

AMENDED IN ASSEMBLY AUGUST 25, 2011

AMENDED IN SENATE MAY 19, 2011

AMENDED IN SENATE APRIL 25, 2011

SENATE BILL

No. 15

Introduced by Senators DeSaulnier and Wolk

(Principal coauthor: Senator Rubio)

(Principal coauthors: Assembly Members *Alejo*, *Blumenfield*, Bonilla,
Feuer, and Huffman)

(Coauthors: Assembly Members Buchanan and Gordon)

December 6, 2010

An act to amend Section 13308 of, ~~and to amend, repeal, and add~~
~~Section 13337 of~~, the Government Code, relating to the state budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 15, as amended, DeSaulnier. State budget.

Existing law requires the Governor to submit to the Legislature, within the first 10 days of each calendar year, a budget for the ensuing fiscal year. Under existing law, the budget is required to contain a complete plan and itemized statements of all proposed expenditures and all estimated revenues of the state for the ensuing fiscal year, together with a comparison with the actual revenues and expenditures for the last completed fiscal year, the estimated revenues and expenditures for the existing fiscal year, and the budgeted revenues and expenditures for the next fiscal year. Existing law further requires the Director of Finance to provide to the Legislature, on or before May 14 of each year, an estimate of General Fund revenues for the current fiscal year and the ensuing fiscal year, any proposals to reduce expenditures to reflect

updated revenue estimates, and specified proposed adjustments to the Governor's Budget.

This bill would require the Director of Finance to submit, at the time of the submission of the budget by the Governor, itemized statements for recommended state expenditures and estimated state revenues, including an estimate of total resources available for state expenditures for the budget year and the succeeding 4 fiscal years following the budget year, as well as revenues anticipated to be one-time revenues, a 5-year capital infrastructure plan, a projection of anticipated state expenditures for the budget year and 4 fiscal years following the budget year, as specified, and to the extent possible, estimates and projections from the Governor's Budgets for the previous 4 fiscal years. The bill would require specified parts of this information to be updated at specified times.

This bill would also require the Director of Finance to seek to contract with the University of California to produce a report due to the director and to the Joint Legislative Budget Committee within the first 10 days of the 2013–14 Legislative Session on the long-term impact of the state budget on the economy of the state, as specified.

~~This bill would instead require the budget submitted by the Governor to contain itemized statements, provisional language, performance measurement standards for state agencies and programs, recommended state expenditures, and a projection of anticipated state revenues, including revenues anticipated to be one-time revenues. In addition, the bill would require the budget to contain an estimate of the total resources available for the state expenditures recommended for the budget year and the succeeding fiscal year, and would further require the budget to contain a projection of anticipated state expenditures and anticipated state revenues for the 3 fiscal years following the fiscal year succeeding the budget year, along with budget-related plans and proposals for those 3 fiscal years. In the event recommended expenditures exceed estimated revenues, the Governor would be required to recommend reductions in expenditures or the sources from which the additional revenues should be provided and to include an estimate of the long-term impact that the expenditure reductions or additional revenues will have on the state economy. The Governor would also be required to submit with the budget any legislation necessary to implement appropriations contained in the budget, together with a 5-year capital infrastructure and strategic growth plan. If the Governor's Budget proposes to create a new state program or agency, or to expand the~~

scope of an existing state program or agency, resulting in a net increase in state costs during the budget year or the succeeding fiscal year, or proposes to reduce a state tax resulting in a net decrease in state revenue in the budget year or the succeeding fiscal year, the proposal would be required to be accompanied by a statement identifying state program reductions or sources of additional state revenue in an amount that is equal to or greater than the net increase in state costs or net decrease in state revenue. The bill would also require the Director of Finance to provide to the Legislature, on or before October 15 of each year, updated projections of state revenues and state expenditures for the current fiscal year and for the ensuing fiscal year.

