

Monthly Message from the Chief

June 2010

One of the most common inquiries I receive from people this time of year is, "How's it going with your budget?" California's budget situation is frequently in the news, but the question is almost always a hard one to answer. We may have indications of how we are faring, but we never really know until the budget is signed by the Governor.



I have learned much more about the budget process in the last year than during any other time in my career. The development of our budget has always seemed to be something of a mystery to me, so I imagine it is to others as well. At the risk of picking a subject that may be blissfully arcane for some, the process and outcome inarguably affect us all.

Our Budget Office, with the help of many others in the department, works on three fiscal years at a time. The state's fiscal year, unlike a normal calendar year, runs from July 1 – June 30. We are currently closing out Fiscal Year (FY) 2009-10, participating in the development of FY 2010-11 and reviewing concept papers for FY 2011-12. Concept papers that pass many levels of review become Budget Change Proposals (BCPs) or requested adjustments to the budget.

The State Administrative Manual (SAM) budgeting chapter preface reads, "The budget process for California defies a simple concise definition. It is a process rather than a product. It is not the development of the Governor's Budget, the Legislature's enactment of a budget, nor the executive branch's administration of the budget. Rather, it is the combination of all of these phases with all the ramifications and influences of political interactions, relationships with federal and local governments, public input, natural events, legal issues, the economy, initiatives and legislation, etc."

Although the process is complicated, I will attempt to provide an abbreviated description of it in as few words as possible.

California's constitution requires the Governor to submit a balanced budget proposal to the Legislature by January 10. That budget is accompanied by a budget bill that is introduced into the Senate and the Assembly by the persons chairing the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee. They assign the items in the bill to several subcommittees by major subject areas, such as Natural Resources. These subcommittees conduct budget hearings, generally beginning in late February soon after the Legislative Analyst issues the "Analysis of the Budget Bill." The Legislative Analyst is appointed by the Joint Legislative Budget

Committee and is charged with providing nonpartisan analysis and recommendations for changes to the Governor's Budget.

Members of the Legislative Analyst's Office (LAO), Department of Finance (DOF) and departmental staff provide testimony at the subcommittee hearings. We have been actively involved in this part of the process since mid-April. In recent years, there has been increasing input by partisan fiscal committee consultants of both the majority and minority parties. Additionally, lobbyists and the public may provide testimony at the hearings.

DOF proposes adjustments to the Governor's Budget through "Finance Letters." By statute, DOF is required to give the Legislature all proposed adjustments, other than Capital Outlay and May Revision, to the Governor's Budget by April 1. Capital Outlay adjustments are due by May 1. The traditional May Revision adjustments are due by May 14, and consist of an update of General Fund revenues and expenditures. The Legislature typically waits for the May Revision update before final budget decisions are made.

When the subcommittees complete their actions, they report their recommendations to their house's budget committee. Upon adoption by the budget committee, a recommendation is made to the Floor (full house). Upon two-thirds vote of each full house, the budget bill is passed to the other house. A Budget Conference Committee is then appointed to work out differences between the Senate and Assembly versions of the bill. A two-thirds vote by is required for the Conference Committee version to be sent to the two houses for approval.

If the Conference Committee cannot reach final resolution on the budget, the remaining issues are then resolved by the "Leadership" or "Big 5" (Governor, Speaker of the Assembly, President Pro Tempore, and the minority leaders of both houses).

The Constitution requires that no later than midnight of June 15, a two-thirds vote of each house is to pass the budget bill on to the Governor. The Constitution allows the Governor to reduce or eliminate ("blue pencil") any item of appropriation. The Legislature can override any blue-penciled item with a two-thirds vote, although this is rarely done.

That's the process. So, where does that leave us? In this year's May Revision there is a requirement to reduce State government by 5%. Our share of that is currently \$14.3 million. I say "currently" because it can change based upon fund shifts between the General Fund and special funds that can take place up until the last minute. We have submitted a plan DOF and are waiting to hear if it has been accepted. Once accepted, the plan will be shared far and wide. Bear in mind, all components of that plan are again subject to change until the budget is signed by the Governor.

CAL FIRE has fared better than most other departments in these challenging economic times. This is a testament to the value the Governor and our legislators place on public safety! It is also a testament to an inordinate amount of work put in by members of CAL FIRE program staff; members that most of us never see. Even though you may not realize it, we all play a part. It's up to each and every one of us to manage our resources, so we preserve the credibility necessary to maintain the wide variety of resources we need to meet our mission.