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Dollars and Democracy: An Introduction to the State Budget Process

@alissa_brie

@SHGraves29

@CalBudgetCenter

ALISSA ANDERSON, SENIOR POLICY ANALYST

SCOTT GRAVES, DIRECTOR OF RESEARCH

A PRESENTATION TO:

THE WOMEN'S FOUNDATION OF CALIFORNIA

PHILANTHROPY & PUBLIC POLICY INSTITUTE

AND

WOMEN'S POLICY INSTITUTE - LOCAL

MAY 15, 2019

**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

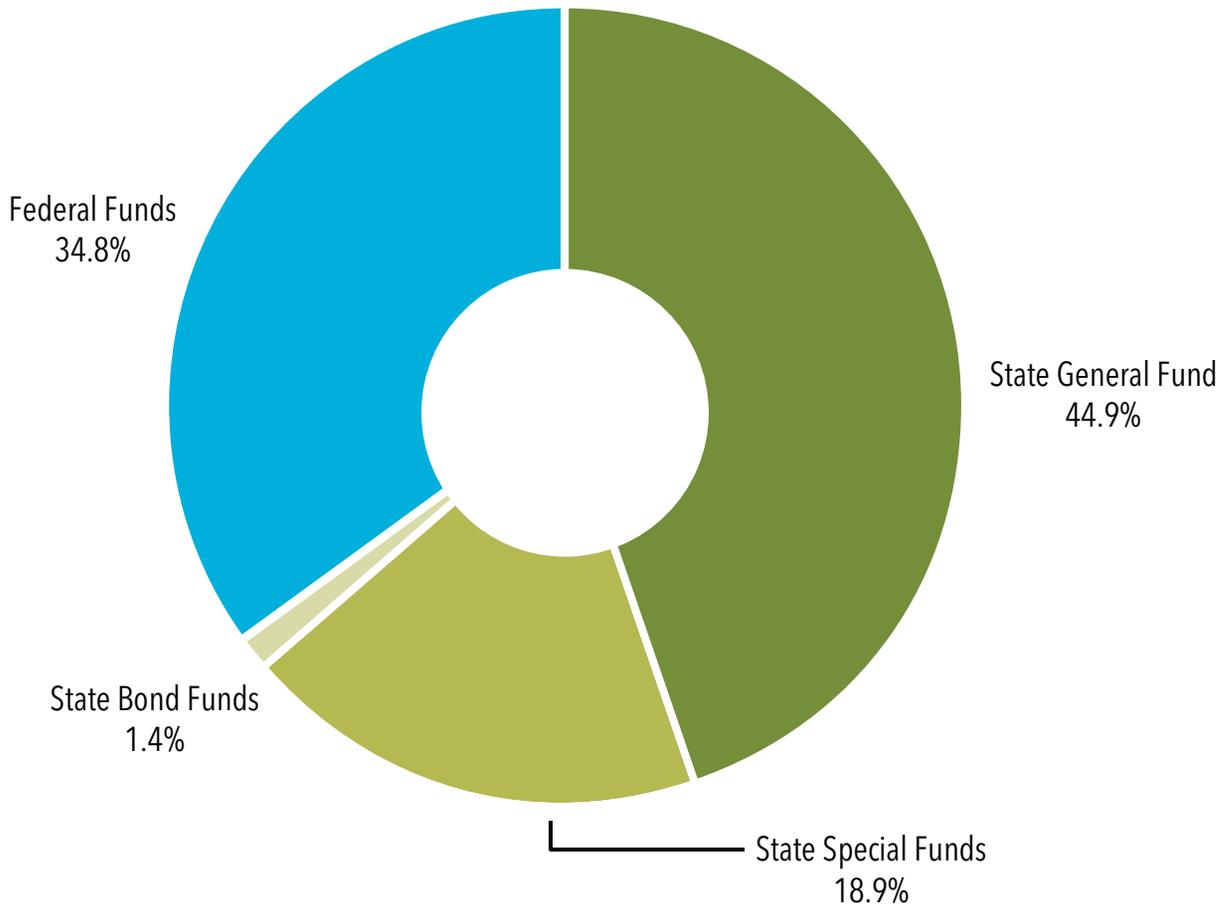


**The state budget =
state funds + federal funds.**



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

Total Enacted 2018-19 Expenditures = \$308.8 Billion



Source: Department of Finance

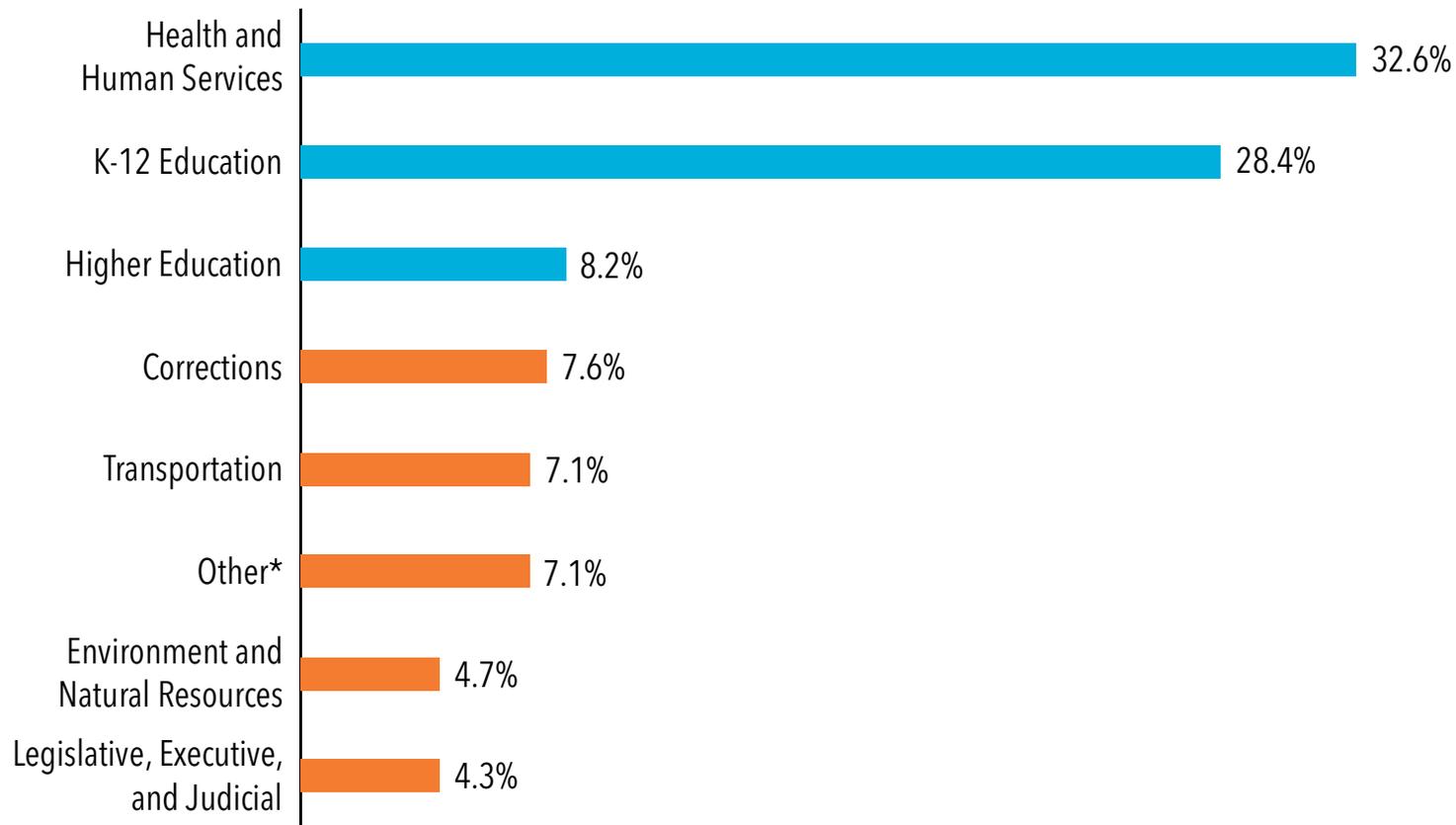


The state budget supports a broad range of public services and systems.



