

Audio Script: Bargaining 230 – The State Budget Process

This is the actual audio that was recorded for Bargaining 230. Use it for a reference or study guide.

Welcome to Bargaining 230

This course should take you about 45 minutes to complete.

It is an elective course in the Bargaining track.

The prerequisite for this course is Bargaining 100.

The sections in this course are:

An Overview of the Budget Process;

Why Politics Matters; and

The Impact of the State Budget Process on Local 1000

Section 1 – An Overview of the Budget Process

The Budget Calendar

The calendar controls the budget process for the state of California. A new budget must be adopted for every fiscal year. The state's fiscal year runs from July 1 through June 30.

This is the short list of the key dates for the budget process for the state of California.

The budget development process begins in July, just after the previous year's budget is implemented and over a year before the budget being discussed will be implemented. The department directors and agency heads in all of the individual departments across the state develop budget proposals for their programs and send those proposals to the Department of Finance, DOF, for review.

In November and December DOF creates the overall budget using these proposals.

In January the governor's office releases the proposed budget to the legislature.

Through April the legislature reviews the revenue that is expected to be received by the state.

Then, in May, the governor's office issues a revised budget called the 'May revise.'

June 30th is the Constitutional deadline for the legislature to pass the budget.

Proposition 25, approved by voters in 2010, kicks in if a balanced budget is not passed by the legislature by 6/15. If this happens the legislators are penalized for the late passage.

July through September

Let's take a closer look at the budget development process...

Starting right after the new fiscal year begins in July, department directors and agency heads review their budgets from the past year and develop budget cost proposals, called BCPs, for each of their programs for the upcoming year. These requests for funding are then sent to the Department of Finance, for review. The DOF then sends their review of these proposals to the governor's office.

From October to January the governor's office evaluates the review of these funding requests from the Department of Finance and sends his or her proposed budget to the Legislature.

On or before January 10, the governor delivers a state-of-the-state speech and proposes his or her budget to the people of California. The date to propose the budget is set by the state constitution.

Following the state-of-the-state speech, the budget committee chairs in each house introduce the governor's budget proposal in bill form on January 10. The Legislative Analyst's Office, or LAO, prepares an extensive review of the budget bill.

The LAO is the legislature's nonpartisan fiscal advisor. Their office publishes this wide-ranging review of the governor's budget proposal in mid-February. This document, the LAO's analysis of the budget becomes the starting point for discussion in both houses of the legislature. The analysis includes program background, economic projections and recommended revisions.

Each house refers its budget bill to their respective budget committees. The budget committee for each house reviews their budget bill through May.

The Senate budget committee, officially known as the Senate Budget and Fiscal Review Committee, breaks the budget into broad subject areas such as Education, Natural Resources or Health and Welfare, and assigns each state agency and department to one of four subcommittees. Subcommittee hearings begin in March. Before each hearing the subcommittee staff prepares extensive agendas detailing the governor's proposals and alternatives. The agendas are available on the committee's website.

During the subcommittee hearings, the Legislature has its broadest discussion of budget alternatives and makes most of its changes. State agencies, the Governor's Department of Finance and the LAO appear before subcommittees with their recommendations. Interested citizens or groups may also appear before these subcommittees.

The subcommittee hearings may be the best time to have your voice heard.

Subcommittee meetings are open to the public and are often televised on the California Channel.

On May 14, the governor announces an updated revenue forecast, which accounts for changes in revenues, that is changes to the income for the state, since January. If the forecast changes significantly, the governor may propose changes in spending as well at this time. The update is known as the 'May Revision,' or 'May

Revise.’ The subcommittees have about a week to consider the changes proposed in the May Revision.

The budget committee of each house considers the subcommittees’ reports and sends a revised budget bill to the floor for evaluation by the full body.

Each house discusses and then votes on its version of the budget bill. A few items may receive careful scrutiny at this time, but most are accepted. It is possible for the bill to be amended on the floor of either house. Any member of the Legislature may suggest amendments. From the floor, each house’s budget bill is referred to a joint budget conference committee where differences between the houses can be resolved. June 15th is the constitutional deadline for the legislature to pass their final budget bill.

Upon completion of its review, the conference committee submits a single version of the budget bill to both houses. The senate and assembly each vote on this final version before it is sent to the governor.

The budget bill becomes law as soon as it is signed by the Governor due to its status as an urgency measure.

The governor can veto individual line items in the budget bill which, in turn, can be overridden by the legislature. However, the final budget, signed by the governor, is due by June 30.

The Budget Act then takes effect on July 1.

For more detailed information about the budget process, read these SkillBriefs: ‘The Budget Process,’ ‘Budget Documents’ and ‘The Budget Timeline.’ You can also contact the Local 1000 Legislative department for answers to specific questions.

Section 1 Review

Voter initiatives can be vetoed by the governor.

