

ACADEMIC SENATE
of
THE CALIFORNIA STATE UNIVERSITY

Item 3

AS-2636-04/FGA
January 22-23, 2004

Support for Proposition 56: Budget Accountability Act

RESOLVED: That the Academic Senate of the California State University (CSU) support Proposition 56 (Budget Accountability Act) on the March 2004 ballot and urge that campus senates consider similar resolutions to express their support for the Proposition and then communicate that support through local media.

RATIONALE: The Budget Accountability Act permits the Legislature to enact State Budget-related taxes and spending with a 55 percent vote rather than the two-thirds vote currently required. The Proposition also requires that 25 percent of "excess" state revenue be set aside as a "rainy day fund." Finally, it requires that the Legislature and Governor lose salary and expenses each day the budget is late and requires the budget summary in the state ballot pamphlet to direct voters to the State's web site and budget-related vote information.

The current two-thirds vote "super majority" requirement has repeatedly allowed the state budget process to be held hostage by a minority of legislators, delaying the timely enactment of the state budget beyond the constitutional deadline of July 1. These delays have had a negative impact on system and campus budget decision making during the days and weeks before the arrival of students for fall semester classes. The delays and indecision have an impact on the ability of campuses to provide the most appropriate schedule of classes and services to our students.

The proposed "rainy day fund" would provide a fiscal means for mitigating the extremes of the "boom and bust" cycle in higher education funding and the accompanying sharp increases in student fees and their impact on students. This fund could serve to protect investments in higher education and insulate students from dramatic fee increases during bad economic times in California.

Late passage of budgets makes it impossible for the CSU to implement changes over the whole budget year, typically resulting in double impact in winter and/or spring terms.

APPROVED UNANIMOUSLY – January 22-23, 2004

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Proposition 56

TEXT OF PROPOSED LAW

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends the California Constitution and adds sections to the Elections Code and the Government Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title

This measure shall be known and may be cited as the "Budget Accountability Act."

SEC. 2. Findings and Declaration of Purpose

The People of the State of California find and declare that:

The Budget Accountability Act is designed to end the budget delays that have created a fiscal crisis in our state. The purpose of this measure is to enact a comprehensive reform of the state budget process designed to hold the Governor and Legislature more accountable to the People of California by producing more responsible and timely state budgets.

(a) After the Governor introduces the budget, the State Legislature and Governor have almost six months to complete the budget on time. However, the State Legislature has not passed a budget on time since 1986.

(b) The State Legislature and the Governor face no consequences when they fail to meet the budget deadline imposed by the State Constitution. They can continue to collect their salary and expense allowances. They are not required to continue to work on the budget. In fact, they can even go on vacation.

(c) In order to hold elected officials accountable, voters are entitled to know how their tax dollars are spent each year and how their state representatives vote on the budget and taxes. Currently voters do not have easy access to this information.

(d) The two-thirds vote requirement to pass a state budget and related

taxes has contributed to persistent late budgets and large deficits. Political party leaders refuse to compromise to solve the state's budget problem and have used the two-thirds vote requirement to hold up the budget.

(e) California, Rhode Island, and Arkansas are the only states in the country that require a vote of two-thirds or more of the legislature to pass a budget.

(f) After researching California's two-thirds vote requirement, the nonpartisan California Citizens Budget Commission concluded that "the current supermajority requirement fails to achieve its oft-stated goal of keeping budgetary spending in check, while at the same time it promotes gridlock, pork barrel legislation and lack of accountability."

(g) When the economy weakens, the state budget goes into deficit. These deficits are increased by the gridlock caused by the two-thirds vote requirement. These deficits increase year after year until they equal many billions of dollars. Faced with these huge deficits, the Governor and Legislature make massive cuts to education, health care, and transportation and raise billions of dollars in taxes. These deep cuts and large tax increases would not have been necessary if responsible budget solutions had been possible instead of year after year of gridlock.

(h) Party leaders threaten to punish state legislators if they refuse to vote the party line on the budget. Members of the Legislature should be accountable to their constituents, not to party leaders. Our elected representatives must be free to vote their consciences.

(i) California has faced large budget deficits and surpluses over the past 10 years. Elected officials from both major parties have increased spending and cut taxes in good economic times, leaving the State with inadequate reserves when the economy turns bad. Saving money in a rainy day fund in good times provides a prudent reserve during economic downturns and states of emergency, which is essential for responsible budget management.

SEC. 3. Purpose and Intent

(1) In order to make elected officials more responsible for the consequences of their actions, to keep voters more informed of the budget decisions being made by their legislators, to limit partisan extremism and end gridlock in the budget process, and to require a rainy day reserve fund to balance the budget in hard times and protect California taxpayers, the People of the State of California do hereby enact the Budget Accountability Act. This measure is intended to accomplish its purpose by amending the California Constitution and the statutes of California to:

(a) Prohibit the Legislature and Governor from collecting their salary and expenses for every day they miss the budget deadline set by the Constitution and to force the Legislature to stay in session and consider the budget until it is passed.

(b) Help voters hold their state representatives more accountable by providing voters with a two-page summary of how the State is spending the funds it receives. The summary will be published in the state ballot pamphlet mailed to voters before every statewide election. The summary will include a website address where voters can find the voting record of their representatives on all budget and related legislation, including tax bills, that are subject to the 55 percent vote requirement.

(c) Change the votes necessary to pass the budget and related tax and other legislation from two-thirds to 55 percent to improve accountability to voters, reduce budget gridlock, and encourage legislators to work together to solve California's budget problems regardless of their party affiliation.

(d) Allow legislators to vote their consciences on the budget instead of being pressured into voting the party line. A legislator who is threatened by another legislator because of a vote on the budget will be able to file a complaint with the Ethics Committees of the Senate or Assembly, which will investigate the complaint and make public its report and recommendation for appropriate action to the full Senate or the Assembly.

