

## AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

**Assemblymember Juan Arambula, Chair**

**WEDNESDAY, APRIL 9, 2008, 1:30 PM  
STATE CAPITOL, ROOM 437**

<b>CONSENT CALENDAR</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	
<b>8940</b>	<b>MILITARY DEPARTMENT</b>	<b>3</b>
ISSUE 1	CAPITAL OUTLAY – ADVANCE PLANS AND STUDIES	<b>3</b>
ISSUE 2	CAPITAL OUTLAY – STATEWIDE KITCHEN RENOVATIONS	<b>3</b>
ISSUE 3	CAPITAL OUTLAY – STATEWIDE LATRINE RENOVATIONS	<b>3</b>
ISSUE 4	ROSEVILLE ARMORY CUSTODIAN	<b>4</b>
ISSUE 5	STATE ACTIVE DUTY EMPLOYEE COMPENSATION INCREASE	<b>4</b>
ISSUE 6	REIMBURSEMENT AUTHORITY - FINANCIAL ASSISTANCE FUND MANAGER	<b>4</b>
ISSUE 7	REIMBURSEMENT AUTHORITY – HOMELAND SECURITY TRAINING AND EXERCISE	<b>5</b>
<b>8950</b>	<b>DEPARTMENT OF VETERANS AFFAIRS</b>	<b>5</b>
ISSUE 1	CAPITAL OUTLAY – YOUNTVILLE, WASTEWATER SYSTEM STUDY	<b>5</b>
ISSUE 2	CAPITAL OUTLAY – YOUNTVILLE, UPGRADE FIRE ALARM SYSTEM	<b>6</b>
ISSUE 3	REIMBURSEMENT AUTHORITY – PATHWAY HOME PROGRAM	<b>6</b>
ISSUE 4	COMPUTED RADIOLOGY PICTURE ARCHIVING AND COMMUNICATION SYSTEM	<b>7</b>
ISSUE 5	PHARMACY STAFFING AUGMENTATION	<b>7</b>
ISSUE 6	STAFFING TO MEET HEALTH COMMUNITY STANDARDS	<b>8</b>

<b>ITEMS TO BE HEARD</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	
<b>8940</b>	<b>MILITARY DEPARTMENT</b>	<b>9</b>
ISSUE 1	MEDICAL SERVICES BRANCH STAFFING	<b>9</b>
ISSUE 2	JOINT OPERATIONS CENTER STAFFING	<b>11</b>
ISSUE 3	COMPUTER LIFECYCLE REPLACEMENT	<b>12</b>
ISSUE 4	CALIFORNIA CADET CORPS STAFF AND OPERATING FUNDS	<b>13</b>
ISSUE 5	CALIFORNIA NATIONAL GUARD EDUCATION BENEFIT PROGRAM	<b>14</b>
ISSUE 6	WILDLAND FIREFIGHTING INITIATIVE	<b>15</b>
ISSUE 7	BBR	<b>16</b>
<b>8950</b>	<b>DEPARTMENT OF VETERANS AFFAIRS</b>	<b>17</b>
ISSUE 1	NORTHERN CALIFORNIA VETERANS CEMETERY OPERATIONAL IMPROVEMENTS	<b>17</b>
ISSUE 2	CDVA FISCAL OPERATIONS	<b>19</b>
ISSUE 3	CAPITAL ASSETS, FACILITIES MANAGEMENT & CONSTRUCTION	<b>20</b>

ISSUE 4	ALZHEIMER'S UNIT AND WARD 1A/1B OPERATING EXPENSE INCREASE – YOUNT.	<b>21</b>
ISSUE 5	GLAVC VETERAN'S HOME START UP STAFFING, PHASE II	<b>22</b>
ISSUE 6	REDDING AND FRESNO VETERANS HOMES PRE-ACTIVATION	<b>23</b>
ISSUE 7	CHULA VISTA BUDGET CORRECTION	<b>24</b>
ISSUE 8	LICENSED VOCATIONAL NURSING STAFF FOR RESIDENTIAL CARE FACILITY FOR ELDERLY – CHULA VISTA	<b>25</b>
ISSUE 9	AUGMENTATION OF NURSING STAFF	<b>26</b>
ISSUE 10	GENERAL FUND REVENUE CHANGE	<b>27</b>
ISSUE 11	BBR – LOCAL ASSISTANCE TO COUNTIES	<b>28</b>
ISSUE 12	BBR	<b>28</b>

## CONSENT ITEMS

### ITEM 8940 MILITARY DEPARTMENT

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#### ISSUE 1: CAPITAL OUTLAY – ADVANCED PLANS AND STUDIES

This proposal would provide \$125,000 General Fund and \$125,000 in Federal Funds to conduct studies and design charrettes for planned projects for the Military Department.

