

MARCH 18, 2019

Overview of the Legislative Analyst's Office (LAO)

PRESENTED TO:

Joint Legislative Budget Committee
Hon. Holly J. Mitchell, Chair
Hon. Phillip Y. Ting, Vice Chair



LEGISLATIVE ANALYST'S OFFICE

History and Mission of the LAO

▶ History

- In the 1930s, the California Legislature grew increasingly concerned about the balance of power relative to the executive branch, especially in matters concerning the state budget.
- In 1941, the Legislature created the LAO through a joint rule of the Senate and Assembly.
- The LAO was the first legislative fiscal office of its kind in the nation.

▶ Mission

- The joint rule establishing our office set forth our mission:
“To ascertain the facts and make recommendations to the Joint Legislative Budget Committee and, under its direction, to the committees of the Legislature concerning:
(a) The State Budget.
(b) The revenues and expenditures of the state.
(c) The organization and functions of the state and its departments, subdivisions, and agencies.”
- The office has served the Legislature for 77 years as an independent source of information and analysis.

▶ Accountability

- The LAO is led by the Legislative Analyst who is appointed by the Joint Legislative Budget Committee.



Responsibilities of the LAO

► Budget Responsibilities

- Prepare independent multiyear revenue and expenditure outlooks.
- Run independent calculations of state funding formulas and analyze the administration's calculations.
- Assess the administration's budget proposals and make recommendations or provide options for legislative action.
- Support the budget committees and subcommittees throughout the regular budget cycle.
- Analyze requests that the administration makes for spending authority outside of the regular budget cycle.

► Other Legislative Responsibilities

- Respond to Member and staff requests.
- Conduct department and program evaluations.
- Prepare fiscal analyses of memorandums of understanding between the Governor and state employee unions.
- Study new policy ideas.

► Ballot Responsibilities

- The Political Reform Act of 1974 requires our office to prepare an impartial analysis of each state ballot measure, including a fiscal analysis of the impact of the measure on the state and local governments.
- Prepare initial fiscal analyses of proposed state ballot initiatives before being circulated for signatures.



LAO Workload

► Written Products

<i>Calendar Years 2017 and 2018</i>		
	2017	2018
Budget-Related Workload		
Budget notification letters	30 ^a	19 ^b
Budget reports	22	18
Handouts for budget hearings	50	33
Budget-related web posts	47	51
Economy and tax blog posts	33	64
Member Requests		
Individual Member requests	136	105
Handouts for policy hearings	16	17
Senate confirmation hearing memos	46	54
Statutorily Required Workload		
Legislatively mandated reports	6	7
Initiative fiscal analyses	45	22
Voter Guide analyses	—	19
MOU analyses	15	3
Other Policy Workload		
Other reports	21	16
Other web posts	15	10
^a In addition, we reviewed 176 notification letters.		
^b In addition, we reviewed 178 notification letters.		
MOU = memorandums of understanding.		

► Other Support to the Legislature

- The office also undertakes a variety of other activities that support the Legislature and its staff. These include:
 - Monitoring mid-year budget adjustments and revenue trends.
 - Testifying and providing briefings.
 - Providing technical assistance.
 - Researching proposals and conducting cost estimates.
 - Meeting with stakeholders and others to inform our analysis for the Legislature.



LAO Personnel

▶ Personnel

- The office has 41 analysts (including managers) and 12 support staff.
- The office has four sections that parallel the key sectors of the state budget and state government (State and Local Finance; Education; Health and Human Services; Corrections, Transportation, and the Environment).
- Each analyst is responsible for being an expert in a designated area of the state budget and state government.



Legislative Analyst 2019 Priorities

► Areas of Opportunity

- Expand Member and staff communications.
- Increase outreach during the development of our research agenda.
- Review and possibly update the look and feel of our work products and website.
- Develop a long-run outlook to examine future budget pressures and emerging issues.