~~This bill would require the implementation of these provisions commencing in the year 2015, or in an earlier year when it is possible to do so and funding is provided therefor in the annual Budget Act.~~

~~The bill would also state the intent of the Legislature to establish an oversight process for evaluating and improving the performance of all state programs and to establish a schedule of review for all state programs, whether managed by a state or local agency.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 13308 of the Government Code is
2 amended to read:
3 13308. (a) (1) At the time of the submission of the Governor’s
4 Budget pursuant to Section 12 of Article IV of the California
5 Constitution, within the first 10 days of each calendar year, the
6 Director of Finance shall submit to the Legislature itemized
7 statements for recommended state expenditures and estimated
8 state revenues that shall include the following:
9 (A) An estimate of revenues anticipated to be one-time revenues.
10 (B) The five-year capital infrastructure plan required by Section
11 13102.
12 (C) An estimate of the total resources available for the state
13 expenditures recommended for the budget year and the four fiscal
14 years following the budget year.
15 (D) A projection of anticipated state expenditures recommended
16 for the budget year and, for the four fiscal years following the
17 budget year, the changes in those expenditure amounts that would

1 likely result from changes in population, caseload, and similar
2 factors.

3 (2) To the extent possible, the information provided pursuant
4 to subparagraphs (C) and (D) of paragraph (1) shall be
5 accompanied by the estimates and projections applicable to the
6 Governor's Budgets for the previous four fiscal years.

7 (3) The information provided pursuant to subparagraphs (C)
8 and (D) of paragraph (1) shall be updated in the submission
9 pursuant to subdivision (e) of this section, and upon enactment of
10 the Budget Act.

11 ~~(a)~~

12 (b) The Director of Finance shall provide to the Legislature, on
13 or before February 1 of each year, all proposed statutory changes,
14 as prepared by the Legislative Counsel, that are necessary to
15 implement the Governor's Budget, as described in subdivision (a)
16 of Section 13337.

17 ~~(b)~~

18 (c) The Director of Finance shall provide to the Legislature, on
19 or before April 1 of each year, all proposed adjustments to the
20 Governor's Budget except as specified by subdivisions ~~(e)~~ (d) and
21 ~~(d)~~ (e).

22 ~~(e)~~

23 (d) The Director of Finance shall provide to the Legislature, on
24 or before May 1 of each year, all proposed adjustments to the
25 Governor's Budget in appropriations for capital outlay.

26 ~~(d)~~

27 (e) The Director of Finance shall provide to the Legislature, on
28 or before May 14 of each year, all of the following:

29 (1) An estimate of General Fund revenues for the current fiscal
30 year and for the ensuing fiscal year.

31 (2) Any proposals to reduce expenditures to reflect updated
32 revenue estimates.

33 (3) All proposed adjustments to the Governor's Budget that are
34 necessary to reflect updated estimates of state funding required
35 pursuant to Section 8 of Article XVI of the California Constitution,
36 or to reflect caseload enrollment or population changes.

37 ~~(e)~~

38 (f) The Director of Finance may authorize suspension for the
39 current fiscal year of any provision of this section not sooner than
40 30 days after notification in writing of the necessity therefor to the

1 chairperson of the committee in each house that considers the State
2 Budget and the Chairperson of the Joint Legislative Budget
3 Committee.

4 *SEC. 2. The Director of Finance shall seek to contract with*
5 *the University of California to produce a report on the long-term*
6 *impact that the state budget has on the economy of California, due*
7 *to the Director of Finance and the Joint Legislative Budget*
8 *Committee within the first 10 days of the 2013–14 Legislative*
9 *Session. The selection of the entity that shall author the report*
10 *shall be made in consultation with the chairs of the budget*
11 *committees in each house of the Legislature.*

12 ~~SECTION 1. Section 13308 of the Government Code is~~
13 ~~amended to read:~~

14 ~~13308. (a) The Director of Finance shall provide to the~~
15 ~~Legislature, on or before February 1 of each year, all proposed~~
16 ~~statutory changes, as prepared by the Legislative Counsel, that are~~
17 ~~necessary to implement the Governor's Budget, as described in~~
18 ~~subdivision (a) of Section 13337.~~