#### COMMENTS

The Military Department's current method for developing the scope of projects has not been accurate, which has often resulted in project costs being underestimated. This will improve the Military's ability to scope and estimate future funding required for projects.

#### ISSUE 2: CAPITAL OUTLAY – STATEWIDE KITCHEN RENOVATIONS

This request would provide \$254,000 General Fund and \$246,000 Federal Funds to renovate and enlarge kitchen facilities in selected armories throughout California to correct fire/life safety, public health, and other code deficiencies.

#### COMMENTS

Armories are used by the public for private and public functions. Many Military Department armories do not comply with the legal requirements of California Title 24 and fire code and thus cannot be used for cooking and food preparation.

#### ISSUE 3: CAPITAL OUTLAY – STATEWIDE LATRINE RENOVATIONS

This request would provide \$232,000 General Fund and \$347,000 Federal Funds to renovate and enlarge latrines at selected armories throughout California to address Americans with Disabilities Act, and other code deficiencies.

#### COMMENTS

Most Military Department armories are over 50 years old and do not meet the requirements of the Americans with Disabilities Act.

**ISSUE 4: ROSEVILLE ARMORY CUSTODIAN**

This request would provide \$66,000 General Fund for custodial services at the newly expanded Roseville Armory.

**COMMENTS**

A permanent full time custodial employee will ensure that minimum standards at the facility are maintained for Army National Guard Soldiers and the public who will utilize the facility.

**ISSUE 5: STATE ACTIVE DUTY EMPLOYEE COMPENSATION INCREASE**

This request would provide an increase of \$604,000 General Fund and \$722,000 Federal Funds to cover estimated State Active Duty (SAD) employee compensation increases.

**COMMENTS**

In accordance with Sections 320 and 321 of the Military and Veterans Code, pay for SAD employees must be based upon military pay increases granted by congress. Military compensation is based on each military member's pay grade, duty location and years of military service.

**ISSUE 6: REIMBURSEMENT AUTHORITY - FINANCIAL ASSISTANCE FUND  
MANAGER**

This request would provide \$87,000 in Reimbursement authority to hire a State Active Duty manager to oversee the Iraq Afghanistan Development Impact Program (IADIP).

**COMMENTS**

The IADIP is a program supported entirely with private donations that supports families of deployed or formerly deployed National Guard members suffering from financial hardships. This position would oversee all aspects of the program.

**ISSUE 7: REIMBURSEMENT AUTHORITY – HOMELAND SECURITY  
TRAINING AND EXERCISE**

This request would provide \$1,509,000 in Reimbursement authority and 13 positions on a three-year limited-term basis to execute a continuing interagency agreement with the Office of Homeland Security (OHS).

**COMMENTS**

These positions would provide the necessary Military Department personnel to OHS to manage its statewide terrorism training and exercise programs for Weapons of Mass Destruction. The original source of funds for these positions is the Homeland Security Grant Program managed by OHS.

**ITEM 8950 DEPARTMENT OF VETERANS AFFAIRS**

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**ISSUE 1: CAPITAL OUTLAY – YOUNTVILLE, WASTEWATER SYSTEM  
STUDY**

This request provides \$199,000 General Fund to study apparent cracks in the 1920s era sewer system at Yountville. According to the department, the study will allow a determination as to the most economical way to secure the sewer system.

**COMMENTS**

Data indicates that sewer flows into the Joint Treatment Plant track rainfall (i.e. flows increase with rainfall), suggesting that the sewer system at Yountville is subject to infiltration/inflow from rain runoff and/or ground water entering the system through cracks, breaks, root damage, and/or improper connections. Not only does this unnecessarily increase sewer treatment costs (because all of the water is processed as if it were raw sewage), but it raises concern that the sewer system may leak during the dry season.

**ISSUE 2: CAPITAL OUTLAY – YOUNTVILLE, UPGRADE FIRE ALARM SYSTEM**

This request provides \$339,000 General Fund to prepare preliminary plans and working drawings for the purchase and installation of a new addressable fire alarm system in seven veteran occupied buildings and the acute care center at Yountville. Assuming the project was to go according to plan, the CDVA would request an additional \$2.2 million (\$680,000 GF and \$1.53 million Federal Funds) for construction costs in FY 2009-10.

