CRB

A Summary of Recommendations for Reforms to the State Budget Process

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Prepared at the request of Assemblymember Joe Canciamilla

AUGUST 2002

CRB Note, Vol. 9, No. 1

ISBN 1-58703-162-0

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A Summary of Recommendations for Reforms to the State Budget Process

This CRB Note summarizes recommendations made by commissions and study groups over the last decade as to how to improve the state's budget process. The recommendations vary, but there is considerable consensus as to the major issues confronting the state. Some recommendations were introduced in bill form, as with the California Constitution Revision Commission, while others are conceptual; some may be unrealistic. This note was prepared at the request of Assemblymember Joe Canciamilla.

Problem Statement*:*

> The California Constitution Revision Commission concluded after a lengthy review that "…the legislature's budget process is not designed to make the critical decisions that are necessary to meet the needs of the state within available resources. It is widely agreed that the result of this process is not satisfactory to any of the participants or to the people of California."[1]

Issue: Promote Better Public and Legislative Understanding

Problem Summary: California's incremental budget document is highly technical, is based on sometimes erroneous economic forecasting, does not promote "…public scrutiny of spending decisions or program performance",[2] and discourages public participation.

Recommendations[*]

The Senate Cost Control Commission[3]: "The Legislature should develop a simple, easy-to-read, and understand budget document for public dissemination."

California Citizens Budget Commission:[4] Insert a new "Statement of Fiscal Condition" in the first section of the Budget Act, providing a simple comprehensive picture of the state's overall fiscal condition and spending priorities. It would summarize state and related local budget decisions, special funds, and short and long-term borrowing, and discuss goals and objectives in a simplified and standardized terminology. In addition, the Legislative Analyst should distribute an annual, short and easy-to-read budget primer summarizing the budget to all taxpayers. The Department of Finance should issue a final narrative budget report within 90 days after the budget's adoption.

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[*] The quality and quantity of California budget information has improved considerably since these recommendations were made: see the Legislative Analyst's Office's website (www.lao.ca.gov) and the Department of Finance's website (www.dof.ca.gov). In addition, the California Budget Project, whose mission is "…to improve the economic and social well-being of low and middle income Californians…" provides California budget analysis on its website (www.cbp.org).

The Government Accounting Office:[5] A budget process should provide information about the long-term impact of decisions, the trade-offs between missions, goals and different policy tools (such as tax provisions, grants, and credit programs), and use clear and consistent definitions in order to enhance control and accountability.

Ellwood and Sprague:[6] Increase the analytic capability that supports the budget decision-making process (Legislative Analyst Office, Legislative Fiscal Committee staff, Department of Finance).

The California Budget Project:[7] Improve the quality of budget information, much of which is extremely detailed and intimidating to the lay reader, by: providing a simple overview; implementing a functional (policy area vs. program) reporting system, and; producing a user-friendly summary of the adopted budget.

California Business-Higher Education Forum:[8] "The state should consider improving its collection of economic and fiscal data at all levels of government and the economy." Establish a nonpartisan long-term economic and fiscal forecasting unit, like the former Commission on State Finance.

Problem Summary: The Legislature does not regularly hold state departments accountable, due in part to its incremental, fragmented approach to budgeting.

Recommendations

The Senate Cost Control Commission:[9] "The Legislature should hold information hearings on departmental activities prior to the introduction of the Governor's proposed budget."

The California Citizens Budget Commission:[10] Create a Joint Fiscal Oversight Committee to monitor the budget's implementation during the year, including during the legislative interim, and recommend needed changes to keep it in balance. Hold Joint Assembly-Senate Fiscal Subcommittee hearings on the budget. Add a section to the Budget Act that accurately portrays the state's accumulated deficit so that legislators may make informed spending decisions. Include sufficient information about long-range demographic and fiscal trends. Once a decade, create an independent commission to review California fiscal policy and present recommendations for modifications.

Issue: Fiscal Discipline

Problem Summary: California's Constitution does not require a balanced budget, except as introduced by the Governor. The state's budget as enacted is not always balanced within the budget year, and actual deficits can be carried over into the next fiscal year.