(e) Ensure funds are set aside in a rainy day reserve fund in good economic times when revenues exceed what is needed for existing programs so that when revenues fall short in times of economic downturn the reserve fund can be used to reduce the need for drastic cuts in programs and increases in taxes. The reserve fund could also be used for a state of emergency declared by the Governor. The reserve fund may only be used for these purposes and may not be used to increase spending.

(2) The Budget Accountability Act will not change Proposition 13's property tax limitations in any way. The Budget Accountability Act changes the legislative vote requirement for taxes to 55 percent only for the purpose of increasing taxes as part of the process of adopting the budget.

SEC. 4. Section 12 of Article IV of the California Constitution is amended to read:

SEC. 12. (a) Within the first 10 days of each calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues should be provided.

(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.

(c) The budget shall be accompanied by a budget bill itemizing recommended expenditures. The bill shall be introduced immediately in each house by the persons chairing the committees that consider appropriations. The Legislature shall pass the budget bill by midnight on June 15 of each year. 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 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) If the budget bill has not been passed and sent to the Governor by June 15, the Legislature shall remain in session and may not consider or pass any other bills until the budget and bills related to the budget are adopted, except for emergency bills recommended by the Governor. Neither the Governor nor any member of the Legislature shall be entitled to any salary, per diem, or other expense allowance for any day after the June 15 deadline until a budget bill has been passed and sent to the Governor. No forfeited salary, per diem, or expense allowance shall be paid retroactively. In the event the Governor vetoes the budget bill, the prohibitions of this

subdivision shall remain in effect until a budget is passed and signed by the Governor.

(e) No bill except the 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 in the budget bill and in other bills related to the budget bill* and appropriations for the public schools, are void unless passed in each house by rollcall vote entered in the journal, two thirds of the membership concurring.

~~(e)~~

(f) (1) *Notwithstanding Section 3 of Article XIII A or any other provision of law or of this Constitution, the budget bill and tax and other bills related to the budget bill may be passed in each house by rollcall vote entered in the journal, 55 percent 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 (e) of this section and in subdivision (b) of Section 8 of this article.*

(2) *Tax and other bills related to the budget bill shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.*

(3) *Tax bills related to the budget bill shall include bills increasing taxes, whether by increased rates or changes in methods of computation, identified in the budget bill as related to the budget, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.*

(g) *No officer, committee, or member of either house of the Legislature shall punish or threaten to punish any other member for his or her vote on the budget bill or tax and other bills related to the budget. Any member may file a complaint regarding violations of this section with the appropriate ethics committee of the house in which the alleged violation occurred. The ethics committee shall investigate the complaint and make recommendations to the full house regarding appropriate action, including censure, to be taken on the complaint. The ethics committee's findings shall be made public.*

(h) *For any fiscal year for which General Fund revenues exceed the amount needed to fund current General Fund service levels, the Legislature shall deposit at least 25 percent of the excess revenues into the Prudent State Reserve Fund established pursuant to Section 5.5 of Article XIII B, unless the Reserve Fund equals 5 percent or more of General Fund expenditures for the fiscal year immediately preceding that fiscal year. Appropriations from the fund may be made only in years in which revenues are not sufficient to fund current General Fund service levels or in response to a state of emergency declared by the Governor. Appropriations from the fund may be used only for these purposes and may not be used to increase expenditures. Notwithstanding Section 5 of Article XIII B, contributions to the fund shall not constitute appropriations subject to limitation until they are appropriated for expenditure from the fund.*

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

SEC. 5. Section 9082.8 is added to the Elections Code, to read:



9082.8. The Controller, in consultation with the Department of Finance and the Legislative Analyst's Office, shall prepare a budget summary explaining how state funds are spent, not to exceed two printed pages, which shall be published in the state ballot pamphlet sent to voters in every statewide election. The budget summary shall include directions to a state website, prepared and maintained by the Joint Rules Committee of the Legislature, that includes voting records of members of the Legislature on the budget and tax and other bills related to the budget.

SEC. 6. Section 9518 is added to the Government Code, to read:

9518. For the purposes of subdivision (h) of Section 12 of Article IV of the California Constitution, "current General Fund service levels" means levels of service as of June 30 of the prior fiscal year necessary to meet the constitutional, statutory, and contractual obligations of the state adjusted for population and cost of living as provided in Section 8 of Article XIII B of the California Constitution as of the effective date of this measure.

SEC. 7. 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 provision or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

SEC. 8. Amendment

By rollcall vote entered in the journal of each house, 55 percent of the membership concurring the Legislature may amend Section 9082.8 of the Elections Code and Section 9518 of the Government Code to further the purposes of this measure.

SEC. 9. Conflicting Initiatives

In the event that this measure and another measure or measures relating to the legislative votes required to pass the state budget, increase taxes, or enact or increase fees shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the other measure shall be null and void.

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OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Proposition 56

STATE BUDGET, RELATED TAXES, AND RESERVE. VOTING REQUIREMENTS. PENALTIES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Permits Legislature to enact budget and budget-related tax and appropriation bills with 55% vote rather than 2/3 vote currently required.
- Requires that Legislature, Governor permanently lose salary, expenses for each day budget is late.
- Requires that Legislature stay in session until budget is passed.
- Requires budget summary in state ballot pamphlet and link to Internet website with legislators' voting records on budget and related taxes.
- Requires 25% of certain state revenue increases be deposited in reserve fund, which cannot be used to increase spending.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- This measure would have varying state fiscal impacts from lowering the legislative vote requirement for budget-related spending and tax increases - including changes in spending and potentially significant increases in state tax revenues in some years. Fiscal impacts would depend primarily on the composition and actions of future Legislatures.

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