GENERAL

More on "Final Stretch for CA State Budget"

06.04.25 | Linda J. Rosenthal, JD

We're entering the final ten days of the annual six-months-long and high-stakes budget drama playing out in Sacramento. See *Final Stretch for CA State Budget for FY '25-'26* (May 30, 2025) *FPLG Blog;* and *CA Budget Time Again: Small Surplus is Back But Catastrophic Needs Ahead* (January 11, 2025) *FPLG Blog.*

The script is unfinished, but the stage directions for the governor and the legislators are crisp and clear. Consider Gavin Newsom's Mid-May Revision (May 14, 2025) to his January 10th Proposed Budget. Take all of it, or part of it, or write something else entirely so long as there is a balanced budget signed into law by June 15th before the stroke of midnight.

Audience participation is not only permitted, it's expressly encouraged under the California Constitution. That means average citizens individually contacting officials all through this six-month process as well as highly motivated interest groups like the charitable community educating our elected officials as well as the general public about the pros and cons of policy alternatives. See *How the Budget Process Works* from the CA Senate Rules Committee.

The Key Documents

Let's pick up this discussion where we left off in last Friday afternoon's blog post with the links to the key documents and resources from Governor Newsom's office in the middle of May:

- *Governor's Press Conference,* May 14, 2025, YouTube [2:44:27]
- *May Revision Budget Summary for FY 2025-26*, (May 14, 2025) [103 pp. PDF], California Department of Finance, *ebudget.ca.gov*

Following customary practice, on May 14, 2025, the governor's office also posted a brief message, putting the sunniest spin on what is clearly a challenging fiscal path ahead. See *Despite Trump Slump, Governor Newsom's revised budget delivers on housing, education, water, and jobs*, (May

14, 2025) *Press Release, gov.cal.gov* .

The news item began: "Governor Gavin Newsom today released his May Revision proposal for the 2025–26 state budget, putting forward a balanced plan that strengthens California's future — despite economic disruptions caused by federal instability." Continuing: "While adjusting for a projected $11.95-billion shortfall driven by a 'Trump Slump' — tariffs disruption, market volatility, and a decline in international tourism that have directly resulted in a staggering $16-billion estimated hit to the state's revenues — and health care cost pressures, the Governor's proposal remains focused on forward-looking investments in housing, education, and infrastructure, while curtailing unsustainable spending."

The Department of Finance's website for the annual budget process – ebudget.ca.gov – contains a massive amount of information from the January 2025 Proposed Budget phase of deliberations up to and including the more recent Mid-May Revision phase. There are summary sections as well as detailed line-item discussions and explanations.

Before the start of FY 2025-26 on July 1st, the DOF will fill out the third and final (right-hand) column of the budget home page with all of the final budget details signed into law.

Strong Interest in Government Budget Matters

There has been a great deal of interest in these budget negotiations at the state level, notwithstanding that many Americans are also concerned with the fiscal decisions currently being considered in Washington, D.C. as well as at their local city halls.

Ordinarily, large amounts of federal money filter down to the states, and then further along to local governments. When, as now, there are entire pipelines of funding from Washington, D.C., likely to be cut off, state and local officials worry they may find themselves in uncharted waters with few good options. And average Americans are terrified that health care and social services they rely on may soon evaporate.

It's a treacherous and unsettling arena in which to have to make fiscal decisions by a date certain; that is, before all of the other dominoes fall into – or out – of place.

Moreover, contrary to what most people assume, government budget negotiators in California do NOT have any and all options open to them. The budget process is not a blank white board. It's more like a chess game where moves this way or that way are restricted. The California Budget & Policy Center is an excellent resource for plain-English and simple training aids that – at the very least – will show you what you *don't* know about this topic. For example, see:

- *Guide to the California State Budget Process* (November 2024) Scott Graves, *California Budget & Policy Center*
- *California's State Budget Reserves Explained* (October 2024) Scott Graves & Kayla Kitson, *California Budget & Policy Center*
- *State vs. Federal Funding: Who Pays for What in California?* (May 2025) *California Budget & Policy Center*
- *What Does the California State Budget Fund?* (May 2025) *California Budget & Policy Center*

Some Initial Reactions/Commentary

Among the most important reviews of the Governor's Mid-May budget revision are those from the Legislative Analyst's Office as well as the Senate and Assembly budget leaders:

- *The 2025-26 Budget: Initial Comments on the Governor's May Revision* [12 pp. PDF] (May 17, 2025) *Legislative Analyst's Office (LAO)*
- *The 2025-26 Budget: Analysis of the May Revision K-14 Education Plan* [16 pp. PDF] (May 20, 2025) Legislative Analyst's Office (LAO)
- *Overview of the Governor's 2025-26 May Revision* [45 pp. PDF] (May 14, 2025) Senate Committee on Budget and Fiscal Review, Senator Scott D. Wiener, Chair
- *Highlights of Governor's Proposed 2025-26 May Revision* 35 pp. PDF (May 14, 2025) Assembly Budget Committee, Jesse Gabriel, Chair

See also, the informed commentary from the people at the California Budget & Policy Center:

- *First Look: Understanding the Governor's 2025-26 May Revision* [45 pp. PDF] (May 2025) California Budget & Policy Center
- *[Video] Breaking Down Governor Newsom's 2025-26 May Revision* [1:04:47] May 22, 2025 [Virtual Event; YouTube recording] *California Budget & Policy Center* [Note: I just listened to this program; it's excellent!]

Conclusion

Lawmakers are working feverishly in Sacramento up to the June 15th constitutionally mandated deadline. See *How the Budget Process Works* *s.bud.senate.ca.gov*. "In recent years, some of the most difficult budget disagreements have been worked out in private meetings of the Governor, Senate President pro Tempore, Assembly Speaker, Senate Minority Leader and Assembly Minority Leader. When the leadership develop a compromise, they request the conference committee to conclude its deliberations and include the compromise…."

The senators encourage citizens to contact their elected officials all through these final days of decision-making.

– Linda J. Rosenthal, J.D., FPLG Information & Research Director