

March 30, 2011

11-0009

**VIA MESSENGER**

Office of the Attorney General  
1300 "I" Street  
Sacramento, CA 95814

Attention: Krystal M. Paris

**RECEIVED**

**APR 01 2011**

**INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE**

Re: *Best Practices Budget Accountability Act*

Dear Ms. Paris:

Pursuant to Elections Code section 9002, I request that the Attorney General prepare a title and summary of a measure entitled the "Best Practices Budget Accountability Act." The text of the measure, a check for \$200.00, the address at which I am registered to vote and the signed statement certifying that I will not willfully allow initiative signatures to be used for purposes other than qualification of the measure are enclosed.

Please direct all correspondence and inquiries regarding this measure to:

James C. Harrison  
Remcho, Johansen & Purcell, LLP  
201 Dolores Avenue  
San Leandro, CA 94577  
Phone: (510) 346-6200  
Fax: (510) 346-6201

Sincerely,

  
James C. Harrison

Enclosures  
(00140747)

## **BEST PRACTICES BUDGET ACCOUNTABILITY ACT**

### **SECTION ONE. Title.**

This Act shall be known as the "Best Practices Budget Accountability Act."

### **SECTION TWO. Findings and Declarations.**

The people of the State of California find and declare as follows:

- a. Throughout its history, California has led the way – in technology, education and quality of life. Our state thrives because we value innovation, diversity and creativity in how we work, think and live.
- b. California's future as a world leader depends on continuing to improve public services that are vital to our people: outstanding public schools; reliable police, fire and emergency services; affordable and available healthcare; and modern infrastructure.
- c. This task is not the job of any one political party or ideology. It is the shared responsibility of every Californian. In particular, California's elected leaders have an obligation to continually evaluate the effectiveness of these services, and to strive to deliver the best possible results while minimizing waste, fraud, and abuse of taxpayer dollars.
- d. The adoption of a state budget should play a key role in setting priorities, making choices about how tax dollars are spent, and ensuring that the people and their elected leaders understand the objectives and the consequences of budget decisions.
- e. In recent years, however, this process has become bogged down by political bickering and special interests seeking undue influence.
- f. We need to change the state budget process to give policymakers the tools necessary to restore and maintain public trust.

### **SECTION THREE. Purpose and Intent.**

In enacting the Best Practices Budget Accountability Act, it is the purpose and intent of the people of the State of California to require the Governor and Legislature to use the best practices of other states and successful businesses to improve results and create accountability by:

- (a) Planning ahead. The State will be guided by plans that consider long-term costs and revenue forecasts so that decision-makers and the public understand the future implications of today's fiscal choices.

(b) Focusing on priorities and results. Budget decisions will be guided by what programs are trying to achieve and changes needed to reach specific goals, including changes to strategy, management and resources;

(c) Creating a culture of accountability. Lawmakers will spend more time reviewing what the public is getting for its money and making changes to policies and programs to improve results; and

(d) Paying our own way. In hard economic times, we need to make sure that we have the money to pay for new programs – however laudable – before committing to them. Under this measure, major new and expanded programs will be financed through efficiencies, dollars redirected from lower priorities or new revenue. Policymakers will be required to link a policy choice – over a new program or tax cut – with the decision about how to pay for it.

**SECTION FOUR. Section 8 of Article IV of the California Constitution is amended to read:**

SEC. 8. (a) At regular sessions no bill other than the budget bill may be heard or acted on by committee or either house until the 31st day after the bill is introduced unless the house dispenses with this requirement by rollcall vote entered in the journal, ~~three-fourths~~ three-fourths of the membership concurring.

(b) The Legislature may make no law except by statute and may enact no statute except by bill. No bill may be passed unless it is read by title on ~~3~~ three days in each house except that the house may dispense with this requirement by rollcall vote entered in the journal, ~~two-thirds~~ two-thirds of the membership concurring. No bill may be passed until the bill with amendments has been printed and distributed to the ~~members~~ Members. No bill may be passed unless, by rollcall vote entered in the journal, a majority of the membership of each house concurs.

(c)(l) Except as provided in paragraphs (2) and (3) ~~of this subdivision~~, a statute enacted at a regular session shall go into effect on January 1 next following a 90-day period from the date of enactment of the statute and a statute enacted at a special session shall go into effect on the 91st day after adjournment of the special session at which the bill was passed.

