Dollars and Democracy: An Introduction to the State Budget Process

ALISSA ANDERSON, SENIOR POLICY ANALYST
SCOTT GRAVES, DIRECTOR OF RESEARCH

A PRESENTATION TO:
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What comes to mind when you think of the state budget?
Budgets are statements of our values and priorities.
What kind of California do we want to live in?
Goals of the Presentation

• Discuss **key facts** about the state budget

• Highlight the **constitutional framework** of the budget process

• Review the **key players** in the budget process, along with the **timeline**

• Point out opportunities for **public involvement**
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 2018-19 Expenditures = $308.8 Billion

- Federal Funds: 34.8%
- State General Fund: 44.9%
- State Special Funds: 18.9%
- State Bond Funds: 1.4%

Source: Department of Finance
The state budget supports a broad range of public services and systems.
More Than Two-Thirds of State Dollars Support Health and Human Services or Education
Enacted 2018-19 General Fund and Special Fund Expenditures = $197.2 Billion

- Health and Human Services: 32.6%
- K-12 Education: 28.4%
- Higher Education: 8.2%
- Corrections: 7.6%
- Transportation: 7.1%
- Other*: 7.1%
- Environment and Natural Resources: 4.7%
- Legislative, Executive, and Judicial: 4.3%

* 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 2018-19 = $107.5 Billion

- Health and Human Services: 73.2%
- K-12 Education: 7.7%
- Labor and Workforce Development: 6.2%
- Transportation: 5.8%
- Higher Education: 4.8%
- Other*: 2.3%

* 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 Constitutional Framework for the State Budget Process
California’s Constitution establishes the basic rules of the state budget process.
Several ballot measures, dating back to the 1970s, have had an impact on the budget and 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. (Prop. 25 of 2010)
A supermajority (two-thirds) vote is needed to approve any tax increase. (Prop. 26 of 2010)
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 has the lead role in crafting the budget.
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

Gabriel Petek, 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
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<th>Governor’s Administration</th>
<th>Legislature</th>
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<td>• Department of Finance (DOF) leads development of Governor’s proposed budget.</td>
<td>• Leaders develop their budget priorities.</td>
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<td>➢ Look for opportunities to engage with Administration officials.</td>
<td>➢ Seek to have your priorities considered.</td>
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<td>• Budget committee staff look ahead to upcoming budget deliberations.</td>
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<td>➢ Build relationships and suggest ideas for hearings.</td>
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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 hearings to review proposed budget.**
  - Testify at hearings and meet with key legislators and staff.
Mid-May to June
### Governor’s Administration

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

### Legislature

- **Budget subcommittees convene hearings on May Revision proposals.**
  - Testify at hearings and meet with key legislators and staff.

- **Budget conference committee meets to iron out differences.**

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