

Hi. This is Chris Micheli with the Sacramento governmental relations firm of Aprea & Micheli and an Adjunct Professor at McGeorge School of Law. Today's podcast is to provide an overview of California's Legislative Analyst's Office, the LAO.

The LAO is similar to the federal Congressional Budget Office, CBO, which is a nonpartisan fiscal and policy advisor, the CBO to the US Congress, the LAO to the California Legislature. The LAO has done this task very admirably and with great respect for more than 75 years.

The LAO is known for its fiscal and programmatic expertise and for providing very important and nonpartisan analyses of the California state budget to the legislature. The office often acts as the eyes and the ears of the Legislature to ensure that the executive branch is implementing legislative policy directives in a cost-efficient and very effective manner.

The LAO is overseen by JLBC, the Joint Legislative Budget Committee, which is comprised of 16 legislators. It's bipartisan. It has an equal number of Assemblymembers and Senators. The staff at the LAO has more than 40 analysts and support staff to help it do its job.

The analytics staff, they cover several different budget and policy areas. It's important to note that the LAO serves as a staff resource to all legislators, regardless of party affiliation and regardless of which house, the Assembly or the Senate.

As you would imagine, the key responsibility for the LAO is to analyze the Governor's annual budget proposal released by January 10th pursuant to the state constitution. Thereafter, the LAO prepares a series of analyses.

They do these analyses throughout from the beginning to the end of the budget process on some of the key fiscal issues and the proposals that are in the Governor's January budget. They'll often give departmental budget proposals and even offer their own recommendations for legislative action.

The LAO's documents in this regard help set the agenda for the Legislature's work in the budget subcommittees as well as the full budget committees of the Senate and Assembly, as the Legislature works with the Governor in developing the state budget prior to the July 1 start of the fiscal year.

The LAO staff, these analysts, they actually sit at those budget subcommittee hearings throughout the budget process and for each of those budget subcommittee hearings. They provide public testimony on the LAO's recommendations.

The LAO used to analyze pending legislation. However, primarily due to Prop 140 back in 1990 and the budget cutbacks that were made to the legislature, they only analyze the state budget.

They also provide recommendations for legislators on particularly budget reforms. They also participate with the Department of Finance staff in these subcommittee hearings as well as the full budget committee hearings.

You most often hear them testifying on their findings and recommendations and their analyses when the Senate and Assembly consider the specific budget recommendations. They also have a unique role in preparing part of the analyses for each measure on the statewide ballot.

They also provide budget control, where the LAO reviews requests from the executive branch to make changes to the budget after it's been enacted. These reviews are primarily used by members of JLBC and the two budget committees. Again, they issue special reports throughout the year on not just the state budget but also some relevant topics of interest to the legislature.

As I mentioned before, they estimate the fiscal effect on state and local governments of all proposed initiatives destined for the statewide ballot prior to them being in circulation. Then they help prepare the analyses of all the measures that actually qualify for the state ballot. They also, like the Department of Finance, engage in forecasting of state revenues and expenditures.

Now, the following are some of the policy areas where the LAO provides ongoing reporting -- capital outlays and infrastructure, criminal justice, the economy and taxes, education, environment and natural resources, health and human services, local government, the condition of the state budget, transportation.

Then they always have, each year, a fiscal outlook, an overview of the Governor's budget after the Jan 10 budget is released, an overview of the May revise after the roughly May 14th May budget revision is released, and then the state's overall spending plan.

It's important to note that the LAO's invaluable player in the annual state budget negotiations and process, working on behalf of Legislature to ensure that the 120 elected members of the legislature have all of the data and information that they need to work with the executive branch in crafting undoubtedly the most important annual bill that's enacted by the legislature.

That is the state budget bill and the trailer bills that come thereafter. Thanks for joining the podcast on a brief look at the LAO.