



State Budget Process

-An overview

Overview

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What is the State Budget?

- State Budget = State funds + Federal Funds
 - To spend any funds, we need authority to do so, and the Budget Act gives us that authority.
 - The Budget Act is a bill that is passed by the legislature and signed into law by the Governor.
- A way to express our values and priorities.



The Budget Development Process

Roles

The Governor:

- Approves, modifies or rejects proposals prepared by departments.
- Proposes a spending plan for the state each January and updates and revises the proposed budget each May (the "May Revision").
- Signs or vetoes the bills included in the budget package.

The Legislature:

- Approves, modifies or rejects the governor's proposals.
- Can add new spending or make other changes that substantially revise the governor's proposals.
- Needs a simple majority vote of each house to pass the budget bill.
- Needs a two-thirds vote to pass certain other bills that may be part of the budget package, such as bills that increase taxes or propose constitutional amendments.
- Needs a two-thirds vote of each house to override the governor's veto of a bill or an appropriation.

- The Director of the Department of Finance serves as the chief financial advisor to the Governor. Under the policy direction of the Governor, the Director of Finance issues instructions, and guidelines for budget preparation to agencies and departments.

Approach

- The state utilizes the Incremental Budgeting approach. Which uses the current department level of funding as a base and is adjusted by change proposals. Budget Change proposals (BCPs) are proposals to change the level of service or funding source or propose new activity. BCPs are also:
 - Used to authorize new positions or change the purpose or time period of existing resources
 - Called Finance Letters (FLs) when occurring in the Spring (after the Governor's Budget release)
 - Announced by a Budget Letter that gives deadlines, instructions, definitions, and new or revised forms.
 - **CONFIDENTIAL** *until they are released as a part of the Governor's Budget!*

Key Budget Deadlines

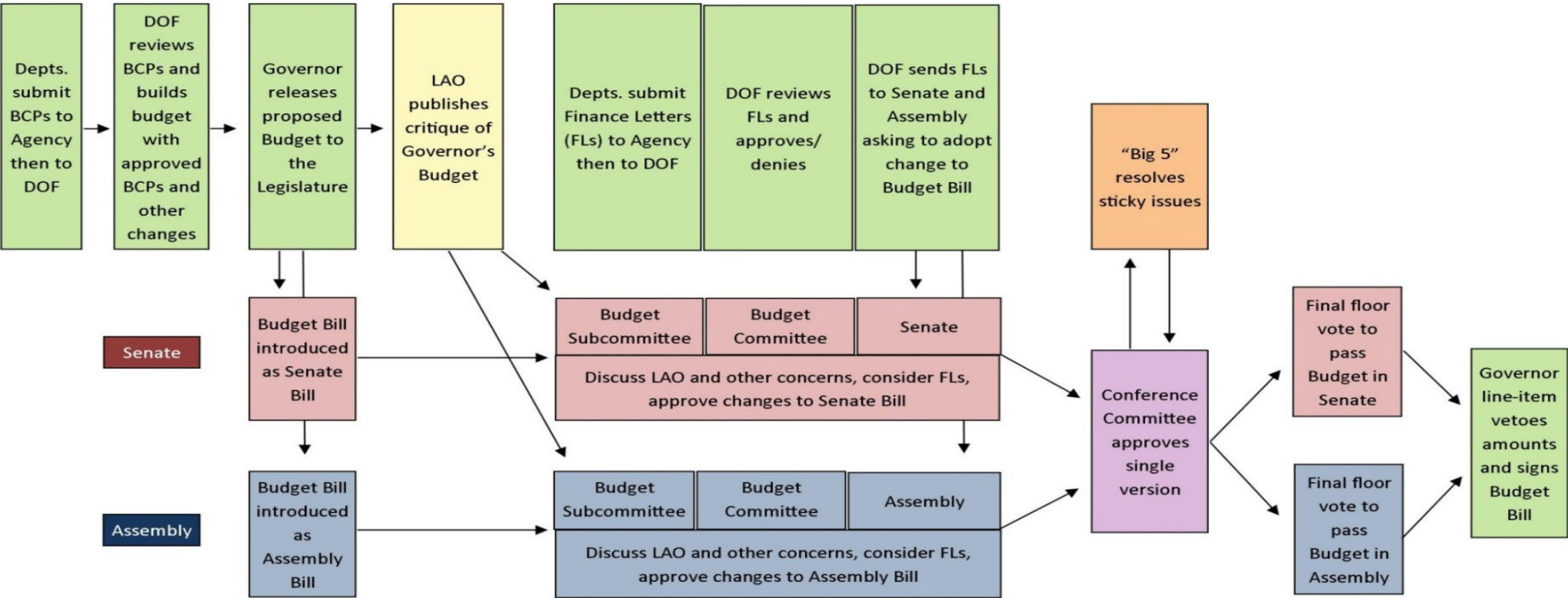
- There are three key budget deadlines, two in the California Constitution and one in state law.
 - January 10th: Requires that the Governor submit a budget to the Legislature by January 10. This is known as the Governor's Budget. Additionally, by constitutional requirement, the Governor's Budget must be accompanied by a Budget Bill itemizing recommended expenditures which shall be introduced in each house of the Legislature.
 - May 14th: By statute, the Department of Finance is required to give the Legislature all proposed adjustments, other than Capital Outlay and May Revision, by April 1. Capital Outlay adjustments are due by May 1. The traditional May Revision adjustments are due by May 14.
 - June 15th: The Legislature must pass a budget bill for the upcoming fiscal year by midnight on June 15.



Budget Enactment

Budget Timeline

Budget Preparation	Budget Introduced		Budget Hearings		First Floor Votes	Conference Committee	Floor Passage	Governor Signs
Summer & Fall	January 10	Late February	March	Mid-May	Late May – June		June 15	July 1



Key				
■ = Administration	■ = LAO	■ = Senate	■ = Assembly	■ = Legislature

Resources

- California's Budget: <https://ebudget.ca.gov/>
- BCPs: <https://esd.dof.ca.gov/dofpublic/viewBcp.html>
- State Assembly and Senate: Committee agendas and other publications, floor session and committee schedules, the annual legislative calendar, and live audio streaming of legislative proceedings (www.assembly.ca.gov and www.senate.ca.gov).
- Legislative Analyst Office (LAO): <https://lao.ca.gov/>
- Legislative Counsel: Bills and bill analyses, a free bill-tracking service, the state codes, and the state Constitution (www.leginfo.legislature.ca.gov).