19 ~~(b) The Director of Finance shall provide to the Legislature, on~~
20 ~~or before April 1 of each year, all proposed adjustments to the~~
21 ~~Governor's Budget except as specified by subdivisions (c) and~~
22 ~~(d).~~

23 ~~(c) The Director of Finance shall provide to the Legislature, on~~
24 ~~or before May 1 of each year, all proposed adjustments to the~~
25 ~~Governor's Budget in appropriations for capital outlay.~~

26 ~~(d) The Director of Finance shall provide to the Legislature, on~~
27 ~~or before May 14 of each year, all of the following:~~

28 ~~(1) An estimate of General Fund revenues for the current fiscal~~
29 ~~year and for the ensuing fiscal year.~~

30 ~~(2) Any proposals to reduce expenditures to reflect updated~~
31 ~~revenue estimates.~~

32 ~~(3) All proposed adjustments to the Governor's Budget that are~~
33 ~~necessary to reflect updated estimates of state funding required~~
34 ~~pursuant to Section 8 of Article XVI of the California Constitution,~~
35 ~~or to reflect caseload enrollment or population changes.~~

36 ~~(e) Commencing in the year 2015, or in any earlier year when~~
37 ~~it is possible to do so and funding is provided therefor in the annual~~
38 ~~Budget Act, the Director of Finance shall provide to the~~
39 ~~Legislature, on or before October 15 of each year, updated~~

1 projections of state revenues and state expenditures for the current
2 fiscal year and for the ensuing fiscal year.

3 (f) The Director of Finance may authorize suspension for the
4 current fiscal year of any provision of this section not sooner than
5 30 days after notification in writing of the necessity therefor to the
6 chairperson of the committee in each house that considers the State
7 Budget and the Chairperson of the Joint Legislative Budget
8 Committee.

9 SEC. 2. Section 13337 of the Government Code is amended
10 to read:

11 13337. (a) (1) The budget required by the State Constitution
12 to be submitted by the Governor at each regular session of the
13 Legislature shall be submitted within the first 10 days thereof and
14 shall contain a complete plan and itemized statement of all
15 proposed expenditures of the state provided by existing law or
16 recommended by him or her, and all of its institutions, departments,
17 boards, bureaus, commissions, officers, employees, and other
18 agencies, and of all estimated revenues, for the ensuing fiscal year,
19 together with a comparison, as to each item of revenues and
20 expenditures, with the actual revenues and expenditures for the
21 last completed fiscal year, the estimated revenues, and expenditures
22 for the existing fiscal year and the budgeted revenue and
23 expenditures for the next fiscal year.

24 (2) As soon as possible, if funding is provided therefor in the
25 annual Budget Act, in lieu of compliance with this subdivision,
26 the Governor shall comply with subdivision (a) of Section 13337
27 as added by Section 3 of SB 15 of the 2011-12 Regular Session.

28 (b) The budget shall, in accordance with Chapter 2 (commencing
29 with Section 41200) of Part 24 of Division 3 of Title 2 of the
30 Education Code, include a section that specifies the percentages
31 and amounts of General Fund revenues that must be set aside and
32 applied for the support of school districts, as defined in Section
33 41302.5 of the Education Code, and community college districts,
34 as required by subdivision (b) of Section 8 of Article XVI of the
35 California Constitution.

36 (c) If the Governor's Budget proposes to create a new state
37 program or agency, or to expand the scope of an existing state
38 program or agency, which would result in a net increase in state
39 costs during the budget year or the succeeding fiscal year, or
40 proposes to reduce a state tax, which would result in a net decrease

1 in-state revenue in the budget year or the succeeding fiscal year,
2 commencing with the first year for which compliance with this
3 subdivision is feasible and if funding is provided for this purpose
4 in the annual Budget Act, the proposal shall be accompanied by a
5 statement identifying state program reductions or sources of
6 additional state revenue, or both, in an amount that is equal to or
7 greater than the net increase in state costs or net decrease in state
8 revenue.