**COMMENTS**

An addressable fire alarm system transmits information that allows emergency response personnel to pinpoint the location (the building, and in some cases the floor) of a fire, thereby significantly reducing response times. Although many of the Yountville residential areas were remodeled in the late 1980s and early 1990s, addressable fire alarms were not available at the time. In addition to placing addressable smoke detectors in seven veteran-occupied buildings, this project would also replace the existing computer (which has exceeded its “useful life” by 11 years and failed 10 times in a 12-month period), and bring the Yountville fire alarm system into compliance with both the National Fire Code and Title 19 of the California Code of Regulations.

**ISSUE 3: REIMBURSEMENT AUTHORITY – PATHWAY HOME PROGRAM**

This request provides \$600,000 in Reimbursement authority for three years to host a privately funded pilot program for returning disabled veterans at Yountville.

**COMMENTS**

The CDVA indicates that Yountville is currently negotiating an agreement with The Pathway Home Program (PHP), LLC to utilize private funding from the Iraq-Afghanistan Deployment Impact Fund to establish a specialized program in a currently unoccupied building to accommodate and rehabilitate physically and/or psychologically disabled veterans of service in Iraq and Afghanistan. These veterans are otherwise eligible for admission to the Home as “disabled veterans” and would be afforded the status of associate members under the agreement.

**ISSUE 4: COMPUTED RADIOLOGY PICTURE ARCHIVING AND COMMUNICATION SYSTEM**

This request provides \$123,000 General Fund to replace the traditional x-ray film process at Yountville.

**COMMENTS**

Currently Yountville chemically develops x-ray films and transports them off-site for a reading by a contract radiologist. This request would reduce the turnaround time for exam draft reports by allowing images to be transmitted electronically. Additionally, the proposed system would allow multiple individuals (doctors, nurses, and/or radiologists) to potentially view the same x-ray at the same time but in different locations.

**ISSUE 5: PHARMACY STAFFING AUGMENTATION**

This request provides \$224,000 General Fund and 2 positions to address increased workload and regulatory requirements in the Chula Vista pharmacy.

**COMMENTS**

Originally, the Chula Vista pharmacy was to serve the prescription needs of the home's RCFE and DOM units—a total average daily census of approximately 165 residents requiring approximately 1,485 prescriptions per month. However, the home has grown and the pharmacy has been required to address not only the increasing number of Chula Vista residents, but the prescription needs of Barstow's residents as well. Today, the pharmacy fills an average of 5,100 prescriptions per month for 531 residents of the two homes. Over time, the original staff of 2 pharmacists and 2 pharmacy technicians was augmented to include an office technician, and in 2006 a pharmacist and pharmacy technician from Barstow along with an office technician and a half-time consultant (for a total of 7.5 positions); however, with the reopening of the Barstow SNF unit and the addition of its 40 new residents, the CDVA asserts that the pharmacy workload is no longer absorbable within existing resources.

**ISSUE 6: STAFFING TO MEET HEALTH COMMUNITY STANDARDS**

This request provides \$448,000 General Fund and 4 positions to meet Minimum Data Set (MDS) requirements at the Chula Vista Skilled Nursing Facility and maintain the health community standard of one MDS employee per 60 residents.

**COMMENTS**

MDS documents become the basis for payment for both Medicare and Medi-Cal recipients, in addition to measuring the quality of care in the facility. Failure to correctly complete these documents could result in a default payment or erroneous percentages resulting in the appearance that the facility had substandard care, which would prompt a regulatory visit from the California Department of Public Health.

## ITEMS TO BE HEARD

### ITEM 8940                    MILITARY DEPARTMENT

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The Military Department is responsible for the command and management of the California Army and Air National Guard. To support the operations for a force of more than 20,000 personnel, the department maintains a headquarters complex in Sacramento, more than 100 armories, maintenance facilities, training sites, and aviation centers throughout the state.

The mission of the National Guard is to (1) provide mission-ready forces to the federal government, (2) protect the public safety of the citizens of California by providing military support to civil authorities during natural disasters and other emergencies, and (3) provide service and support to local communities in California.

The budget proposes expenditure of \$142 million, an increase of 6 percent. Roughly one-half (\$73 million) of the overall funding for the department comes from federal funds. Proposed General Fund expenditures are \$44 million, about the same as in the current year.

