

FEBRUARY 25, 2025

Overview of the Legislative Analyst's Office (LAO)

PRESENTED TO:

Joint Legislative Budget Committee
Hon. Scott Weiner, 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 84 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.
- The LAO is funded by a transfer from the Legislature, split evenly by the Senate and Assembly.



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 2021 Through 2024

	2021	2022	2023	2024
Budget-Related Workload				
Budget notification letters:	18 ^a	15 ^b	10 ^c	10 ^d
Budget reports:	15	35	40	29
Handouts for budget hearings:	40	11	6	6
Budget-related online posts:	58	63	36	36
Economy and tax blog posts:	112	37	22	29
Member Requests				
Individual member requests:	66	56	64	49
Handouts for policy hearings:	23	29	65	30
Senate confirmation hearing memos	60	55	60	51
Statutorily Required Workload				
Legislatively mandated reports:	8	2	5	3
Initiatives fiscal analyses	40	6	35	1
MOU Fiscal Analysis:	3	5	7	4
Voter Guide analyses:	—	7	2	11
Other Policy Workload				
Other reports:	18	8	13	18
Other web posts:	23	5	2	8
^a In addition, we reviewed 191 notification letters. ^b In addition, we reviewed 174 notification letters. ^c In addition, we reviewed 165 notification letters. ^d In addition, we reviewed 114 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 40 analysts (including managers) and 10 support staff.
- The office has two support units and eight analytical 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 Recent Analytical Products

- Trends in Higher Education (six-part series)
- Key Fiscal and Policy Issues Facing California
- Review of the Funding Determination for Nonclassroom-Based Charter Schools
- California’s Child Welfare System: Addressing Disproportionalities and Disparities
- Assessing Community College Programs at State Prisons
- Fixing Unemployment Insurance
- CalFacts 2024
- Recent Trends in Young Adult Mortality
- Assessing California’s Climate Policies—Residential Electricity Rates in California
- Building California’s Behavioral Health Infrastructure: Progress Update and Opportunities for the Proposition 1 Bond