Recommendations

California Citizens Budget Commission:[11] Require the Governor and the Legislature to balance California's annual budget when presented *and adopted*[†] each year. Clearly identify the state's entire accumulated debt in a section of the budget. Authorize the Auditor General to review and summarize existing revenues, spending and borrowing. Stop "off-budget" loans (borrowing for operating expenses). Amend the state constitution to prohibit all short-term borrowing unless repaid within the same fiscal year. Explicitly authorize all loans by enacted law. Annually review all special fund financed activities in the budget process, and effectively eliminate continuous appropriations for special funds (by closing the loophole of "Notwithstanding Section 13340 of the Government Code"). Develop a plan to retire the accumulated deficit within five years, with a goal of repaying at least 20 percent each year.

California Governance Consensus Project:[12] Require the state to adopt a balanced and timely budget.

California Constitution Revision Commission:[13] Adopt and maintain a balanced budget for General Fund expenditures, and prohibit external borrowing to finance deficits. Require the governor to provide an update midway through the fiscal period, recommending any necessary budgetary adjustments in a budget-rebalancing bill requiring a majority vote of the legislature. Prohibit borrowing to finance a deficit.

California Business Roundtable:[14] Require the budget to be in balance through the fiscal period. Do not permit legislation increasing net costs or reducing net revenues after enactment of the budget. Prohibit cross-fiscal period borrowing.

Problem Summary: The state budget does not clearly reflect all state spending**.**

Recommendations

California Citizens Budget Commission[15]: The Budget Act "…should describe and enumerate all spending and revenue decisions, detail their impact on local

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[†] California is one of thirteen states that allow year-end deficits to be carried over into the next year and financed by debt arrangements; only the budget *submitted* by the Governor must be in balance.

governments and establish clear priorities…" Include all special funds and tax breaks in separate schedules in the Governor's budget.

The California Budget Project:[16] Require tax expenditures to be evaluated next to spending through budget expenditures as part of the budget process.

Problem Summary: A considerable amount of the budget is "locked up" by revenue and spending restrictions[‡], many enacted through the ballot initiative process ("ballot-box budgeting") [§], severely limiting budget choices.

Recommendations

The Speaker's Commission on the California Initiative Process[17] considered whether to allow the legislature to amend initiatives after three to five years, as many other states do, to take into consideration unanticipated changes.

California Governance Consensus Project:[18] Require any future initiative containing a super-majority vote requirement to be approved by an equal super-majority vote.

California Policy Choices:[19] "New programs should have an identifiable source of funding before being implemented."

Ellwood and Sprague:[20] "…modify the initiative so that its results can be modified by the normal political process and so that it cannot be used to create mandated spending."

California Constitution Revision Commission:[21] "Allow amendment of statutory initiatives after six years."

California Business Roundtable:[22] Eliminate earmarking of general tax revenues for general fund programs and automatic cost of living adjustments for programs. Allow legislative amendment of an initiative to further its purposes by a two-thirds vote after five years.

California Business-Higher Education Forum:[23] Remove statutory and constitutional provision earmarking state general funds for specific purposes, including the K-14 earmark created by Proposition 98 (while maintaining increased investment in education).

[‡] These include earmarked and mandated expenditures, cost-of-living allowances, federal tax conformity, and criminal justice policies, among others.

[§] Examples of initiatives earmarking state funds on the November 2002, ballot include Proposition 49, *After School Programs. State Grants* and Proposition 51, *Transportation. Allocation of Sales and Use Taxes*… See www.ss.ca.gov for full text of current initiative propositions.

Problem Summary: The state's tax structure relies heavily on highly cyclical revenues (sales and a very progressive income tax), which exacerbates revenue shortfalls in recessions. At the same time, demands for higher levels of public services and investment place pressure on resources.

Recommendations

Although a detailed discussion of this issue is beyond the scope of this memo, a number of changes in the state's tax structure have been recommended to increase revenue stability. These include, among others: increase the number of income tax brackets in the middle to decrease reliance on a few wealthy taxpayers and capital gains; increase reliance on the more stable property tax; broaden the sales tax to include some services; put triggers on tax cuts so they automatically kick back in when revenues decrease substantially, cut levels of services, provide local government with greater fiscal independence, and either eliminate the protected status of K-14 schools or change the Proposition 98 funding formula so that funding can decrease during periods of state revenue shortfall.