9 (d) The Governor, or the Department of Finance acting on his
10 or her behalf, shall make appropriate changes in the budget request
11 to reflect any modification in the organization or functions of state
12 government proposed under Article 7.5 (commencing with Section
13 12080) of Chapter 1 of Part 2 prior to the passage of the budget.

14 (e) The Governor's Budget shall be prepared in accordance with
15 guidelines and instructions adopted by the Department of Finance.

16 (f) In order to provide meaningful comparisons, the Governor's
17 Budget shall be prepared in such a manner that the information
18 presented provides for such comparisons between the fiscal years.

19 (g) The Department of Finance shall submit to the committee
20 in each house that considers appropriations and to the Joint
21 Legislative Budget Committee copies of budget material submitted
22 to it by agencies pursuant to the provisions of Article 2
23 (commencing with Section 13320).

24 (h) The Governor's Budget shall also include a coding structure
25 which indicates for each budget entity the categorization of
26 expenditures and revenues.

27 (i) Prior to the submission of the Governor's Budget to the
28 Legislature, the Department of Finance may conduct public
29 hearings regarding any portion of any budget.

30 (j) The Governor, or the Department of Finance acting on his
31 or her behalf, shall, at the same time the Governor's Budget is
32 submitted to the Legislature, submit to the Legislature copies of
33 the material for the purposes of subdivision (k).

34 (k) The Department of Finance shall develop a fiscal information
35 system which will provide timely and uniform fiscal data needed
36 to formulate and monitor the budget, including, but not limited to,
37 on-line inquiry capacity and the ability to simulate budget
38 expenditures and forecast revenues. This system may include,
39 among other things, data on encumbrances and expenditures by
40 line item, governmental unit, and fund source. The system shall

1 also include expenditures and encumbrances by program, as
2 required. This system shall also include a coding structure which
3 indicates the categorization of expenditures and revenues. This
4 system and the data shall be available to both the legislative and
5 executive branches. The system may contain separate programs
6 accessible by only one branch, designed to provide for distinct
7 application of the data, but the basic system data shall be available
8 on an equal basis to both the legislative and executive branches of
9 government.

10 (f) This section shall be repealed on January 1, 2015.

11 SEC. 3. Section 13337 is added to the Government Code, to
12 read:

13 13337. (a) Within the first 10 days of each calendar year, the
14 Governor shall submit to the Legislature a budget for both the
15 ensuing fiscal year, known as the budget year, and for the
16 succeeding fiscal year. The budget shall contain itemized
17 statements, provisional language, performance measurement
18 standards for state agencies and programs, recommended state
19 expenditures, and a projection of anticipated state revenues,
20 including revenues anticipated to be one-time revenue. The budget
21 shall also contain an estimate of the total resources available for
22 the state expenditures recommended for the budget year and the
23 succeeding fiscal year. The budget shall also contain a projection
24 of anticipated state expenditures and anticipated state revenues for
25 the three fiscal years following the fiscal year succeeding the
26 budget year, and budget-related plans and proposals for those three
27 fiscal years. If, for the budget year and the succeeding fiscal year,
28 the recommended expenditures exceed estimated revenues, the
29 Governor shall recommend reductions in expenditures or the
30 sources from which the additional revenues should be provided,
31 or both. The recommendations shall include an estimate of the
32 long-term impact that expenditure reductions or additional revenues
33 will have on the economy of California. Together with the budget,
34 the Governor shall submit to the Legislature any legislation
35 necessary to implement appropriations contained in the budget,
36 accompanied by a five-year capital infrastructure and strategic
37 growth plan.

