

SAM - BUDGETING

BUDGET ENACTMENT

6130

(Revised 9/2010)

The Senate Budget and Fiscal Review Committee and the Assembly Budget Committee are the two committees that hear the Budget Bill. See SAM 6945, Legislative Process. They assign the items in the bill to several subcommittees (by major subject areas such as Education or Health and Welfare) which conduct budget hearings. These hearings generally begin in late February soon after the Legislative Analyst issues the "Analysis of the Budget Bill." The Legislative Analyst is appointed by the Joint Legislative Budget Committee and is charged with providing a nonpartisan analysis and recommendations for changes to the Governor's budget plan.

In addition to the Legislative Analyst, Finance and departments typically provide testimony at the subcommittee hearings. In recent years, there has been increasing input by partisan fiscal committee consultants of both the majority and minority parties. Additionally, lobbyists and the public may provide testimony at the hearings.

Finance proposes adjustments to the Governor's Budget through "Finance Letters." By statute, Finance is required to give the Legislature all proposed adjustments, other than Capital Outlay and May Revision, to the Governor's Budget by April 1. Capital Outlay adjustments are due by May 1. The traditional May Revision adjustments are due by May 14, and consist of an update of General Fund revenues and changes in expenditures for school funding requirements pursuant to Proposition 98, caseload, enrollment, or population. The Legislature typically waits for the May Revision update before final budget decisions are made on major programs such as Education, Corrections, and Health and Human Services.

Typically, when the subcommittees complete their actions, they report their recommendations to the full committee. Upon adoption of the budget by the full committee, a recommendation is made to the Floor (full house). Upon two-thirds vote of the house, the Budget Bill is passed to the other house. A Budget Conference Committee is then appointed to work out differences between the Senate and Assembly versions of the bill. Upon completion of action by the Conference Committee and a two-thirds vote, this conference version is then sent to the two houses for approval.

Sometimes the Conference Committee does not reach final resolution on the budget. This stalemate typically results from non-resolution of a few major issues. These issues are then resolved by the "Leadership" or "Big 5" (Governor, Speaker of the Assembly, President Pro Tempore, and the minority leaders of both houses).

When the Budget Bill receives a two-thirds vote of each house, it is passed on to the Governor. The Constitution allows the Governor to reduce or eliminate an item of appropriation.

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The Constitution requires that the Legislature submit a balanced budget to the Governor by June 15. In addition, the Constitution requires that the Budget Bill signed by the Governor be balanced.

Finance publishes three documents upon enactment of the Budget Act. All three are available on the Finance Website.

1. Budget Highlights – A highlight publication of narrative, charts, graphs, and veto messages (web only publication).
2. Final Budget Summary – This document is an annotated version of the Budget Act which includes summary tables, technical corrections to the Budget Act, and the effect of vetoes on the items and sections of the Budget Act (also available for purchase in hard copy from the Office of State Publishing).
3. Final Change Book—This document provides the detail of changes between the January 10 budget and the enacted budget (also available for purchase in hard copy from the Office of State Publishing).

There are generally budget changes proposed by the Governor or the Legislature which necessitate changes to existing law in order to implement the budget changes. If this is the case, separate bills are introduced to implement the change. These budget implementation bills are called "trailer bills" and are heard concurrently with the Budget Bill. By law, all proposed statutory changes necessary to implement the Governor's Budget are due to the Legislature by February 1.