Issue: Budget Reserve Account (Rainy Day Fund)

Problem Summary: Downturns in the economic cycle have a considerable impact on California's budget due to decreased revenues and caseload-driven increases in expenditures, and the state periodically experiences natural disasters and other fiscal emergencies. The state's Constitution requires a "reasonable and necessary" prudent reserve (Article XXIII B, Section 5.5), but its role in state finance is unclear.

Recommendations

California Citizens Budget Commission:[24] Create a budget reserve account for emergencies, unexpected expenses and revenue shortfalls. Include provisions to maintain specified levels of funding and methods for replenishing funds.

California Constitution Revision Commission:[25] Require a three percent reserve within each two-year budgetary period, phased in at a rate of one percent each year. Specify the rules governing the reserve and its use in statute, and require a two-thirds legislative vote to spend reserve funds. Replenish the reserve within two fiscal periods.

California Business Roundtable:[26] "The state budget should include a three percent reserve for contingencies."

League of Women Voters of California:[27] Supports a statutory provision for a three percent reserve in the state budget.

Issue: Legislative Voting Requirements for Budget and Taxes

Problem Summary: California's requirement of a two-thirds vote of both houses for the budget, and for all revenue and appropriation bills, is the highest vote requirement of all states,[**] yet it has not restrained increased state spending. "Instead, it places the power to control, block or veto the state budget into the hands of a small minority…(and) allows legislative parties to avoid responsibility."[28]

Recommendations

The California Citizens Budget Commission:[29] The Legislature should be allowed to adopt a budget bill and "trailer bills" by a simple majority vote.

California Governance Consensus Project:[30] Change the legislative vote requirement for tax expenditures (exemptions, credits, deductions, etc.) to two-thirds, unless revenue-neutral.

Ellwood and Sprague[31]: Eliminate super majorities and limitations of all sorts. Place expenditure and revenue limitations on special funds as well as on the general fund.

California Budget Project:[32] Allow passage of the budget and revenue increases by a majority vote.

California Constitution Revision Commission:[33] Provide for a majority vote for the adoption of the state budget, the budget implementation bills, and bills enacted to "rebalance" the budget. Change the Constitution to allow the legislature to pass a single budget implementation bill (as an exception to the single subject rule).

Nebraska: A three-fifths vote is required in order for the Nebraska Legislature to increase the governor's recommendation, while a majority vote is required to reject or decrease them.

California Business Roundtable:[34] Approve the budget by a simple majority of the Legislature. State tax increases or new taxes should continue to require approval by two-thirds of the Legislature.

League of Women Voters of California:[35] Strongly supports reducing the required legislative vote from two-thirds to a majority on the budget bill, the budget implementation bill, and the budget-balancing bill.

[**] Nine states have some type of supermajority requirement, but none apply the two-thirds legislative vote requirement as broadly as California, according to the National Council on State Legislatures.

Problem Summary: **The Legislature can reduce taxes by a simple majority vote but cannot increase revenues without a two-thirds supermajority vote, creating pressure to give tax breaks but not ensure sufficient revenue**

Recommendations

The California Citizens Budget Commission:[36] Tax increases and tax breaks should both be enacted by a simple legislative majority vote.

California Constitution Revision Commission:[37] Retain the two-thirds vote for any tax increases.

League of Women Voters of California:[38] Instituting a tax expenditure or break, and reducing or eliminating one (a tax increase), should both have the same legislative majority vote requirement.

Issue: Local Government

Problem Summary: Local government's dependence on state revenues has limited its ability to address local needs and has jeopardized home rule. There is a confusion of responsibility and thus little accountability.

Recommendations

California Citizens Budget Commission:[39] "A clearer picture of intergovernmental resources is an essential missing ingredient in the state budget process." The budget should include information about the financial status of local government and the effect state decisions might have on local governments. Further, the state should give local governments greater fiscal independence.

California Governance Consensus Project:[40] "Restore accountability and financial stability to local government and ensure that revenue streams provide incentives for balanced growth…. [and give] local voters more control over taxes." Realign state/county responsibilities.

The California Budget Project:[41] The "financial relationship between California's state and local governments is in need of major reforms." Actions might include restoring local control over local revenues, providing certainty to facilitate long-term planning, and aligning program and financial responsibilities.

California Constitution Revision Commission:[42] "The governor and the legislature must develop and adopt a state-local realignment plan." The plan would become part of a state Strategic Plan (see Section VIII below) and would be reviewed and updated at least every four years.

