

An Introduction to Utah's Annual Budget Process

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Overview of Annual Budgeting

- Negotiation process between executive and legislature: “Executive spends the money, but legislature writes the checks.”
- During session, the legislature passes a budget that goes into effect the following July 1.
- Fiscal years run six months ahead of calendar years (i.e. FY12 begins July 1, 2011).
- Adjustments are made based on actual costs, actual revenue, etc.

Step 1: Executive proposal

The governor leads the process—or at least, goes first



Step 2: Legislative Appropriations

The session is not just for feral cats

December-January

LFA prepares recommendations based on priorities of legislative leadership.



January-March

Appropriations sub-committees hold public hearings during session, make recommendations to EAC.



February

Early: “Base-budget bills” approved.
Mid: Revenue forecast updated.



March

EAC prepares appropriations bills for passage. Occasional amendments on floor.

Step 3: The Governor has the last word

Except when he / she doesn't...

March

Governor may sign appropriations bills, veto them, or veto individual (line) items.



April-May

Legislature may hold veto-override session and impose its preference (with two-thirds majority in each chamber).

April-December

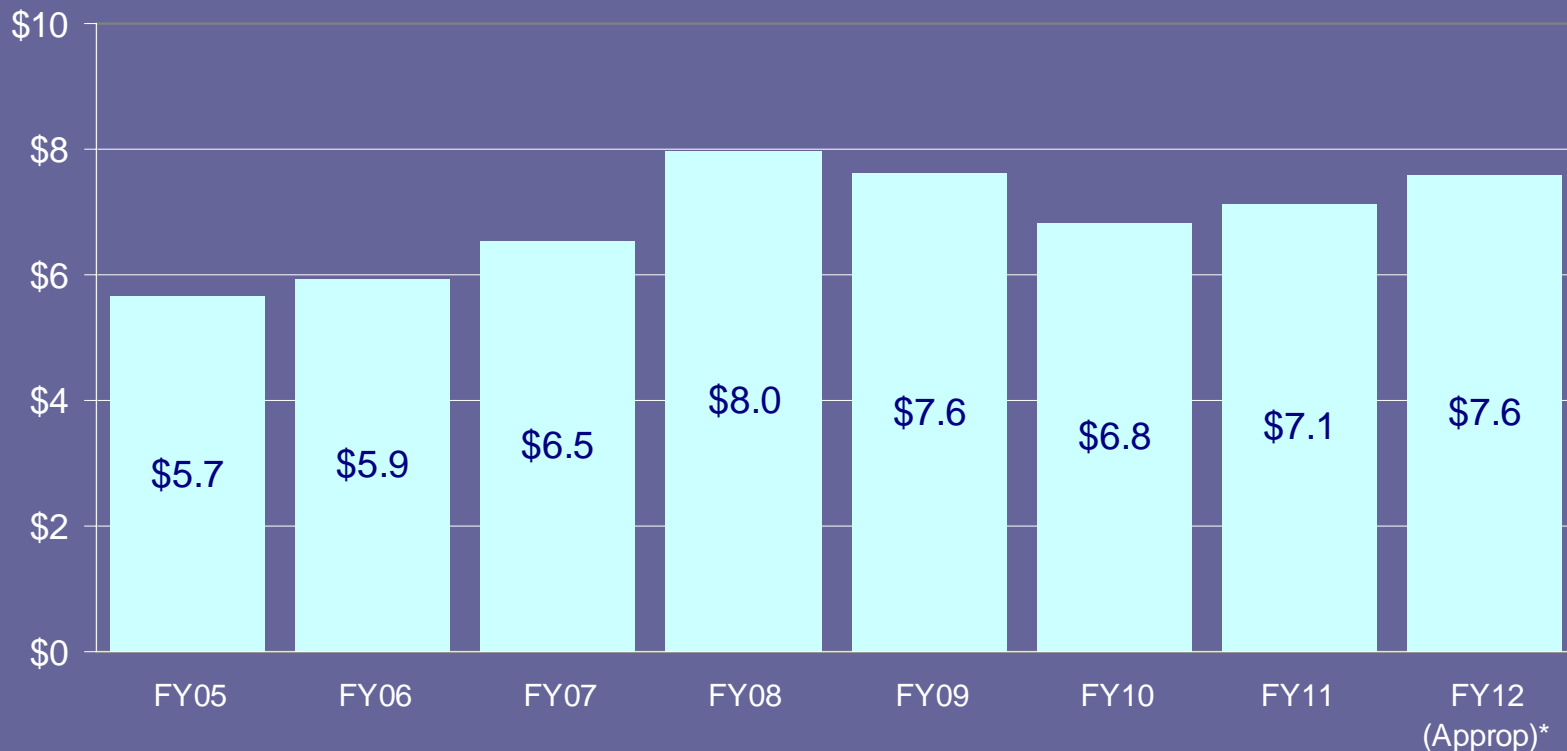
Governor may call special legislative session for budget adjustments, if needed.

Why does it hurt so much?