(2) A statute, other than a statute establishing or changing boundaries of any legislative, congressional, or other election district, enacted by a bill passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, shall go into effect on January 1 next following the enactment date of the statute unless, before January 1, a copy of a referendum petition affecting the statute is submitted to the Attorney General pursuant to subdivision (d) of Section 10 of Article II, in which event the statute shall go into effect on the 91st day after the enactment date unless the petition has been presented to the Secretary of State pursuant to subdivision (b) of Section 9 of Article II.

(3) Statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes shall go into effect immediately upon their enactment.

(d) Urgency statutes are those necessary for immediate preservation of the public peace, health, or safety. A statement of facts constituting the necessity shall be set forth in one section of the bill. In each house the section and the bill shall be passed separately, each by rollcall vote entered in the journal, ~~two-thirds~~ two-thirds of the membership concurring. An urgency statute may not create or abolish any office or change the salary, term, or duties of any office, or grant any franchise or special privilege, or create any vested right or interest.

(e) A statute that (1) creates a new state program or agency or expands the scope of an existing state program or agency, the effect of which will be a net increase in state costs in excess of twenty-five million dollars (\$25,000,000) in that fiscal year or in any succeeding fiscal year, or (2) reduces a state tax or state revenue, the effect of which will be a net decrease in state revenue in excess of twenty-five million dollars (\$25,000,000) in that fiscal year or any succeeding fiscal year, is void unless the statute identifies state program reductions or additional revenue, or a combination thereof, in an amount that equals or exceeds the net increase in state costs or net decrease in state revenue. This subdivision shall be implemented by statute and the twenty-five million dollar (\$25,000,000) threshold specified herein shall be adjusted for inflation pursuant to the California Consumer Price Index.

**SECTION FIVE. Section 10 of Article IV of the California Constitution is amended to read:**

SEC. 10. (a) Each bill passed by the Legislature shall be presented to the Governor. It becomes a statute if it is signed by the Governor. The Governor may veto it by returning it with any objections to the house of origin, which shall enter the objections in the journal and proceed to reconsider it. If each house then passes the bill by rollcall vote entered in the journal, two-thirds of the membership concurring, it becomes a statute.

(b)(1) Any bill, other than a bill which would establish or change boundaries of any legislative, congressional, or other election district, passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, that is not returned within 30 days after that date becomes a statute.

(2) Any bill passed by the Legislature before September 1 of the second calendar year of the biennium of the legislative session and in the possession of the Governor on or after September 1 that is not returned on or before September 30 of that year becomes a statute.

(3) Any other bill presented to the Governor that is not returned within 12 days becomes a statute.

(4) If the Legislature by adjournment of a special session prevents the return of a bill with the veto message, the bill becomes a statute unless the Governor vetoes the bill within 12 days after it is presented by depositing it and the veto message in the office of the Secretary of State.

(5) If the 12th day of the period within which the Governor is required to perform an act pursuant to paragraph (3) or (4) ~~of this subdivision~~ is a Saturday, Sunday, or holiday, the period is extended to the next day that is not a Saturday, Sunday, or holiday.

(c) Any bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house. No bill may be passed by either house on or after September 1 of an even-numbered year except ~~statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes, bills that take effect immediately~~ and bills passed after being vetoed by the Governor.

(d) The Legislature ~~may~~ shall not present any bill to the Governor after November 15 of the second calendar year of the biennium of the legislative session.

(e) The Governor may reduce or eliminate one or more items of appropriation while approving other portions of a bill. The Governor shall append to the bill a statement of the items reduced or eliminated with the reasons for the action. The Governor shall transmit to the house originating the bill a copy of the statement and reasons. Items reduced or eliminated shall be separately reconsidered and may be passed over the Governor's veto in the same manner as bills.