California Business Roundtable:[43] "The state should initiate a process to realign state and local programs to achieve efficiency and accountability…" and reexamine the operation of realignment every five years.

California Business-Higher Education Forum:[44] Make fundamental changes to insure long-term local government financial stability.

Speaker's Commission on Regionalism:[45] Encourage regional tax sharing, protect local revenues (including amending the Constitution to protect locally levied taxes, such as property taxes, from being relocated for state purposes), and authorize regional compacts through the constitution.

Issue: Multi-Year Budgets

Problem Summary: The State undertakes only limited long-term planning, a problem exacerbated by the yearly baseline budget.[††]

Recommendations

California Citizens Budget Commission:[46] Implement long range or multi-year budgets for major programs. The costs of all legislation should be analyzed from a three-year perspective, with sources of funding identified.

Little Hoover Commission:[47] Explore the potential for adopting budgets that span more than one year.

Ellwood and Sprague:[48] Move to a multi-year budget process, to increase flexibility, as budget changes can become part of a multi-year agenda.

California Constitution Revision Commission:[49] Adopt a two-year budget: "…the legislature will be able to spend more time evaluating program outcomes and effectiveness…and to adjust to economic and caseload changes in a more organized manner."

California Business Roundtable:[50] The state should adopt a two-year budget cycle and enact a five-year capital improvement plan.

League of Women Voters of California:[51] Urges consideration of a two-year budget and four-year capital outlay plan.

[††] According to the National Council on State Legislatures (NCSL), three states (Oregon, North Dakota and Wyoming), enact a consolidated two-year budget. Most of the 15 biennial budgeting states enact separate budgets for two fiscal years at once, allowing for yearly revisions. Two studies have found "little evidence of clear advantages of either annual or biennial state budgeting practices." The success of either approach depends on good implementation. See Ronald K. Snell, *Annual and Biennial Budgeting*, National Council on State Legislatures, November 2000, page 4.

Issue: Conform the State Fiscal Year with the Federal Fiscal Year

The federal fiscal year was changed to October 1 in 1974 to allow more time for deliberation after the April collection of tax receipt, and to encourage utilization of federal grant funding. Two states—Alabama and Michigan—have adopted the federal practice.

Issue: Long-Term Vision or Strategic Direction

***Problem Summary*:** Budget planning is not driven by an "integrated statewide vision and strategy that sets priorities for the state and departments;"[52] this makes it impossible to review departmental budgets against a clear set of goals. Short-term incremental budget decisions inhibit change and favor the status quo.

> *The Senate Cost Control Commission:*[53] Establish a Task Force to develop priorities to guide strategic planning activities; hold informational hearings to examine how long term strategic plans fit into departmental budget requests; and enact a Strategic Program Area Review based on the Arizona or Texas models. This process would require better information, and more operational flexibility and training at the departmental level.
>
> *California Governance Consensus Project*:[54] Require the state to adopt a strategic budget planning process.
>
> *Little Hoover Commission:*[55] The Governor and the Legislature should commit to long-term budgetary reform, building on the performance-based budget piloting project.
>
> *California Constitution Revision Commission*:[56] Adopt a long-term strategic plan to guide the state: "The state needs a strategic plan to have a better sense of where it is going and how resources should be spent." The strategic plan would include policy and fiscal priorities, performance standards, a capital facilities and financing plan, and a description of the programmatic relationship between the state and local governments.
>
> *California Business Roundtable*:[57] The state should enact a four-year strategic plan, proposed by the Governor and adopted by the Legislature. State operation and capital budgets should be consistent with the strategic plan.
>
> *Bay Area Economic Forum*:[58] Strongly endorses a State Strategic Plan with measurable performance outcomes.

Problem Summary: "California has not adopted modern elements of public administration for the vast majority of its programs: clear mission statements for individual programs, or definitions of priority populations to be served and measurements of budgetary success ("performance outcomes")…[59] The "current services" approach in use merely allots the same funding as the prior year, plus increases for inflation and caseload growth, focusing entirely on inputs instead of performance.

Background:[‡‡] Performance-based budgeting focuses on outputs rather than assuming a given baseline of inputs, and allocates resources based on expected agency performance levels. A performance-based budget contains information about program mission, goals, performance measure and funding.[§§] Implementation is a long-term process, and may be more appropriate in some policy areas than others.[***] For example, the California Department of Finance has released California's first five-year infrastructure plan, pursuant to AB 1473, Hertzberg (Chapter 606, Statutes of 1999).

