Key Facts About California’s State Budget and the Budget Process

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CALIFORNIA FOOD & FARMING NETWORK
MONTHLY MEETING/CALL
MAY 23, 2018

calbudgetcenter.org
State Funds Account for Nearly Two-Thirds of California’s State Budget
Total Proposed 2018-19 Expenditures = $296.2 Billion

- Federal Funds 35.7%
- State General Fund 44.5%
- State Bond Funds 0.8%
- State Special Funds 19.0%

Source: Department of Finance
More Than 7 in 10 State Dollars Support Health and Human Services or Education

Proposed 2018-19 General Fund and Special Fund Expenditures = $187.8 Billion

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure</th>
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<tbody>
<tr>
<td>Health and Human Services</td>
<td>32.5%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>29.4%</td>
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<tr>
<td>Higher Education</td>
<td>8.3%</td>
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<tr>
<td>Corrections</td>
<td>7.8%</td>
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<tr>
<td>Transportation</td>
<td>7.1%</td>
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<tr>
<td>Other*</td>
<td>7.1%</td>
</tr>
<tr>
<td>Environment and Natural Resources</td>
<td>3.9%</td>
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<tr>
<td>Legislative, Executive, and Judicial</td>
<td>3.9%</td>
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</tbody>
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*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 = $105.9 Billion

- Health and Human Services: 74.0%
- K-12 Education: 7.1%
- Labor and Workforce Development: 6.3%
- Transportation: 5.4%
- Higher Education: 4.9%
- 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
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 34 Bills in the 2017-18 Budget Package (So Far)

- **AB 97**: The initial 2017-18 budget bill
- **AB 109, AB 120, AB 134, SB 108, and SB 113**: Additional budget bills that amended the initial 2017-18 budget bill
- **SB 107**: Another budget bill that amended the 2016-17 budget bill
- **Other bills in the budget package**: AB 99, AB 102, AB 103, AB 107, AB 111, AB 114, AB 115, AB 119, AB 126, AB 129, AB 130, AB 131, AB 133, AB 135, SB 84, SB 85, SB 88, SB 89, SB 90, SB 92, SB 94, SB 96, SB 97, SB 103, SB 110, SB 112, and SB 117
California’s Constitution establishes the basic rules of the state budget process.
US Constitution
- Roughly 7,800 words
- Amended 27 times

California Constitution
- Roughly 75,000 words
- Amended 500+ times
Several ballot measures, dating back to the 1970s, have had an impact on the budget and the budget process.
Ballot Measures With an Impact on the State Budget and the Budget Process

California Budget and the Budget Process

- Prop. 13 1978
- Prop. 4 1979
- Prop. 98 1988
- Prop. 1A 2004
- Prop. 22 2010
- Prop. 25 2010
- Prop. 26 2010
- Prop. 54 2016
- Prop. 55 2016
- Prop. 2 2014
- Prop. 54 2016
- Prop. 55 2016
- Prop. 2 2014
The state Constitution sets two budget-related deadlines: January 10 and June 15.
Bills must be published, in their final form, at least 72 hours before being passed by the Legislature. (Proposition 54 of 2016)
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 Constitution contains complex formulas that establish state budget priorities.
Three Key Budget Formulas in the State Constitution

- **Prop. 98 (1988):**
  - Guarantees a minimum level of funding for K-12 schools and community colleges.

- **Prop. 2 (2014):**
  - Requires some state revenues to be set aside to pay down debts and save for a rainy day.

- **Prop. 55 (2016):**
  - Creates a formula to boost funding for Medi-Cal, which provides health care services for low-income residents.
The State Budget Process: July to December
<table>
<thead>
<tr>
<th>Governor’s Administration</th>
<th>Legislature</th>
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<tbody>
<tr>
<td>• Department of Finance (DOF) leads development of Governor’s proposed budget.</td>
<td>• Legislative leaders develop budget priorities.</td>
</tr>
<tr>
<td>➢ Look for opportunities to engage with Administration officials.</td>
<td>➢ Seek to have your priorities considered.</td>
</tr>
<tr>
<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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The State Budget Process: January to Mid-May
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<tbody>
<tr>
<td>• Proposed budget released by January 10.</td>
<td>• Budget subcommittees hold dozens of hearings to review proposed budget.</td>
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<tr>
<td>➢ Weigh in on the Governor’s proposals.</td>
<td>➢ Testify at hearings and continue to meet with key legislators and staff.</td>
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<tr>
<td>• DOF makes budget adjustments and prepares May Revision.</td>
<td>➢ Engage with budget officials, offering candid feedback on Governor’s initial proposals.</td>
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The State Budget Process: Mid-May to June
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<tr>
<td>• May Revision released by May 14.</td>
<td>• Budget subcommittees convene hearings on May Revision proposals.</td>
</tr>
<tr>
<td>➢ Look for opportunities to engage with Administration officials.</td>
<td>➢ Testify at hearings and continue to meet with key legislators and staff.</td>
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<td>• Budget conference committee meets to iron out differences.</td>
<td>• The “Big 3” negotiate the final outlines of budget package.</td>
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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.