

MARCH 1, 2023

Overview of the Legislative Analyst's Office (LAO)

PRESENTED TO:

Joint Legislative Budget Committee
Hon. Nancy Skinner, 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 82 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

Calendar Years 2019 Through 2022

	2019	2020	2021	2022
Budget-Related Workload				
Budget notification letters:	23 ^a	32 ^b	18 ^c	15 ^d
Budget reports:	38	30	15	35
Handouts for budget hearings:	37	20	40	11
Budget-related online posts:	35	31	58	63
Economy and tax blog posts:	84	161	112	37
Member Requests				
Individual member requests:	131	103	66	56
Handouts for policy hearings:	25	30	23	29
Senate confirmation hearing memos	35	57	60	55
Statutorily Required Workload				
Legislatively mandated reports:	5	5	8	2
Initiatives fiscal analyses	26	5	40	6
MOU Fiscal Analysis:	6	5	3	5
Voter Guide analyses:	2	13	—	7
Other Policy Workload				
Other reports:	10	10	18	8
Other web posts:	11	21	23	5
^a In addition, we reviewed 180 notification letters. ^b In addition, we reviewed 184 notification letters. ^c In addition, we reviewed 191 notification letters. ^d In addition, we reviewed 174 notification letters. MOU = memorandum 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 38 analysts (including managers) and 9 support staff.
- The office has eight units organized by the following areas of analyses:
 - Economy, Taxes, and Labor.
 - Environment and Transportation.
 - Health, Developmental Services, and Information Technology.
 - Higher Education.
 - Human Services and Governance.
 - K-12 Education.
 - Public Safety and Business Regulation.
 - State Budget Condition.
- Each analyst is responsible for being an expert in a designated area of the state budget and state government.



Notable Initiatives

- Adoption of flexible work practices throughout the pandemic period.
- Continued outreach and responsiveness to individual members and different legislative caucuses.
- Enhancements to our revenue and expenditure forecasting methodologies
- Continued advancement of an internal initiative to strengthen the office's culture of diversity and inclusion, as well as expand the scope of our analyses to acknowledge distributional aspects of the state's public policies.