#### ISSUE 1: MEDICAL SERVICES BRANCH STAFFING

The Governor's Budget proposes \$228,000 General Fund and 3 State Active Duty positions for the Medical Services Branch to meet the increased demand for services provided to wounded and deceased soldiers.

#### BACKGROUND

The three positions will primarily be addressing workload in the following two areas:

##### **Casualty Assistance**

The CMD asserts that there is a shortage of staff to cover increasing casualty operations missions. From July 2004 through July 2007, CMD has had 158 California National Guard (CNG) soldier casualties. CMD has completed 250 Casualty Notification Officer missions and 99 Casualty Assistance Officer missions. CMD is required to have on call personnel 24 hours a day for its casualty operations mission. At present CMD has two permanent and one temporary position for this purpose. Casualty assistance is a full-time responsibility that can take several weeks of dedicated support and up to several months of follow up.

**Line of Duty Reports**

The Line of Duty (LOD) report is the complete medical documentation and evidence required to support a claim of a service connected injury or illness. All medical payments and soldier Incapacitation Pay payments are contingent upon having an approved LOD. Typical processing time for a LOD report is 30-60 days and requires inputs and action at the unit, CMD, and National Guard Bureau. Timely processing insures that the soldier's medical bills are paid on time and avoids unnecessary problems with delinquent collection actions. Currently, the CMD has 269 open (not completed) LOD reports which affect CNG soldiers' receipt of medical benefits. From 2004-2007 over 1,117 CNG soldiers have been injured during pre-deployment training or during deployment. With current personnel, the CMD is able to process approximately 66 percent of its required LOD reports.

**COMMENTS**

Staff notes that the 3 permanent positions being requested will replace temporary staff, of which two positions were funded with federal funds.

**ISSUE 2: JOINT OPERATIONS CENTER STAFFING**

The Governor's Budget proposes \$1,335,000 General Fund and 14 positions to staff the Joint Operations Center (JOC) in order to provide immediate response to the Governor's Office, Office of Emergency Services (OES), and the public during disasters and special security events.

**BACKGROUND**

The JOC serves California by providing command and control of CNG and State Military Reserve units assigned to emergency operations by the CMD. The JOC tracks the status of CNG units and equipment to ensure the CMD maintains appropriate capability to respond quickly and effectively to state emergency missions. JOC personnel work directly with OES and the Office of Homeland Security on a daily basis to monitor potential threats from natural or man-caused disasters that may require deployment of military units to support civilian authorities.

The CMD currently operates the JOC by diverting federal funding from the Southwest Border Security mission (Operation Jump Start) to hire temporary soldiers and airmen in a federal status as staff. This funding is ending in July 2008. Prior to the start of Operation Jump Start, the CMD resourced the JOC by re-directing federal funds intended for positions that would perform maintenance on CNG vehicles and aircraft, which affected their readiness rates during missions and training.

The resources requested in this proposal will enable the CMD to have 24/7 communications with, and provide support to, state and local emergency response agencies. Response time for CMD forces will remain under 12 hours from the time of request.

**COMMENTS**

While there is a benefit to California in having a full-time staff in the JOC 24/7, staff notes that this request backfills the loss of services provided through federal funding. As such, The Legislature must consider if using General Fund resources for this purposes is an immediate priority.

**ISSUE 3: COMPUTER LIFECYCLE REPLACEMENT**

The Governor's Budget proposes \$273,000 General Fund in 2008-09, \$538,000 ongoing, to procure computer lifecycle replacements for state personnel.

**BACKGROUND**

The CMD is authorized 780 state personnel assigned to 51 different Sections. In the past, each Section has funded IT equipment using funds redirected out of its internal base program. This has led to a significant department-wide disparity in capability and configuration. The CMD indicates that over the last three years only 20 Sections purchased IT equipment with state funds. Most Sections have purchased IT equipment using redirected discretionary federal funds.

According to the CMD, a baseline funding allotment for IT allows the Directorate of Information Management to proactively manage the lifecycle of user level IT equipment. The result would be 1) compatibility with and networkiness on the Army network which is used throughout the CMD for day-to-day operations; 2) volume discounts; 3) configuration management limiting the number of different makes and models of equipment; 4) reduction in time and labor required to review and approve individual purchase requests and inventory management; and 5) replacement of equipment before Sections experience unacceptable rates of equipment failures.