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

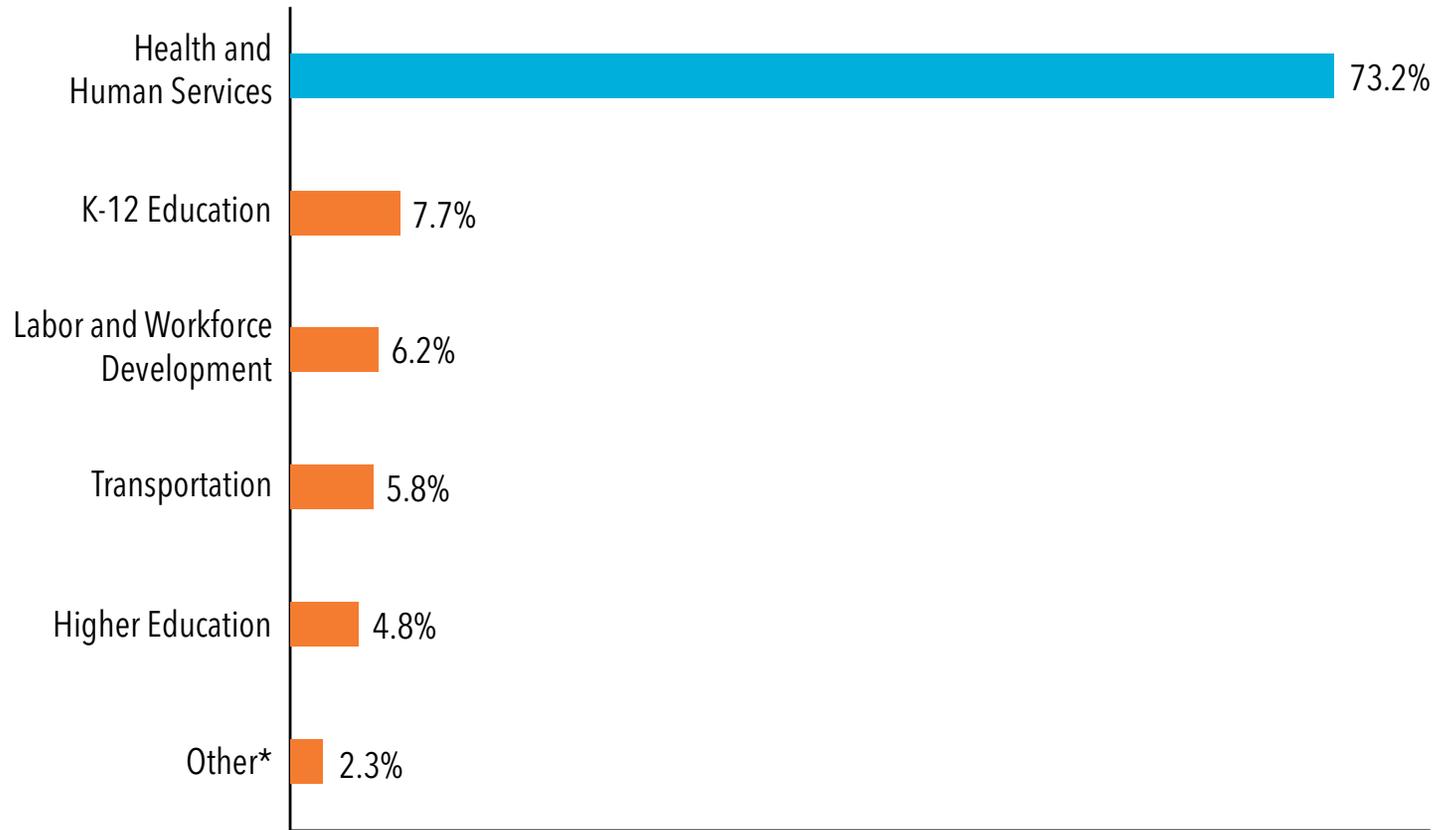


* Includes Business, Consumer Services, and Housing; Labor and Workforce Development; Government Operations; and General Government.
Source: Department of Finance



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



* 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...



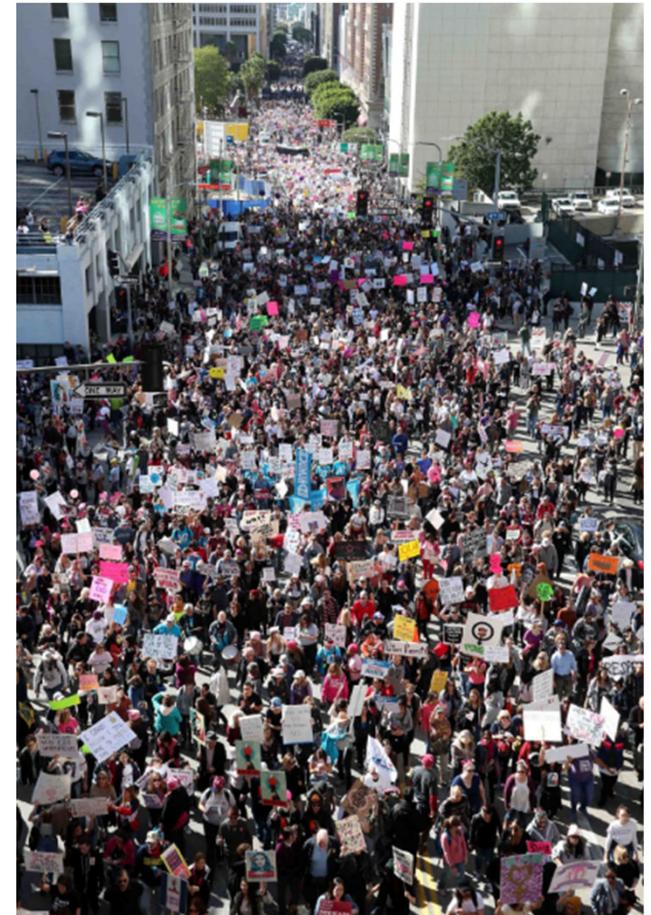
The Governor



The Legislature



The Public



**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



Governor's Administration

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

Legislature

- **Leaders develop their 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 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.







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1107 9th Street, Suite 310

Sacramento, California 95814

916.444.0500

aanderson@calbudgetcenter.org

[@alissa_brie](#)

sgraves@calbudgetcenter.org

[@SHGraves29](#)

calbudgetcenter.org