

## **DEVELOPMENT AND ENACTMENT OF THE ANNUAL FINANCIAL PLAN, 6300 THE PROCESS IN BRIEF**

(Revised 10/2017)

The annual financial plan consists of the Governor's Budget, as amended in the May Revision, to the extent approved as part of the final budget, Budget Bill and other bills with fiscal or program impact as enacted, estimated revenues, and spending authority.

The Governor has complete and final responsibility for "the Governor's Budget" and the "initial Budget Bill." However, preparation of the Governor's Budget and the initial Budget Bill is actually a product of the entire executive branch. Although the constitutional officers and the segments of higher education have a certain level of autonomy, the Governor typically requests their cooperation in seeking, establishing, and implementing the fiscal policies of the Administration. Decisions, small and large, must be made by many persons. While legislative and administrative leaders make crucial decisions on specific questions raised during the budget process, they are largely dependent on information presented to them. It is essential therefore that everyone involved in the preparation of the budget try to create a meaningful, well developed and fully justified plan, and not expect the budget review process of the Administration to accomplish an impossible task for which it is not designed.

Once the Governor has submitted the Governor's Budget and the Budget Bill to the Legislature, the process involves both the Administration and the Legislature. Both houses of the Legislature schedule budget hearings where the Administration defends the Governor's proposals and the Legislature takes actions on those proposals. At May Revision, the Governor updates revenues and expenditures, and proposes a revised plan to the Legislature. Once both houses have adopted a joint budget after resolving differences through Conference Committee or other meetings, a balanced budget bill is sent to the Governor for consideration, which the Governor may sign, veto partially, or veto the entire bill.