Recommendations

The California Citizens Budget Commission:[60] Adopt a three-year approach to fiscal and budgetary planning by requiring programs to review their primary mission, identify top priorities, and predict future costs. The budget should contain specific measures of program performance and effectiveness for each department.

California Governance Consensus Project:[61] Review all state taxes and tax expenditures every four years. Require annual performance indicators and outcomes for all state services and integrate it into the budget process.

The Finance Project: [62] Implementing a results-based budget can be hampered by confusion over basic terms, the difficulty of identifying appropriate results and performance measures, and the challenges over overhauling existing planning, budgeting and management systems. A results-based budget incorporates broad-cross agency strategies to address system-wide goals (for example, improve the well-being of children) and the detailed budgets and performance measures for individual agencies.

[‡‡] NCSL reported in 1999 that Texas, Tennessee and Louisiana have performance-based budgets.

[§§] Arizona requires information on program missions, goals, performance measures, funding and personnel to be compiled in a Master List of State Government Programs printed every even-numbered year. The state's Strategic Program Area Review process links program performance to budget recommendations.

[***] The Performance and Results Act of 1993 established a pilot program in four state departments: the California Conservation Corps and the Departments of Consumer Affairs, General Services, and Parks and Recreation. The State Government Strategic Planning and Performance Review Act of 1994 required the Department of Finance to identify state agencies needing to develop or update a strategic plan, and required annual reports to the Legislature on development of performance measures.

California Constitution Revision Commission:[63] Adopt a formal performance-based budgeting system: "…performance measures should be established to allow the legislature to determine if state programs are effective…and redefine priorities and funding as necessary."

> *Cal-Tax*:[64] Implementation of performance budgeting should include establishment of benchmarks to measure changes in outcomes, ongoing measurement of program results tied to future funding, monetary incentives for program performance, and flexibility in program implementation.
>
> *California Business Roundtable*:[65] Enact performance-based budgeting through state government agencies, including clear mission statements and performance standards.
>
> *Bay Area Economic Forum*:[66] Require the state and all political subdivisions to prepare budgets with measurable goals and objectives.
>
> *California Business-Higher Education Forum*:[67] "State and Local governments should expand their use of 'performance' budgeting, working to establish goals and benchmarks consistent with an evaluation of the 'outputs' of government rather than the traditional focus on inputs."

An Alternative View: Nothing is Wrong with the Budget Process

> *Ellwood and Sprague*:[68] "…the supposed failures of the process have more to do with the poor performance of the California economy and with the particular partisan divisions of the State than with the specific provisions and political institutions set out in the California Constitution."
>
> *Leroy Graymer*:[69] "Given the scarcity of resources and highly fragmented interests in our state, the system may be functioning about as well as can be expected."

