

THE ANNUAL BUDGET PROCESS

Departments review expenditure plans and annually prepare base-line budgets to maintain existing level of service; they may prepare Budget Change Proposals (BCPs) to change levels of service.

Department of Finance (DOF) analyzes the baseline Budget and BCPs, focusing on the fiscal impact of the proposals and consistency with the policy priorities/direction of the Governor. DOF estimates revenues and prepares a balanced expenditure plan for the Governor's approval. The Governor's Budget is released to the Legislature by January 10. Two identical Budget Bills are submitted for independent consideration by each house.

Public input to Governor, legislative members and subcommittees.

As non-partisan analysts, the Legislative Analyst's Office (LAO) prepares an analysis of the Budget Bill and testifies before the Budget subcommittees on the proposed Budget.

Public input to Governor, legislative members and subcommittees.

Testimony is taken before Assembly and Senate Budget committees on the proposed Budget. DOF updates revenues and expenditures with Finance Letters and May Revision.

Assembly Budget Committee—divided into several subcommittees to review (approve, revise, or disapprove) specific details of the Budget. Majority vote of full committee required for passage.

Senate Budget Committee—divided into several subcommittees to review (approve, revise, or disapprove) specific details of the Budget. Majority vote of full committee required for passage.

Assembly Floor examines committee report on Budget attempting to get votes for passage.

Senate Floor examines committee report on Budget attempting to get votes for passage.

Budget Conference Committee may be convened to work out differences between Assembly and Senate versions of the Budget—also amending the Budget to attempt to get the necessary votes from each house. A simple majority vote of each house required to adopt the spending plan

Assembly Floor reviews conference report and attempts to reach agreement.

Senate Floor reviews conference report and attempts to reach agreement.

The Governor and legislative leaders may meet, if needed, to work toward a compromise to get the votes required in each house.

Final Budget package after the necessary majority vote in each House submitted to the Governor for signature. Governor may reduce or eliminate any appropriation through the line-item veto. The Budget package also includes trailer bills necessary to authorize and/or implement various program or revenue changes.