**COMMENTS**

This request would provide the CMD with baseline funding to replace user-level IT equipment every four years (25 percent a year).

**ISSUE 4: CALIFORNIA CADET CORPS STAFF AND OPERATING FUNDS**

The Governor's Budget proposes \$185,000 General Fund and 1 State Active Duty position for administrative and logistics support for the California Cadet Corps (CaCC) and to purchase uniforms and accessories for the cadets.

**BACKGROUND**

The CaCC is a statewide, school based, applied leadership program conducted within a military framework. The program is designed to provide maximum growth and leadership opportunities for cadets from the middle school through high school levels. The development and maintenance of the individual units of the CaCC is a shared responsibility of the local school authorities and the CMD.

In accordance with California Military and Veterans Code Sections 509-512, the CMD is responsible for providing uniforms, equipment, developing curriculum and conducting state-level competitions, activities, and awards for programs for the cadets.

The CaCC serves as the "National Model" for school-based leadership programs and is designed to develop the following objectives:

- Support and enhance cadet academic achievement
- Provide training and applied leadership opportunities for cadets
- Foster good citizenship
- Support Patriotism
- Provide basic military knowledge
- Promote health, fitness, and wellness

The CaCC provides a structured learning environment to facilitate academic success, leadership development, physical training and improved self-esteem through attaining achievable goals. The value of the CaCC program is reflected in its long history, successful graduates, and continued support from the education community and civic leaders throughout California.

**COMMENTS**

This request is driven in part by the impact of previous budget reductions on the CaCC program. The current CaCC baseline budget of \$450,000 provides approximately \$45.00 in funding per cadet, per year. The cost of one class B uniform alone is \$52.00 (which does not include the costs of shoes). In addition, the current CaCC budget does not allow for the purchase and distribution of the cadet physical fitness uniform (\$32.00) or the cadet utility uniform (\$69.00).

**ISSUE 5: CALIFORNIA NATIONAL GUARD EDUCATION BENEFIT PROGRAM**

The Governor's Budget proposes \$1,818,500 General Fund in 2008-09, \$3,637,000 ongoing, for the establishment of a California National Guard Education Benefit Program.

**BACKGROUND**

This proposal would waive the cost of tuition, fees, books, and supplies for California National Guard (CNG) members through a program co-administered by the California Student Aid Commission (CSAC). The CMD believes this proposal would strengthen the CNG by promoting the pursuit of education among its members, which would increase the capability of the CNG to support California when needed.

From 2003 to 2007, CSAC was authorized to administer the National Guard Assumption Program for Loans for Education (NG-APLE). The NG-APLE pays off student loans for qualified students who fulfill terms of enlistment in the National Guard. Due to administrative difficulties, however, the program did not begin to make awards until 2006-07. The program was allowed to sunset on July 1, 2007.

**COMMENTS**

In its analysis, the LAO notes that the administration previously has made requests for tuition funding outside of the NG-APLE. For instance, the 2007-08 Governor's Budget included \$1.7 million from the General Fund for a tuition assistance program to be run by the Military Department. Similarly, the department has sponsored policy legislation to provide educational assistance in various forms. To date, the Legislature has rejected these proposals due to a variety of concerns. First, the proposed administrative mechanisms tend to be more complicated than the state's APLE programs. This is because programs which provide waivers or grants (such as this year's request), rather than loans, make it difficult for the state to recoup the funds if students fail to complete their military commitment. Second, the proposals have failed to fit within the state's overall financial aid approach which targets assistance to those with demonstrated financial need. The Military's proposals have not provided for a financial needs assessment of recipients. For these reasons, reauthorizing the NG-APLE would be preferable to the administration's approach.

**ISSUE 6: WILDLAND FIREFIGHTING INITIATIVE**

The Governor's Budget proposes \$9,192,000 payable from the Insurance Fund to purchase helicopter equipment and hire 43 staff to provide 24/7 Aviation Response Staffing, enabling the CMD to fulfill its mission of providing helicopter support during emergencies.

**BACKGROUND**

The Administration proposes to authorize a new surcharge on the insurance tax to cover wildland firefighting costs. Through the surcharge, the Administration proposes to fund this expansion of the Military Department's role in wildland firefighting.

**COMMENTS**

Issues regarding the fund source of this proposal will be addressed in other sub-committee hearings.

