

THE ANNUAL BUDGET PROCESS

Departments review expenditure plans and annually prepare baseline budgets to maintain existing level of services; 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 10th. 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 subcommittees** 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 and Fiscal Review - 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 2/3 vote for passage.

Senate Floor examines committee report on budget attempting to get 2/3 vote for passage.

Budget Conference Committee attempts to work out differences between Assembly & Senate versions of the Budget- also amending the budget to attempt to get a 2/3 vote from each house.

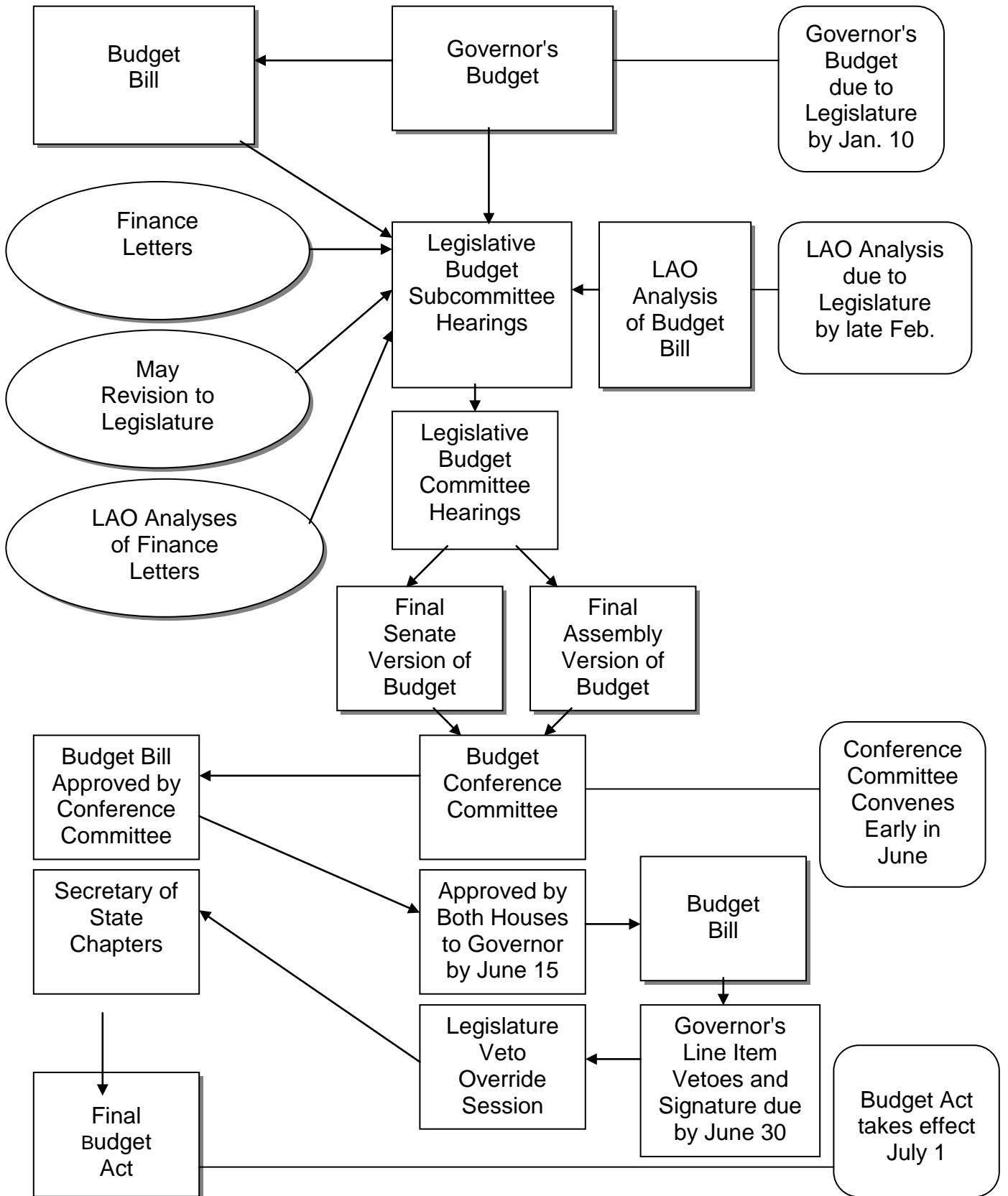
Assembly Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 can be convened.

Senate Floor reviews conference report and attempts to reach 2/3 agreement. If no agreement is reached in conference or on floor, the BIG 5 can be convened.

The **BIG 5** (Governor, Speaker of Assembly, Senate President Pro Tempore, and Minority Leaders of both houses) meet, **WHEN NECESSARY**.

Final budget package with 2/3 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.

THE LEGISLATIVE BUDGET CYCLE



ASSEMBLY BUDGET COMMITTEE CALENDAR

JANUARY	10	Governor's Budget released
FEBRUARY	1	Assembly Budget Committee Overview Hearing
		Department of Finance releases Administration's Budget Trailer Bill proposals
		Assembly Budget Subcommittee Hearings begin
	17	Legislative Analyst publishes its Analysis of the Governor's Budget
MARCH		Finance Letter process begins
APRIL		Assembly Budget Subcommittee Hearings continue
MAY	14	Finance Letter process concludes
		Department of Finance releases MAY REVISION
		Assembly Budget Subcommittee Hearings conclude
		Assembly Budget Committee considers Subcommittee Reports
		Assembly Floor considers Budget Bill (AB 1740)
JUNE		Budget Conference Committee meets
	15	Constitutional deadline for Assembly and Senate to pass Budget Bill
	30	Statutory deadline for enactment of Budget Bill