- In economic crisis, state revenues shrink dramatically—precisely when needs for state services increase.
- States depend (mostly) on sources that decline during recession:
 - Personal income tax
 - Corporate income tax
 - Sales tax
- Last recession coincided with political efforts to “starve the beast.”

State revenue peaked in 2008, has not yet recovered from recession

Does not include Federal or restricted and trust funds
Billions of dollars (nominal)

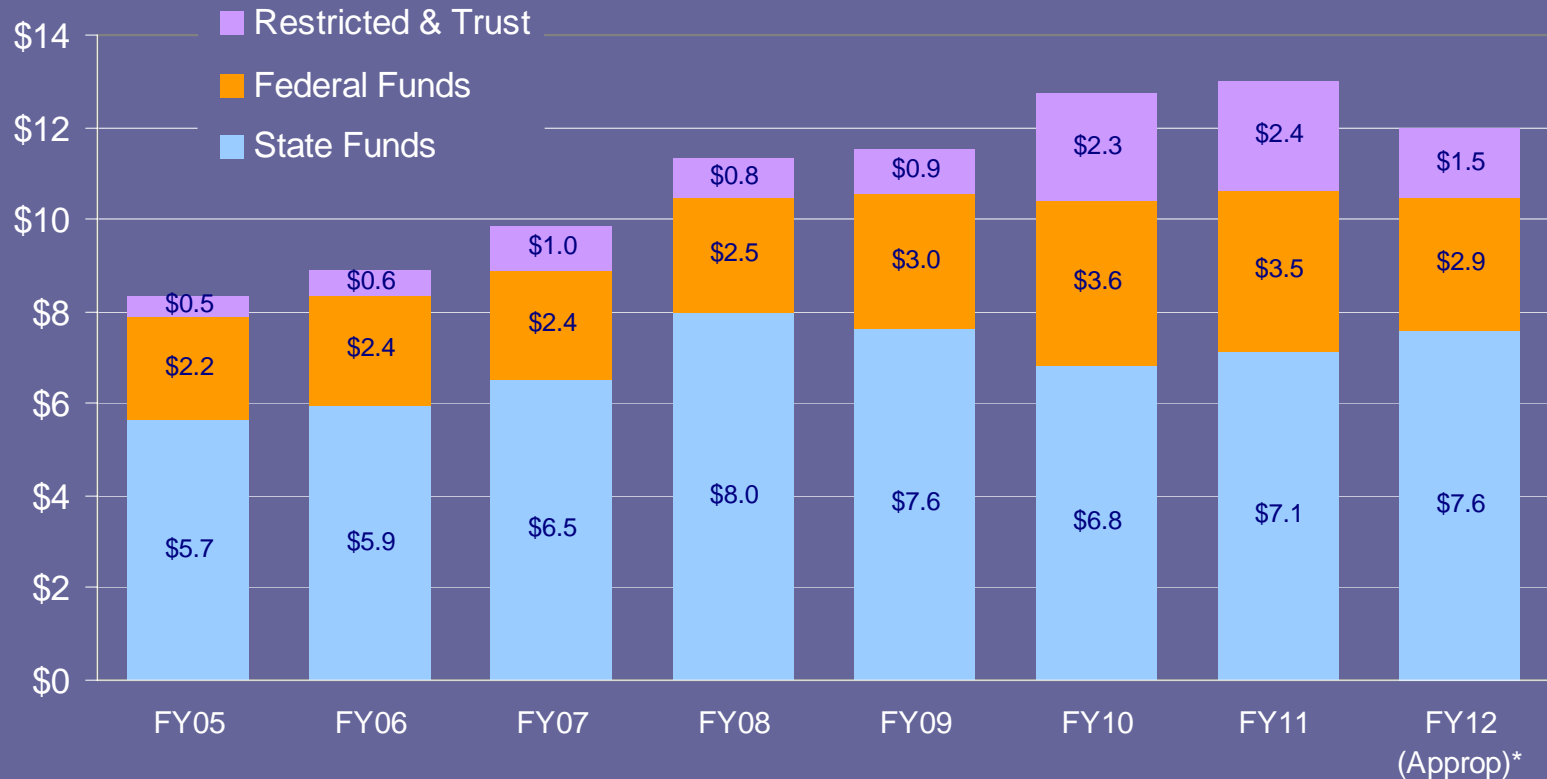


* FY12 figure is early estimate and subject to revision.

Source: Derived by Voices for Utah Children from: GOPB, *Budget Summary FY11*; GOPB, *Governor's Budget Recommendations FY12*; Legislative Fiscal Analyst, *Appropriations Summary & Budget Highlights, 2011 General Session*.

Federal stimulus (ARRA) and reserves helped avoid deeper cuts to budget, at least until FY12

Billions of dollars (nominal)



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Bottom line

- Budget decisions are *political* decisions.
- Advocates can influence budget decisions by educating and pressuring individuals during different steps of annual process.
 - Agency staff
 - Governor and GOPB
 - Legislature