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CALIFORNIA STATE SENATE
COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019
SACRAMENTO, CA 95814



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SAMUEL LANCHESTER

(916) 651-4103
FAX (916) 668-7004

Agenda

August 14, 2019

10:00 a.m. – State Capitol Room 4203

BILL

A.C.A. No. 11

AUTHOR

Obernolte

SUBJECT

Office of the Legislative Analyst

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: ACA 11 **Hearing Date:** August 14, 2019
Author: Obernolte
Version: February 26, 2019 As amended
Urgency: **Fiscal:** Yes
Consultant: Jennifer Troia

Subject: Office of the Legislative Analyst

Summary: Specifies that expenditures of the Office of the Legislative Analyst shall not be included in the cap on “total aggregate expenditures of the Legislature” pursuant to Article IV, Section 7.5 of the California Constitution.

Background: The Legislative Analyst’s Office (LAO) has provided non-partisan fiscal and policy advice to the Legislature for approximately 78 years. The LAO is known for fiscal and programmatic expertise and for nonpartisan analyses of the state budget. The LAO also responds to requests for information by Legislators, forecasts state revenues and expenditures, and publishes statutorily required and other special reports. Since the enactment of the Political Reform Act by the voters in 1974 (Proposition 9), the LAO has also been responsible for publicly providing impartial analyses of all statewide propositions. Prior to the enactment of Proposition 140 in 1990 (discussed further below), the LAO additionally analyzed all legislation that contained an appropriation.

Findings and declarations in this measure recognize that the LAO has assisted the Legislature in counterbalancing the power of the executive branch and achieving budgetary savings. Through its analyses of initiatives and ballot propositions—as well as through all its other public documents—the LAO has also assisted the people of California in their understanding of state government. According to the author, this measure would remove barriers that inhibit the LAO from expanding its role in oversight and research because of a cap on its expenditures.

The voters established the cap on expenditures for the Legislature in 1990, through Proposition 140. More specifically, Article IV, Section 7.5 of the California Constitution, limits expenditures for the Legislature to an amount set in the 1989-90 fiscal year, adjusted by the rate calculated for the State Appropriation Limit. Expenditures for the LAO count toward this expenditure cap. As a result, after the passage of Proposition 140, the LAO staff was reduced from 105 to 45 positions.

In 1992, the Legislature placed Proposition 158 on the ballot. Proposition 158 would have renamed the Legislative Analyst the “California Analyst” and excluded the office from the legislative expenditure limit calculation. The voters defeated Proposition 158. The author of ACA 11 argues, however, that given subsequent growth in state funding and programs, it is time to revisit this question in order to ensure better oversight of California government.

Proposed Law: This measure would:

- 1) Recognize the Office of the Legislative Analyst in the state Constitution and require it to assist the Legislature in its fiscal and policy functions;
- 2) Require the Joint Legislative Budget Committee to appoint the Legislative Analyst and employees of the office, consistent with existing statutory provisions and rules of the Legislature; and
- 3) Exclude expenditures of the Office of the Legislative Analyst from provisions of the California Constitution that limit the total annual amount of expenditures for the compensation of members and employees of, and the operating expenses and equipment for, the Legislature.

Fiscal Effect: This measure would have no immediate cost, although it may allow greater discretion to increase the budget for the LAO in future years.

Support: None on file

Opposed: None on file

Comments: The Legislature established the LAO in 1941 to provide the legislative branch with non-partisan fiscal and policy analysis and advice. At the time, the state's population was around 7 million people and the total state budget for 1941-1943 was around \$553 million. At present, the LAO has a staff of 54, including 43 analysts and approximately 11 support staff. This is approximately the same number of analysts the office had in 1966, when the enacted state budget totaled \$4.59 billion. By comparison, the enacted state budget for 2018-19 is \$201.37 billion, and the number and complexity of state programs requiring oversight have grown correspondingly. The cap on expenditures for the Legislature established by Proposition 140 has limited the ability of the LAO staff to keep pace with this growth of the state's budget and economy. According to the author of ACA 11: "This Constitutional amendment would provide the LAO with the necessary resources to support the Legislature's oversight role as a coequal branch of government. This is critical to keeping state spending in check and ensuring that taxpayer money is spent as efficiently as possible."

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