38 (b) The budget shall, in accordance with Chapter 2 (commencing
39 with Section 41200) of Part 24 of Division 3 of Title 2 of the
40 Education Code, include a section that specifies the percentages

1 and amounts of General Fund revenues that must be set aside and
2 applied for the support of school districts, as defined in Section
3 41302.5 of the Education Code, and community college districts,
4 as required by subdivision (b) of Section 8 of Article XVI of the
5 California Constitution.

6 ~~(e) If the Governor's Budget proposes to create a new state
7 program or agency, or to expand the scope of an existing state
8 program or agency, which would result in a net increase in state
9 costs during the budget year or the succeeding fiscal year, or
10 proposes to reduce a state tax, which would result in a net decrease
11 in state revenue in the budget year or the succeeding fiscal year,
12 the proposal shall be accompanied by a statement identifying state
13 program reductions or sources of additional state revenue, or both,
14 in an amount that is equal to or greater than the net increase in
15 state costs or net decrease in state revenue.~~

16 ~~(d) The Governor, or the Department of Finance acting on his
17 or her behalf, shall make appropriate changes in the budget request
18 to reflect any modification in the organization or functions of state
19 government proposed under Article 7.5 (commencing with Section
20 12080) of Chapter 1 of Part 2 prior to the passage of the budget.~~

21 ~~(e) The Governor's Budget shall be prepared in accordance with
22 guidelines and instructions adopted by the Department of Finance.~~

23 ~~(f) In order to provide meaningful comparisons, the Governor's
24 Budget shall be prepared in such a manner that the information
25 presented provides for such comparisons between the fiscal years.~~

26 ~~(g) The Department of Finance shall submit to the committee
27 in each house that considers appropriations and to the Joint
28 Legislative Budget Committee copies of budget material submitted
29 to it by agencies pursuant to the provisions of Article 2
30 (commencing with Section 13320).~~

31 ~~(h) The Governor's Budget shall also include a coding structure
32 which indicates for each budget entity the categorization of
33 expenditures and revenues.~~

34 ~~(i) Prior to the submission of the Governor's Budget to the
35 Legislature, the Department of Finance may conduct public
36 hearings regarding any portion of any budget.~~

37 ~~(j) The Governor, or the Department of Finance acting on his
38 or her behalf, shall, at the same time the Governor's Budget is
39 submitted to the Legislature, submit to the Legislature copies of
40 the material for the purposes of subdivision (k).~~

1 ~~(k) The Department of Finance shall develop a fiscal information~~
2 ~~system which will provide timely and uniform fiscal data needed~~
3 ~~to formulate and monitor the budget, including, but not limited to,~~
4 ~~on-line inquiry capacity and the ability to simulate budget~~
5 ~~expenditures and forecast revenues. This system may include,~~
6 ~~among other things, data on encumbrances and expenditures by~~
7 ~~line item, governmental unit, and fund source. The system shall~~
8 ~~also include expenditures and encumbrances by program, as~~
9 ~~required. This system shall also include a coding structure which~~
10 ~~indicates the categorization of expenditures and revenues. This~~
11 ~~system and the data shall be available to both the legislative and~~
12 ~~executive branches. The system may contain separate programs~~
13 ~~accessible by only one branch, designed to provide for distinct~~
14 ~~application of the data, but the basic system data shall be available~~
15 ~~on an equal basis to both the legislative and executive branches of~~
16 ~~government.~~

17 ~~(l) This section shall become operative on January 1, 2015.~~

18 ~~SEC. 4. It is the intent of the Legislature to establish an~~
19 ~~oversight process for evaluating and improving the performance~~
20 ~~of all programs undertaken by the state, or by local entities on~~
21 ~~behalf of the state, based on performance standards established~~
22 ~~pursuant to statute. In furtherance of that oversight process, it is~~
23 ~~the intent of the Legislature to establish, within one year of the~~
24 ~~effective date of this act, a schedule of review for all state~~
25 ~~programs, whether managed by a state or local agency. The review~~
26 ~~schedule shall be designed so that the relationship between similar~~
27 ~~state programs may be examined.~~