**ISSUE 7: BUDGET BALANCING REDUCTION**

The Governor's budget proposes a General Fund reduction of approximately \$4.6 million, a reduction in Federal Funds of approximately \$1 million and a reduction of 19.1 PYs. These reductions are in the following areas:

**Program 10 – Army National Guard Program**

Under the Governor's budget proposal, this program will take reductions of \$1.5 million General Fund, \$100,000 in Federal Funds and 2.9 PYs.

**Program 20 – Air National Guard**

Under the Governor's budget proposal, this program will take reductions of \$400,000 General Fund and \$400,000 in Federal Funds.

**Program 30 – Office of the Adjutant General**

Under the Governor's budget proposal, this program will take reductions of \$1.4 million General Fund and 8.6 PYs.

**Program 35 – Military Support to Civil Authority**

Under the Governor's budget proposal, this program will take reductions of \$200,000 General Fund and 1.9 PYs.

**Program 40 – Military Retirement**

Under the Governor's budget proposal, this program will take a reduction of \$200,000 General Fund.

**Program 50 – California Cadet Corps**

Under the Governor's budget proposal, this program will take a reduction of \$119,000 General Fund.

**Program 55 – State Military Reserve**

Under the Governor's budget proposal, this program will take a reduction of \$100,000 General Fund.

**Program 65 – California National Guard Youth Program**

Under the Governor's budget proposal, this program will take reductions of \$700,000 General Fund, \$500,000 in Federal Funds and 5.7 PYs.

**ITEM 8950 DEPARTMENT OF VETERANS AFFAIRS**

The California Department of Veterans Affairs (CDVA) has three primary objectives: (1) to provide comprehensive assistance to veterans and dependents of veterans in obtaining benefits and rights to which they may be entitled under state and federal laws; (2) to afford California veterans the opportunity to become homeowners through loans available to them under the Cal-Vet farm and home loan program; and (3) to provide support for California veterans' homes where eligible veterans may live in a retirement community and where nursing care and hospitalization are provided.

The department operates veterans' homes in Yountville (Napa County), Barstow (San Bernardino County), and Chula Vista (San Diego County). The homes provide medical care, rehabilitation, and residential home services. With \$50 million in general obligation bonds available through Proposition 16 (2000), \$162 million in lease-revenue bonds (most recently amended by AB 1077 [Chapter 824, Statutes of 2004]), and federal funds, new homes will be constructed in West Los Angeles, Lancaster, Saticoy (Ventura County), Fresno, and Redding.

**ISSUE 1: NORTHERN CALIFORNIA VETERANS CEMETERY OPERATIONAL IMPROVEMENTS**

The Governor's budget proposes to transition the Northern California Veterans Cemetery (NCVC) from a service contract to civil service staffing. The request includes 4 new positions to be funded from within existing resources (\$543,000, including \$316,000 GF).

**BACKGROUND**

The NCVC is the first veteran cemetery owned and operated by the State of California. The cemetery was dedicated on November 11, 2005 and began operations on December 21, 2005. The cemetery interred over 830 veterans and dependents in the first eighteen months of operations.

The United States Department of Veterans Affairs (USDVA) funded 100 percent of the design, development, and constructions costs of the NCVC. Under the rationale that the state lacked experience operating a cemetery and that the private sector could do so more cost-effectively, the state has employed contracted services since the NCVC's inception. However, the cost of the contract has increased steadily and the contract terms have precluded the state from accessing volunteers, the USDVA Work Study Program, or CalWorks as alternative work options to address existing workload and special projects.

Given that state expertise in cemetery management has grown, the CDVA now believes that civil service staff would not only provide a solution that is at least as cost-effective as the current contract services, but would also provide greater flexibility in addressing the NCVC's emerging needs through auxiliary sources of labor.

**COMMENTS**

Since this BCP was developed, the current contractor has notified the CDVA that it would not renew the contract. The CDVA indicates that it has taken steps to administratively establish positions to provide continued operations.

**ISSUE 2: CDVA FISCAL OPERATIONS**

The Governor's budget proposes \$1,296,000 General Fund and 14 positions to address deficiencies in fiscal controls and provide effective fiscal oversight of budget development, capital outlay, accounting, and financial and fiscal operations for the department, particularly at the veterans homes.

