

# STATE OF CALIFORNIA

## BUDGET BILL PROCESS & GUIDE

### July - September 15

State agencies and departments submit budget proposals for the upcoming fiscal year to the Department of Finance (DOF) by September 15th.

### September - January

The Department of Finance (DOF) analyzes proposals, meets with agencies to review requests, estimates state revenues and expenditures then finalizes a balanced budget plan for the Governor approval. After the Governor has evaluated the proposed DOF budget, DOF releases it to the public and the legislature as the "Governor's Budget" by January 10th.

### January - February

The budget is introduced as identical bills to both the Assembly and the Senate. The Legislative Analyst's Office (LAO) will prepare an analysis of the bill, which includes background, projections and recommended revisions. This bill is the starting point for budget subcommittee hearings.

### March - April

In each house (Assembly/Senate), the bills are separated by subject matter and disseminated to the appropriate subcommittee for public hearings. Most changes to the bill are made in the subcommittees of each house because this is where representatives from agencies, Department of Finance (DOF), and key stakeholders can be heard on budget items. Once the hearings are completed, each subcommittee votes and submits their report to the full budget committee.

### May

In May, revenue and expenditure estimates are revised based on the most current information, so that it is reflected on the final Budget Bill. In mid-May, the Governor releases the revisions to the Budget Bill in what is termed the "May Revise." These revisions are incorporated into the draft amendments of the bills which are being discussed at the budget subcommittees for both houses. The legislature usually waits for updates from the May Revise prior to any final budget decisions made on the major programs (e.g. Education, Corrections, Health and Human Services).

### May - June 15

Once the subcommittee hearings are completed, the subcommittees of both houses will approve, revise, or disapprove certain details of the Budget Bill. They will then submit a report to their respective budget committees. In each house, the full budget committee will adopt its subcommittees' reports and send the revised Budget Bill to both the Assembly and Senate floors for amendments and votes. Each house will vote on their Budget Bill and then send it to the other house for concurrence. In the event either bill is not passed by the other house, then it's sent to the budget conference committee to settle the differences. The budget conference committee is comprised of three members from each house and their task is to settle differences between the two version of the Budget Bill (Assembly and Senate).

In the event the budget conference committee cannot reach a final agreement on the budget, then the "Big 5" which includes the Governor, the President pro tempore of the Senate, the Speaker of the Assembly, and the minority leaders of both houses will meet to resolve the deadlock.

After the budget conference committee distributes the report to the full Assembly and Senate, each caucus meets and is briefed on the final agreement. The committee report containing the Budget Bill cannot be amended. The Budget Bill must be approved by a simple majority vote in each house before it can be sent to the Governor. However, a two-thirds vote is still required for the Legislature to raise taxes. The constitution requires that the Legislature pass the Budget Bill and forward it to the Governor by June 15th for their signature.

### June 15 - 30

After the Governor has received the Budget Bill from the Legislature, they have 12 working days to sign or veto the bill. The Governor may reduce or eliminate any appropriation before the Budget Bill is signed via the line-item veto. The Legislature can override a line-item veto with a two-thirds vote in each house. Once the Governor signs the Budget Bill, it goes into effect on July 1st. The new budget period runs from July 1st through June 30th.

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