Endnotes

[1] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline" (Sacramento: the Commission,1996), pp. 35-36.
[2] Senate Advisory Commission on Cost Control in State Government, "Summary of Findings and Recommendations," *California's Budget Process: Improving Quality, Cost-Efficiency, Effectiveness and Accountability in State Government* (Sacramento: the Commission,1999), p. iv.
[3] Senate Advisory Commission on Cost Control in State Government, "Summary of Findings and Recommendations," *California's Budget Process: Improving Quality, Cost-Efficiency, Effectiveness and Accountability in State Government* (Sacramento: the Commission,1999), pp. ii-iv.
[4] California Citizens Budget Commission, *Reforming California's Budget Process, Preliminary Report and Recommendations* (Los Angeles, Center for Governmental Studies, 1995), pp. 1, 2, 4, 41, 48, 50.
[5] U.S. Government Accounting Office, *Budget Process: Extending Budget Controls*, GAO-01-682T (Washington, D.C.: the Office, April 25, 2002), pp. 2-3.
[6] John W. Ellwood and Mary Sprague, *Options for Reforming the California State Budget Process*, (Berkeley, Calif.: Conference on California Constitutional Reform, June 8-10, 1995), p. 27.
[7] California Budget Project, *Dollars and Democracy: An Advocate's Guide to the California State Budget Process* (Sacramento: the Project, March 1999), pp. 38-39.
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[9] Senate Advisory Commission on Cost Control in State Government, "Summary of Findings and Recommendations," *California's Budget Process: Improving Quality, Cost-Efficiency, Effectiveness and Accountability in State Government* (Sacramento: the Commission, 1999), pp. ii-iv.
[10] California Citizens Budget Commission, *Reforming California's Budget Process*, *Preliminary Report and Recommendations*(Los Angeles: Center for Governmental Studies, 1995) pp. 30-31, 40, 50.
[11] California Citizens Budget Commission, *Reforming California's Budget Process, Preliminary Report and Recommendations* (Los Angeles: Center for Governmental Studies, 1995) pp. 2, 27-29.
[12] California Governance Consensus Project, *Conceptual Plan as Modified at the March 2, 1999 Plenary Meeting*, accessed July 21, 2002, at www.csus.edu/calst/cgcp/page2a.htm
[13] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline"(Sacramento: the Commission, 1996) pp. 38, 40.
[14] California Business Roundtable, *Revenue and Taxation Task Force Agenda for Governance and Fiscal Reform*, Approved November 30, 1995, p. 5.
[15] California Citizens Budget Commission, *Reforming California's Budget Process*, *Preliminary Report and Recommendations* (Los Angeles, Center for Governmental Studies, 1995), pp. 2, 38-40.
[16] California Budget Project, *Dollars and Democracy: An Advocate's Guide to the California State Budget Process*, (Sacramento, March 1999), p. 38.
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[18] California Governance Consensus Project, *Conceptual Plan as Modified at the March 2, 1999 Plenary Meeting*, accessed July 21, 2002, at www.csus.edu/calst/cgcp/page2a.htm
[19] Jeffrey Chapman, "Fiscal Context," *California Policy Choices*, V. 7, University of Southern California, 1991, p. 33.
[20] John W. Ellwood and Mary Sprague, *Options for Reforming the California State Budget Process* (Berkeley, Calif.: Conference on California Constitutional Reform, June 8-10, 1995), p. 27.
[21] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline" (Sacramento: the Commission, 1996), p. 32.
[22] California Business Roundtable, *Revenue and Taxation Task Force Agenda for Governance and Fiscal Reform*, Approved November 30, 1995, pp. 5,7.

[23] California Business-Higher Education Forum, *California Fiscal Reform: A Plan for Action, Recommendations and Summary*, June 1994, p. 9.
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[32] California Budget Project, *Dollars and Democracy: An Advocate's Guide to the California State Budget Process* (Sacramento: the Project, March 1999), pp. 36-37.
[33] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline" (Sacramento, 1996), pp. 38, 43.
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[36] California Citizens Budget Commission, *Reforming California's Budget Process, Preliminary Report and Recommendations* (Center for Governmental Studies, 1995), pp. 3, 4.
[37] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline" (Sacramento, 1996), p. 44.
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[43] California Business Roundtable, *Revenue and Taxation Task Force Agenda for Governance and Fiscal Reform*, Approved November 30, 1995, p. 2.
[44] California Business-Higher Education Forum, *California Fiscal Reform: A Plan for Action, Recommendations and Summary* (June 1994), p. 12.
[45] Speaker's Commission on Regionalism, *Final Report*, January 13, 2002, p. 9; accessed July 25, 2002 at http://news.statesmanjournal.com/article.cfm?i=45604.
[46] California Citizens Budget Commission, *Reforming California's Budget Process, Preliminary Report and Recommendations* (Los Angeles: Center for Governmental Studies, 1995), pp. 3, 42.
[47] Little Hoover Commission, *Budget Reform: Putting Performance First*, Report #135 (Sacramento: the Commission, October 1995), p. 7.

[48] John W. Ellwood and Mary Sprague, *Options for Reforming the California State Budget Process*, (Berkeley, Calif.: Conference on California Constitutional Reform, June 8-10, 1995), pp.5-26.

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[55] Little Hoover Commission, *Budget Reform: Putting Performance First*, Report #135 (Sacramento: the Commission, October 1995), pp. 4-6.

[56] California Constitution Revision Commission, *Final Report and Recommendations to the Governor and the Legislature*, "Improving the State Budget and Fiscal Process: Developing a Long-term Vision with Increased Fiscal Discipline" (Sacramento: the Commission, 1996), pp. 37-39.

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