- a) True
- b) *False*

This answer is false - Voter initiatives cannot be vetoed by the governor - only voters can approve or reject an initiative.

BCP stands for:

- a) *Budget Cost Proposal*
- b) Budget Cutting Proposition
- c) Budget Creating Proposal
- d) Budget Critical Proposition

The answer is A - BCP stands for Budget Cost Proposal - Starting in July, department directors and agency heads review their budgets from the past year and develop budget cost proposals, BCPs, for each of their programs for the upcoming year.

The constitutional deadline for the legislature to pass the final budget bill is:

- a) June 1
- b) *June 15*
- c) June 30
- d) July 1

The answer is B - June 15th is the constitutional deadline for the legislature to pass the final budget bill.

Section 2: Why Politics Matters

Politics Matters

As state employees, everything we do is about politics because we have the unique opportunity to elect our bosses - the governor of California, the members of the state Assembly and Senate and other constitutional officers.

While you may work in a single unit of a single department in a single agency of the state government, at the end of the day - as a Californian - you vote for the candidate of your choice. The person who is elected then chooses your agency's secretary, your department's director and, in many cases, even your division or program director.

California Voters

California voters also have a say about our wages, benefits and working conditions simply by voting for our boss, the governor. They also have an impact through the initiative process. You can find more information about the initiative process on the California Secretary of State's website.

The voters of California demonstrate the political connections between Local 1000, the governor and the legislature.

California State Government Chart

This chart illustrates, in great detail, the relationships between the elected state officials and the directors of the state departments.

Of course, not everyone works in a department headed by an elected constitutional officer every state employee has a boss who works for someone who is elected by those same state employees. This chart shows how we really do choose our bosses.

For more information you can download this chart to view it more closely. It shows how your own department director is connected to the people you elect to lead the state.

Power

As a union of state employees who struggle for better working conditions, we must be concerned about more than just our own workplace. We must stay alert to the fact that California needs to be a place that has good working conditions for all employees, whether public or private.

The history of Local 1000 is intertwined with the history of California, because the politics of Local 1000 and our union allies is really the politics of all Californians.

Go to Channel 1000's broadcast for September 6, 2011 and start at the forty-second mark on the video link that is on your screen. This shows one way Local 1000 works to mitigate budget changes.

For more information on Local 1000 history and how it relates to working people in general take the Leadership Academy course Governance 100: The History of SEIU Local 1000.

Section 2 Review

In California, everything is about politics because:

- a) California has the largest budget of all the states
- b) We have a constitutional deadline for our budget
- c) *We elect our bosses*
- d) We have an initiative process

The answer is C - As state employees, everything we do is about politics because we have the unique opportunity to elect our bosses - the governor of California, the members of the state Assembly and Senate and other constitutional officers.

It is important to communicate with the voters in California because: Choose all that apply

- a) *California voters can vote on our working conditions*
- b) *California voters all vote for our boss, the governor*
- c) *California voters can use the initiative process to affect our working conditions*
- d) California voters are responsible for the state budget

The answers are A, B, and C - Communication with California voters will increase their level of information and understanding of the issues Local 1000 members care about and that will influence their vote.

Each boss in a California state department:

- a) Works for the budget department
- b) *Works for someone who was elected*
- c) Works for the initiative process
- d) Creates a revenue forecast

The answer is B - Each boss in every California state department, if they were not elected themselves, works for someone who was elected by the voters in California.

Section 3: The Impact of the State Budget on Local 1000

Impact of the Budget Process

We have looked at the process of developing the budget for California. It is clear how the politics of this process can be impacted by individuals and groups outside of the government. Let's consider how the process can impact, and be impacted by, Local 1000.

The legislature votes each year to approve the state budget. So, each department's budget can be affected by the lobbying and testifying efforts of our staff and members or member leaders. Those lobbying efforts can easily make the difference between whether a legislator votes for or against issues in the budget that Local 1000 members care about.

Proposals included in the state's budget can cause changes in departments, their processes, their locations, or their staff, and Local 1000 is there to step in and work in support of the employees and what will be best for them.

The budgets developed by the individual departments are reviewed by the research department of Local 1000 in a process called 'costing.'

Budget proposals and any proposed changes that are discussed during contract bargaining are 'costed out' to determine the actual cost of that change to the state employees and to the state government.

During contract bargaining, the Local 1000 bargaining team needs to know and understand how the proposed budget plans will affect wages, hours and working conditions. The 'costing' process provides the bargaining team with the basic information they need to support their proposals. The bargaining team can then negotiate from a position of strength with that knowledge.

Costing also provides a check and balance for the information provided by the state about the issue being bargained. Questions that are asked during the costing process can be, *"How does this budget proposal impact Local 1000 members and other state employees?"* or *"What is the monetary impact on members, or on the state?"*

October-December

Whether Local 1000 is in contract negotiations or not, we insert ourselves into the state's annual budget process. As the budget process moves forward each year, Local 1000 membership and staff work together each step of the way.

