Measure N363

INSTRUCTIONS:
Please carefully read the following description of a ballot measure that was written by a disinterested expert. Feel free to take notes or outline passages as you read.

This should take approximately 10 minutes.

BALLOT MEASURE N363

OVERVIEW
This measure makes significant changes in (1) the state's budget process and (2) public assistance programs. The proposed changes in these two areas are discussed separately below.

STATE BUDGET PROCESS

Background
The California Constitution requires the state to have an annual budget. The budget authorizes most of the state's spending, including payments to public schools and local governments, and health and welfare benefits for needy individuals.

How a Budget Becomes Law. By January 10 of each year, the Governor must submit to the Legislature a balanced budget proposal for the next fiscal year starting July 1. The budget proposal must include specific spending amounts and identify the revenues needed to pay for that spending. The Constitution requires the Legislature to pass a budget bill by June 15. To pass a budget, two-thirds of the members of each house of the Legislature (the Senate and the Assembly) must vote for it.

Just as with other bills, the budget passed by the Legislature becomes law if the Governor signs it (or takes no action within 12 days). Normally, in signing the budget the Governor reduces or eliminates some individual spending items (these are known as "line-item vetoes"). Alternatively, the Governor may veto the entire budget. In either case, the Legislature can "override" the Governor's veto by a two-thirds vote.

Budget Delays. When the state starts the new fiscal year on July 1 without an enacted budget, there generally is no authority for the state to spend money. However, spending for some programs may continue if other laws or the State Constitution permit that spending. For example, state and federal laws guarantee certain welfare benefits to eligible persons. The courts have required the state to continue to pay these benefits even without a budget.

Proposal
This measure changes the state's budget process in several ways and increases the Governor's control over state spending. It contains the following specific constitutional changes:

Delays Date for Governor's Budget Proposal. The measure changes the deadline for the Governor to submit his or her budget proposal to the Legislature from January 10 to March 1.

Late Budget Forfeits Salaries and Expenses. Under the measure, the Governor and members of the Legislature would not be paid if the Legislature fails to pass a budget by June 15. Specifically, it prohibits the payment of salaries and expenses for the period between June 15 and the time that the budget becomes law.

Late Budget Allows Governor to Continue Prior-Year Budget. The measure allows the Governor to declare a ''fiscal emergency'' if the budget is not signed by July 1. In that case. the prior-year budget continues as the state's working budget until a new one becomes law. Spending amounts in the prior-year budget, however, would automatically increase if more money is needed for the following purposes:

- State payments to public schools and community colleges required by the Constitution.
- Payments to local governments for revenue lost due to the homeowners· property tax exemption.
- Payments to local governments for the costs of programs required by the state.
- Payments on state bonds.

The measure also allows the Governor to make cuts to this working budget (except in the protected categories listed above) if necessary to balance expected spending and estimated revenues. These spending cuts would take effect after 30 days unless a new budget has become law by that time.

Governor May Cut Spending to Keep Budget Balanced. The measure also allows the Governor to make spending cuts after a budget becomes law. The Governor could make cuts if General Fund revenues fall short of estimates or spending runs ahead of estimates. Specifically, General Fund revenues or spending would have to be off from budget estimates by 3 percent or more (or spending and revenues each would have to be off from estimates by at least 1.5 percent). The Governor could not cut the protected spending categories listed earlier. The spending cuts would take effect after 30 days, unless the Legislature passes, and the Governor signs, alternative legislation to balance spending and revenues.

Eliminates Need for Law Changes to Make Certain Cuts. This measure allows the Governor to make some spending cuts that now require passing a separate law. These cuts could include reductions in state public assistance programs, such as welfare grants and health benefits. The Governor also could reduce state employee salaries or work time by up to 5 percent, except for employees covered under a collective bargaining agreement (unless the agreement allows such reductions).

Governor's Approval for Budget-Related Legislation. The California Constitution allows enactment of laws (including the budget) without the Governor's signature in two ways. The Legislature may override a Governor's veto or the Governor may let a measure become law by taking no action. This measure appears to prevent the enactment of certain budget-related laws without the Governor's signature. Specifically, the enactment of a new budget after July 1 would require the Governor's signature if the Governor has declared a fiscal emergency. In addition, certain laws that would bring an enacted budget back into balance would need the Governor's approval. This would be true for any laws that would enact alternative budget solutions after the Governor had proposed his or her own budget-balancing cuts.

STOP!

Please go to the online survey, enter the 4-character code for this ballot measure (printed at the top and bottom of this page) and answer the survey questions.