Understanding How the State Budget Process Relates to the Policy Bill Process

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A WEBINAR PRESENTATION BY
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Highlights of the Policy Bill Process and the Budget Process
THE LIFE CYCLE OF LEGISLATION
From Idea into Law

THE CALIFORNIA LEGISLATURE
ASSEMBLY RULES COMMITTEE

Although the procedure can become complicated, this chart shows the essential steps for passage of a bill.

Typical committee actions are used to simplify charting the course of legislation.

Some bills require hearings by more than one committee, in which case a committee may re-refer the bill to another committee. For example, bills with monetary implications must be re-referred to the proper fiscal committee in each house before they are sent to the second reading file and final action.

A bill may be amended at various times as it moves through the House. The bill must be reprinted each time an amendment is adopted by either house. All bill actions are printed in the DAILY FILES, JOURNALS, and HISTORIES.

If a bill is amended in the opposite house, it is returned to the House of Origin for concurrence in amendments. If House of Origin does not concur, a conference committee report must then be adopted by each house before the bill can be sent to the Governor.

LEGISLATURE

HAS 30 DAYS
(but excluding
Sundays)
TO OVERRIDE
VETO WITH
2/3 VOTE IN
EACH HOUSE

CONFERENCE COMMITTEE
Assembly Minority
Senate Majority

Bill is Chaptered by
Secretary of State

GOVERNOR

SIGN

YES

NO

CONFERENCE
COMMITTEE

BILL IS CHARTERED BY
SECRETARY OF STATE

To become law January 1
of following year unless
continued in suspense
during adjournment or
suspended to own effective
date

BECOMES LAW WITHOUT SIGNATURE

RETURN CERTIFICATE TO
Secretary of State
Assembly Members

RETURN CERTIFICATE TO
Secretary of State
Senate Members

FLOOR ACTIONS

RETURN CERTIFICATE TO
Secretary of State
Assembly Members

RETURN CERTIFICATE TO
Secretary of State
Senate Members

WITH ASSEMBLY AMENDMENTS

FAIRED

WITH SENATE AMENDMENTS

RETURN CERTIFICATE TO
Secretary of State
Assembly Members

RETURN CERTIFICATE TO
Secretary of State
Senate Members

FAIRED

WITH ASSEMBLY AMENDMENTS

RETURN CERTIFICATE TO
Secretary of State
Assembly Members

RETURN CERTIFICATE TO
Secretary of State
Senate Members
Key Steps in the Policy Bill Process (Simplified!)

- Bill introduced in 1st house
  - Reviewed/amended by policy and fiscal committees
  - Floor vote (usually a simple majority vote)
- Bill moves to 2nd house
  - Reviewed/amended by policy and fiscal committees
  - Floor vote (usually a simple majority vote)
- Bill goes to governor – if signed into law, typically takes effect on January 1
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 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.

In the months following the release of the Governor’s proposed budget, 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.
Key Steps in the Budget Process (Simplified!)

- Governor’s administration spends months developing budget proposal (due by January 10 each year)

- Assembly and Senate budget subcommittees review governor’s proposals and develop their own versions of the state budget

- Governor and Legislature together determine funding priorities for upcoming fiscal year (starts July 1)

- Assembly and Senate vote on bills in budget package (usually a simple majority vote)

- Bills in budget package go to governor – if signed into law, typically take effect on July 1
The Cost of a Proposal Helps to Determine Its Path Through the Legislature
In many cases, good policy ideas aren’t...
To move from concept to reality, proposals to change state policy often need funding.
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Sometimes a little:

Sometimes a lot:
A relatively inexpensive proposal can move through the budget process...
A relatively inexpensive proposal can move through the **budget process**...  
...or as a **standalone policy bill** outside of the budget process.
Key Points About Standalone Policy Bills That Would Increase State Costs

- These bills generally **do not include funding** (an “appropriation”).
- Adding funding to a policy bill typically **would increase the vote threshold** to approve the bill from a simple majority **to two-thirds**, making it harder to pass.
- Instead, the cost of a policy bill may be 1) funded through a future state budget or 2) absorbed by a department’s budget.
A relatively costly proposal typically moves through the **budget process**.

However...
...an expensive proposal could benefit from first moving as a policy bill with the goal of shifting the proposal to the “budget track.”
Who Determines if a Proposal Is Expensive?
The Governor Plays a Key Role in Deciding if a Proposal Is Costly or Not
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- However, the line that divides inexpensive proposals from costly ones:
  - Varies from governor to governor.
  - May not be applied consistently by any particular governor.
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- Governor Newsom’s rule of thumb is not yet clear.
What Was Governor Brown’s Rule of Thumb for Deciding Which Proposals Were Costly?
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- Governor Brown’s signing message for Assembly Bill 480 (2017):
  
  “I caution...against using legislation [policy bills] to enact new or expanded benefits. Negotiations on spending proposals belong in the annual budget process.”
Regardless of How a Governor Chooses to Define a “Costly” Policy Idea...

- Requiring relatively costly proposals to move through the budget process means that many policy changes must be examined in the context of the entire state budget.

- This ensures that proposals with a major fiscal impact must be weighed against other state funding priorities, rather than considered in isolation.
The Critical Importance of Effective Advocacy
Smart and Persistent Advocacy Can Help to Lay the Groundwork for Policy Success

• Whatever route a proposal takes through the Legislature, it needs the support of a majority of legislators and the governor.
• Effective advocacy and education can help to build support for a policy idea and lay the groundwork for success when the political, policy, and fiscal conditions are right.
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