(f)(1) If, following the enactment of the budget bill for the 2004-05 fiscal year or any subsequent fiscal year, the Governor determines that, for that fiscal year, General Fund revenues will decline substantially below the estimate of General Fund revenues upon which the budget bill for that fiscal year, as enacted, was based, or General Fund expenditures will increase substantially above that estimate of General Fund revenues, or both, the Governor may issue a proclamation declaring a fiscal emergency and shall thereupon cause the Legislature to assemble in special session for this purpose. The proclamation shall identify the nature of the fiscal emergency and shall be submitted by the Governor to the Legislature, accompanied by proposed legislation to address the fiscal emergency. In response to the Governor's proclamation, the Legislature may present to the Governor a bill or bills to address the fiscal emergency.

(2) If the Legislature fails to pass and send to the Governor a bill or bills to address the fiscal emergency by the 45th day following the issuance of the proclamation, the Legislature ~~may~~ shall not act on any other bill, nor may the Legislature adjourn for a joint recess, until that bill or those bills have been passed and sent to the Governor.

(3) A bill addressing the fiscal emergency declared pursuant to this section shall contain a statement to that effect.

(4)(A) If the Legislature has not passed and sent to the Governor a bill or bills to address a fiscal emergency by the 45th day following the issuance of the proclamation declaring the fiscal emergency, the Governor may, by executive order, reduce or eliminate any existing

appropriation contained in the budget act for that fiscal year that is not otherwise required by this Constitution or by federal law. The total amount of appropriations reduced or eliminated by the Governor shall not exceed the amount necessary to restore balance to the budget. For purposes of this paragraph, the statement required by paragraph (3) shall be conclusive evidence that the Legislature has taken action to address a fiscal emergency.

(B) If the Legislature is in session, it may, within 20 days after the Governor issues an executive order pursuant to subparagraph (A), override all or part of the executive order by a rollcall vote entered in the journal, two-thirds of the membership of each house concurring. If the Legislature is not in session when the Governor issues the executive order, the Legislature shall have 30 days to reconvene and override all or part of the executive order by resolution. If the Legislature overrides an executive order issued pursuant to subparagraph (A), the Legislature may present to the Governor a bill that restores balance to the budget. An executive order or a part thereof that is not overridden by the Legislature shall take effect the day after the period to override the executive order has expired.

**SECTION SIX. Section 12 of Article IV of the California Constitution is amended to read:**

SEC. 12. (a)(1) Within the first 10 days of each odd numbered calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing two fiscal years, containing including the first fiscal year, known as the budget year, and the second fiscal year, known as the succeeding fiscal year. The two-year budget shall be know as the Budget for the Biennium. Within the first 10 days of each even numbered year, the Governor may submit a supplemental budget with any revisions to the budget for the budget year or the succeeding fiscal year, as the Governor deems appropriate. The Budget for the Biennium shall contain itemized statements, provisional language, performance standards for state agencies and programs, for recommended state expenditures and estimated state revenues, and a projection of anticipated revenues, including nonrecurring revenue as defined by statute. The Budget for the Biennium shall also contain an estimate of the total resources available for the expenditures recommended for the budget year and the succeeding fiscal year. The Budget for the Biennium shall also contain a projection of anticipated expenditures and anticipated revenues for the three fiscal years following the fiscal year succeeding the budget year, and budget-related plans and proposals for those three fiscal years. If, for the budget year and the succeeding fiscal year, inclusive, recommended expenditures exceed estimated revenues, the Governor shall recommend reductions in expenditures or the sources from which the additional revenues should be provided or both. Such recommendations shall include an estimate of the long-term impact that expenditure reductions or additional revenues will have on the California economy. Along with the Budget for the Biennium, the Governor shall also submit to the Legislature, any legislation required to implement appropriations contained in the Budget for the Biennium, together with a five-year capital infrastructure and strategic growth plan, as specified by statute.

(2) If the Governor's budget proposes to (1) create a new state program or agency, or expand the scope of an existing state program or agency, the effect of which will be a net increase in state costs in excess of twenty-five million dollars (\$25,000,000) during the budget year or any succeeding fiscal year, or (2) reduce a state tax or state revenue, the effect of which will be a net decrease in state revenue in excess of twenty-five million dollars (\$25,000,000) in the budget

year or any succeeding fiscal year, the proposal shall be accompanied by a statement identifying state program reductions or additional revenue, or a combination thereof, in an amount that equals or exceeds the net increase in state costs or net decrease in state revenue. This subparagraph shall be implemented by statute and the twenty-five million dollar (\$25,000,000) threshold specified herein shall be adjusted for inflation pursuant to the California Consumer Price Index.

