Key Facts About the State Budget Process and How It Relates to the Policy Bill Process

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The State Budget Process: Key Players
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).
Members of the public have various opportunities to make their voices heard during the budget process.
The State Budget Process: Timeline
The budget process is cyclical.

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 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 at budget committee hearings, and write letters of support or opposition. Through individual engagement or as part of coalitions, members of the public can express their budget priorities and areas of concern.

After Governor signs budget:
- Legislature may override vetoes by a two-thirds vote of each house.
- After Governor signs budget package and may issue vetoes.
- Budget goes to Governor: Governor signs budget package.
- Legislative leaders and Governor meet to address outstanding issues.
- Summer to fall: State departments and agencies develop budget proposals for the coming fiscal year and submit them to the Department of Finance (DOF) for review. Following a series of meetings, the Governor makes final decisions and the DOF prepares the proposed budget for release in January.

January to mid-May:
- Officials from the Governor’s administration explain and defend the proposed budget at legislative hearings.
- Legislative leaders develop their budget priorities for the coming fiscal year.
- Legislature may pass budget amendments and other changes to the adopted budget package, including into the next calendar year.
- As the Governor’s proposed budget for the next fiscal year is being developed, members of the public can meet with officials from the Governor’s administration to share budget priorities and discuss areas of concern.

By January 10:
- Governor releases proposed budget for next fiscal year, which begins on July 1.
- Summer to fall is also a good time for members of the public to get to know key legislative staff, educate them on particular issues, and suggest ideas that deserve a hearing in the year ahead.

By May 14:
- Governor releases revised budget proposal ("May Revision").
- Legislative leaders and Governor meet to address outstanding issues.
- Mid-May to early June: State Assembly and Senate review the May Revision and move toward finalizing their versions of the budget in subcommittee hearings. A legislative conference committee may meet to resolve differences.
- After Governor signs budget:
  - Legislature may override vetoes by a two-thirds vote of each house.

By June 15:
- Legislature must pass a balanced budget.
- Mid-May to early June:
  - State Assembly and Senate review the May Revision and move toward finalizing their versions of the budget in subcommittee hearings.
  - A legislative conference committee may meet to resolve differences.
- After Governor signs budget:
  - Legislature may override vetoes by a two-thirds vote of each house.

In the months following the release of the Governor’s proposed budget, members of the public can testify at budget subcommittee hearings and meet with legislative staff and officials from the Governor’s administration to share budget priorities and discuss areas of concern.

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The state budget process has three distinct periods.

July to December

January to Mid-May

Mid-May to June
July to December

Department of Finance crafts the Governor’s proposed budget.

Legislative leaders develop budget priorities.

Legislative staffers look ahead to the upcoming budget hearings and deliberations.
January to Mid-May

Proposed budget released by January 10.

Budget committees review proposed budget.

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

Governor’s May Revision released by May 14.

Assembly and Senate finalize their versions of the budget.

“Big 3” negotiate a final budget deal.
Two Pathways for Improving State Policies: The Budget Process vs. the Policy Bill Process
Policy bills move through policy and appropriations committees in each house, not budget committees.

Policy bills can be passed by a simple majority vote of each house and take effect on January 1 of the following year if signed into law.
How a Bill Becomes a Law

Bill is introduced

Committee Hearings

Floor Action

If passed (Sent to other house)

Committee Hearings

Floor Action

If passed without amendments

If passed with amendments

Returned to original house

Bill goes to Governor

If not vetoed

Most bills become law January 1 of the next year

If original house concurs
The cost of a proposal helps to determine its path through the Legislature.
In order to move from concept to reality, proposals to change state policies generally need funding.

Sometimes a little:

Sometimes a lot:
Proposals that would have a relatively small impact on the state budget...

...can move either as policy bills or through the budget process.
In contrast, proposals that are *relatively costly*…

…generally need to move through the budget process, but may benefit from *initially* or *simultaneously* moving through the policy bill process.
The policy bill process and the budget process each have unique advantages.
Advantages of the Policy Bill Process

- Regardless of a proposal’s cost, moving it – at least initially – through the policy bill process:
  - Can raise the profile of the proposal.
  - Provides a “vehicle” around which to organize.
  - Helps to build support for the proposal among a larger number of lawmakers (legislative “champions”).
  - Helps to identify – and provides an opportunity to address – potential problems with the proposal.
  - Allows the proposal to receive a cost estimate from the appropriations committee in at least one house, which could prove useful in advocacy efforts.
Advantages of the Budget Process

By going through the budget process, a proposal:

- Can be added to the Assembly or Senate’s version of the budget by just a handful of legislators – those who sit on the relevant budget subcommittee.

- Becomes part of a larger package that balances a broad range of priorities – including the Governor’s – which could help it win the Governor’s support.

- Can be implemented relatively quickly since bills in the budget package may take effect right after being signed into law.
Regardless of the legislative pathway, effective advocacy is needed to move a proposal forward.

Smart and persistent advocacy – spanning months or even years – can help build support for a proposal and lay the groundwork for eventual policy success.
Additional Resources
Additional State Budget Process Resources From the California Budget & Policy Center

- **Guide:** *Dollars & Democracy: A Guide to the State Budget Process* (will be updated in December 2017)

- **Infographic:** *Navigating the State Budget Process*
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