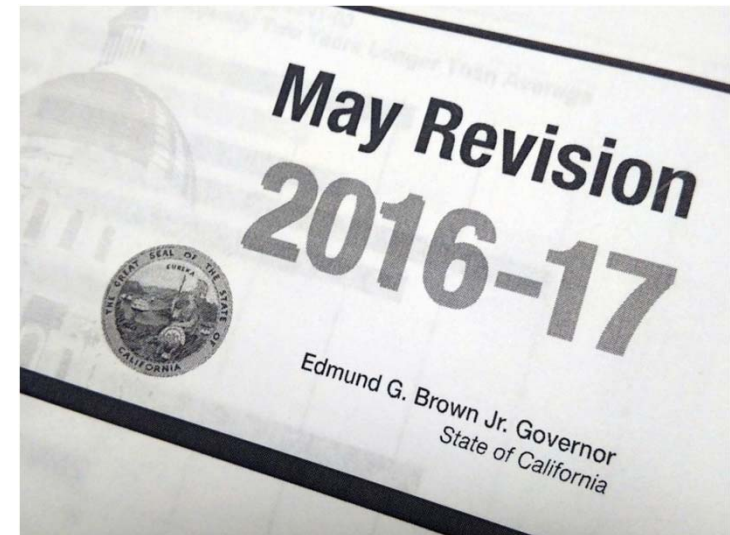
The Public



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



State of California
DEPARTMENT OF FINANCE



**The Legislature reviews
and revises the Governor's
proposals, with help from the
Legislative Analyst's Office
(LAO).**



Holly Mitchell,
Chair, Senate
Budget and
Fiscal Review
Committee



Mac Taylor,
Legislative
Analyst



Phil Ting,
Chair,
Assembly
Budget
Committee



Members of the public have various opportunities to make their voices heard during the budget process.





The state budget process can be divided into three distinct periods.

July to December

January to Mid-May

Mid-May to June



July to December



Governor's Administration

- **Department of Finance (DOF) leads development of Governor's proposed budget.**
 - Look for opportunities to engage with Administration officials.

Legislature

- **Legislative leaders develop budget priorities.**
 - Seek to have your priorities considered.
- **Budget committee staff look ahead to upcoming budget deliberations.**
 - Build relationships and suggest ideas for hearings.



January to Mid-May



Governor's Administration

- **Proposed budget released by January 10.**
 - Weigh in on the Governor's proposals.
- **DOF makes budget adjustments and prepares May Revision.**
 - Engage with budget officials, offering candid feedback on Governor's initial proposals.

Legislature

- **Budget subcommittees hold dozens of hearings to review proposed budget.**
 - Testify at hearings and continue to meet with key legislators and staff.



Mid-May to June



Governor's Administration

Legislature

- **May Revision released by May 14.**
 - Look for opportunities to engage with Administration officials.

- **Budget subcommittees convene hearings on May Revision proposals.**
 - Testify at hearings and continue to meet with key legislators and staff.
- **Budget conference committee meets to iron out differences.**

The “Big 3” negotiate the final outlines of budget package.



The Bottom Line

- The state budget expresses our **values and priorities**.
- The **state Constitution** establishes the “rules of the game.”
- The budget process is **cyclical** – budget decisions are made throughout the year.
- The **Governor** has the lead role in crafting the budget; the **Legislature** reviews and revises the Governor’s proposals.
- **Public input** is a key part of the budget process and comes in many forms.





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