(3) After submitting the Budget for the Biennium, the Governor shall submit updated projections of state revenue and state expenditures for the budget year and the succeeding fiscal year to the Legislature on:

(A) May 15 of each year;

(B) Immediately prior to adoption of the Budget for the Biennium by the Legislature; and

(C) October 15 of each year.

(b) The Governor and the Governor-elect may require a state agency, officer or employee to furnish whatever information is deemed necessary to prepare the Budget for the Biennium and any supplemental budget.

(c)(1) The Budget for the Biennium and any supplemental budget shall be accompanied by a budget bill itemizing recommended expenditures for the budget year and the succeeding fiscal year.

(2) The budget bill and any legislation necessary to implement appropriations contained in the Budget for the Biennium or any supplemental budget shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) On or before May 1 of each year, after the appropriate committees of each house of the Legislature have considered the budget bill, each house shall refer the budget bill to a joint committee of the Legislature, which may include a conference committee, which shall review the budget bill and other bills providing for appropriations related to the budget bill and report its recommendations to each house no later than June 20 of each year. This shall not preclude the referral of bills to policy committees, in addition to a joint committee.

(3)(4) The Legislature shall pass the budget bill and other bills providing for appropriations related to the budget bill, by midnight on June 15 25 of each year. The budget bill and other bills providing for appropriations related to the budget bill must be in print for at least three days before such bills may be adopted.

(4)(5) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal budget year or the succeeding fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(d) No bill except the budget bill or the supplemental budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools and appropriations in the budget bill, the supplemental budget bill, and in other bills providing for appropriations related to the budget bill, are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

(e)(1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, "other bills providing for appropriations related to the budget bill" shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.

(f) The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

(g) For the 2004-05 fiscal year, or any subsequent fiscal year, the Legislature ~~may~~ shall not send to the Governor for consideration, nor ~~may~~ shall the Governor sign into law, a budget bill that would appropriate from the General Fund, for that fiscal year, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that fiscal year estimated as of the date of the budget bill's passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

(h) Notwithstanding any other provision of law or of this Constitution, ~~including subdivision (e) of this section, Section 4 of this article, and Sections 4 and 8 of Article III and Sections 4 and 12(c) of this Article~~, in any year in which the budget bill is not passed by the Legislature by midnight on June 15 ~~25~~, there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on June 15 ~~25~~ until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

(i) The Legislature shall establish an oversight process for evaluating and improving the performance of programs undertaken by the State or by local agencies on behalf of the State based on performance standards implemented pursuant to statute. Within one year of the effective date of this provision, a review schedule shall be established for all state programs whether managed by a state or local agency. The schedule shall sequence the review of similar



programs so that relationships among program objectives can be established and reviewed. The review process shall result in recommendations in the form of proposed legislation that improves or terminates programs. Each program should be reviewed at least once every ten years.

(j) In each odd numbered year, the Legislature shall convene in oversight session no later than September 1 to undertake the activities identified in (i)

**SECTION SEVEN. Section 3.5 is added to Article XVIII of the California Constitution to read:**

SEC. 3.5. A constitutional amendment or revision proposed by the Legislature that would: (1) create a new state program or agency or expand the scope of an existing state program or agency, the effect of which will be a net increase in state costs in excess of twenty-five million dollars (\$25,000,000) in that fiscal year or in any succeeding fiscal year, or (2) reduce a state tax or state revenue, the effect of which will be a net decrease in state revenue in excess of twenty-five million dollars (\$25,000,000) in that fiscal year or in any succeeding fiscal year, shall not be submitted to the electors or have any effect unless the constitutional amendment or revision identifies state program reductions or additional revenue, or a combination thereof, in an amount that equals or exceeds the net increase in state costs or net decrease in state revenue. This section shall be implemented by statute and the twenty-five million dollar (\$25,000,000) threshold specified herein shall be adjusted for inflation pursuant to the California Consumer Price Index.

**SECTION EIGHT. Effective Date.**

Amendments to the California Constitution made by this measure shall become operative on July 1 following the enactment of the measure by the voters.

**SECTION NINE. Severability.**

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.