Section 2: State of California Budget Process

2.1 The Governor’s Budget is the Governor’s spending authorization proposal for the State of California for the upcoming fiscal year period. It results from a process that begins more than one year before the budget becomes law. The Governor’s Budget is normally released on January 10. You can access the Budget Summary and Highlights at the Department of Finance website: http://www.dof.ca.gov/budget/

2.2 The initial Budget Bill, prepared by the Department of Finance, accompanies the Governor’s Budget for submission to the Legislature in January of each year. These documents incorporate revenue and expenditure projections through December.

2.3 The Legislative Analyst’s Office http://www.lao.ca.gov/ provides a detailed analysis of the Budget Bill in February. The Budget Analysis is prepared in accordance with Government Code 9140-9143, and Joint Rule No. 37 of the Senate and Assembly. Its purpose is to assist the Members of the Joint Legislative Budget Committee in ascertaining facts about the Governor’s Budget and making recommendations to the Legislature with a view of reducing the cost of government and securing greater efficiency and economy.

2.4 The estimates in the Budget Bill are updated in mid-May from the latest economic forecast and evaluation of tax collections. This process is referred to as the May Revision of General Fund Revenues and Expenditures.

2.5 The Constitution requires the Legislature to pass the Budget Bill and forward it by June 15 to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act. This Act is the legal authority to spend or obligate state funds.

2.6 The Final Budget is the Governor’s Budget as amended by action taken on the Budget Bill. A Final Budget Summary and Final Change Book is published after enactment of the Budget Act to reflect the Legislature’s changes, and the Governor’s line item vetoes. It includes a detailed list of changes by item number. This occurs in late July or in August.