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

Federal Funds 36.9%
State General Fund 43.4%
State Special Funds 17.2%
State Bond Funds 2.4%

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Human Services</td>
<td>32.5%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>30.7%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>8.8%</td>
</tr>
<tr>
<td>Corrections</td>
<td>7.9%</td>
</tr>
<tr>
<td>Other</td>
<td>6.3%</td>
</tr>
<tr>
<td>Transportation</td>
<td>5.6%</td>
</tr>
<tr>
<td>Environment and Natural Resources</td>
<td>4.1%</td>
</tr>
<tr>
<td>Legislative, Executive, and Judicial</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

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 and SB 101**: Two additional budget bills that amended the 2015-16 budget bill

- **AB 116**: Another budget bill that amended the 2014-15 budget bill

- **Other bills in the budget package**: 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, SB 98, SB 99, SB 102, SB 103, and SB 107
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 bill and most budget-related bills can be passed by a simple majority vote. (Proposition 25 of 2010)
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.
The state Constitution contains complex formulas that establish state budget priorities.
K-14 education is guaranteed a minimum level of funding. (Proposition 98 of 1988)
Some state revenues must be set aside to pay down debts and save for a rainy day. (Proposition 2 of 2014)
The budget process is cyclical, not linear.

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 developing 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 modify, reject, or pass 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 at legislative hearings 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.

Department of Finance (DOF)
Governor’s proposed budget
May Revision
Line-item veto authority
The Legislature reviews and revises the Governor’s proposals.

Assembly Budget Committee

Senate Budget and Fiscal Review Committee

Legislative Analyst’s Office (LAO)
Members of the public have various opportunities for input during the budget process.
State Budget Process: July to December

DOF crafts the Governor’s proposed budget.

Legislative leaders develop budget priorities.

Legislative staffers look ahead to the upcoming budget deliberations.
State Budget Process:
January to Mid-May

Proposed budget released by January 10.

Budget committees review proposed budget.

Governor’s staff explains and defends the proposed budget.
State Budget Process: Mid-May to June

May Revision released by May 14.

Assembly and Senate finalize their versions of the budget.

“Big 3” negotiate final budget deal.
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.