From October through December, when the Department of Finance is developing the upcoming fiscal year budget, state departments and agencies develop and submit their budget change proposals, or BCPs, to the Department of Finance.

During this period, Local 1000 gathers information and plans for the upcoming legislative session and fiscal year. The legislative department works with Local 1000 members and member leaders, legislative and administrative staff, state agencies and their staff and other labor unions and allies to identify issues and opportunities for the upcoming legislative session and fiscal year.

Budgetary issues and opportunities arise and are discussed at one-on-one member lobby visits and worksite meetings at various state departments and agencies to discuss workplace issues that are impacted by the budget proposals. It is common at these meetings for members to share budget information they have received with Local 1000 member leaders and staff.

Local 1000 member leaders and staff then share this information with the legislative department which works with other Local 1000 departments to analyze the information and provide resources and statistics to the bargaining team if it is a contract bargaining year.

In January the governor submits the budget proposal. Local 1000 staff, the legislative, legal, research, and contracts departments, analyze the proposal to determine if there are any potential impacts for Local 1000 members.

Local 1000 also begins to receive phone calls from members who may have questions or concerns regarding elements of the governor's budget proposal. Local 1000 departments work together to provide answers to these questions and concerns in a timely manner.

After the budget's introduction, the legislature has until June 15 to pass the budget. This five month period is a comparatively short time frame for consideration and passage of the state's \$100 billion budget. It is the critical period for providing public comment on the state's spending priorities, especially those that impact the workforce.

From January through April, Local 1000 engages in many conversations with the governor's staff, legislators and legislative staff. The goal is to inform and educate the administration and legislature on the value of our members' work. It's also an opportunity to build relationships with key legislative members and staff.

In addition, Local 1000 staff and members also testify at hearings and participate in a wide variety of lobbying activities with community groups and organizations on issues that are relevant and of interest to Local 1000 members.

For more information about lobbying and testifying before the legislature take the Leadership Academy course Politics and Legislation 110: Effective Lobby Visits

In May, the governor's office issues the revised budget, the 'May Revise.' This is the official budget that will be delivered to the legislature for debate and approval.

Remember, this revised budget reflects updated information that the governor has received about the state's income, or revenue, along with the declared budget requests from each of the departments of state government.

Now, Local 1000 staff, members and member leaders focus their lobbying efforts on the committees and sub-committees that will be hearing each budget issue.

Timing is critical - now is the time to get engaged in the process to make the most difference.

We make sure that any communication is accomplished as early in the budget process as possible. If you are concerned about budget issues let your legislator know.

Call their district office, write a letter, meet with your legislator, or a member of his or her staff, or send an e-mail.

After completion of the hearings, each subcommittee votes on the proposed changes and submits a report to the full Senate budget committee.

The full committee may accept the report or amend it. The revisions are incorporated into the budget bill and sent to the full membership of the Senate for consideration. The Assembly follows a similar process.

June 30th is the deadline for the legislature to pass a balanced budget, according to the state constitution. Proposition 25 reinforced this deadline by establishing

penalties for missing the due date.

In addition to the penalties, this proposition reduced the number of legislators needed to pass the state's budget from a 2/3 majority to a simple majority, or just over half, for a budget that contains no new fees.

To read the content of this important amendment go to the website for the state of California and search for 'Proposition 25.'

There are many ways to connect the worksite with what is happening at the bargaining table. Whether you are talking about contract bargaining, a meet and confer, or a Joint Labor-Management Committee, communication about the process and progress of bargaining is crucial to keeping Local 1000 members involved and active in the process. This kind of support at the worksite keeps management aware of the concern and involvement of the larger population of state employees and members and increases the likelihood of success for Local 1000 at the bargaining table.

For more information about meet and confers or JLMCs, take the Leadership Academy courses Bargaining 210: Meet-and-Confers and Bargaining 220: JLMCs: Statewide and Local

Section 3 Review

Which group does the costing of budget proposals?

- a) Local 1000 members
- b) *The Local 1000 research department*
- c) DLC presidents
- d) An independent accounting firm

The answer is B - The budgets developed by the individual state departments are reviewed by the research department of Local 1000 in a process called 'costing.'

Each spring the governor does a revision of the budget called:

- a) The Spring Revision
- b) The April Proposal
- c) *The May Revise*
- d) The Governor's Revision

The answer is C - the governor's revision of the state budget is called the 'May Revise.'

When the governor submits the budget in January, it is ready to be voted on by the legislature.

- a) True
- b) *False*

The answer is False - The budget submitted by the governor in January is a proposal based on funding requests from state departments and agencies.

End of Course

This completes Bargaining 230.

Your next step is to take and pass the Final Exam to complete this course.

Take the required courses in the Bargaining track to earn the certificate of completion: Bargaining 100, 110, 200, 210, and 250.