**BACKGROUND**

This request stems from a corrective action plan developed by the CDVA in response to Budget Bill Language instituted in response to errors and inconsistencies in budget documents produced by the department during the FY 2006-07 budget process. Over the past year, the CDVA has met frequently with the Department of Finance (DOF), the Legislative Analyst's Office (LAO), and Budget Committee consultants to provide updates on its review of internal fiscal processes and controls, and to discuss its plans to address the inadequacies and weaknesses of these processes in view of the increasing demands the department will encounter as new homes are brought on-line in the coming years. According to the CDVA, this proposal reflects the recognition that the department must grow out of a dependence on "personalities" and come to rely more heavily on organization, systems, and structures that can weather the coming and going of individual staff members.

To address its fiscal deficiencies, the CDVA proposes the following:

- A budget/fiscal support staff person for each home who reports to HQ but who resides at the home and advises the home administrator.
- A fiscal operations manager to oversee the existing budget office, the new budget/fiscal support staff (above) and a new Cost Analysis/Forecasting Unit consisting of three research analysts.
- Five administrative, technical, and clerical staff to support the Administration executives and Fiscal Operations.

**COMMENTS**

The CDVA makes a compelling case for the need for the budget/fiscal support staff at each home and clerical support for HQ's budget staff, however, the immediate need for the remainder of this proposal is less clear at the present time and difficult to gauge on a workload basis.

**ISSUE 3: CAPITAL ASSETS, FACILITIES MANAGEMENT, & CONSTRUCTION**

The Governor's budget proposes \$3,190,000 General Fund and 19 positions (including \$1.1 million for deferred maintenance) to address increased workload in construction planning and implementation, capital outlay, and facilities management.

**BACKGROUND**

Last year the CDVA was provided with \$1.9 million General Fund and 8 one-year limited-term positions to address deferred repair and maintenance at the homes (primarily Yountville). This proposal reflects a request to make last year's limited-term positions permanent and to approve an additional 11 positions to create a new division of Capital Assets, Facilities Management, Maintenance and Construction. According to the CDVA, the new staffing would finally provide the resources to develop and implement not only a long-term deferred maintenance plan, but also a facilities master plan (neither of which currently exists). Additionally, the CDVA notes that the proposed positions and organizational structure would enable the department to oversee its major capital outlay projects (in order to help avoid any repeats of the problems experienced in Chula Vista) and take more control of smaller public works projects that may be appropriately delegated to the department. The CDVA believes the proposed organizational structure and supporting positions will be sufficient to meet the current and out-year needs for the eight existing and proposed CDVA facilities.

**COMMENTS**

The significant maintenance needs of the aging facility at Yountville and the imminent construction of several new veterans homes highlights the need for the CDVA to be proactive in managing its capital assets. However, like the Fiscal Operations proposal in Issue 2, some of the positions in this proposal appear to be unjustified at this time.

**ISSUE 4: ALZHEIMER'S UNIT AND WARD 1A/1B OPERATING EXPENSES  
INCREASE - YOUNTVILLE**

The Governor's budget proposes \$992,000 General Fund for Operating Expenses & Equipment (OE&E) costs associated with the Alzheimer's Dementia Unit and Wards 1A & 1B at Yountville.

**BACKGROUND**

The CDVA requested this funding in a May Revise letter in fiscal year 2007-08, but the proposal was denied without prejudice because legislative staff did not have ample time to review the cost calculator (formula) used to develop the funding estimates. The CDVA vetted the cost calculator with legislative staff during the fall budget-building process, but, due to poor communication and staff assignment changes, legislative staff concerns went unaddressed.

Those staff concerns have been revisited this spring, and the CDVA has indicated it will make a reduction to the training costs allocated to certain classifications.

**COMMENTS**

This request does not address the concerns of prior legislative staff and, as such, should not be considered until such concerns are met.

**ISSUE 5: GLAVC VETERAN'S HOME START UP STAFFING, PHASE II**

The CDVA requests \$9,442,000 General Fund and 107 positions, \$11,301,000 and 150 positions ongoing, to complete construction, pre-activation, and begin business operations of the Greater Los Angeles/Ventura Counties (GLAVC) Veterans Homes.

**BACKGROUND**

The GLAVC veterans homes were envisioned and enabled (along with the Redding and Fresno homes discussed below) by the Veterans Home Bond Act of 2000, AB 2559 (Wesson) of 2002, and AB 1077 (Wesson) of 2004, which made funds available to meet the matching requirement to receive a grant from the USDVA State Home Grant Program—which funds the majority of the project costs (the split is approximately 60 percent federal funds with the remainder consisting of General Obligation and Lease-Revenue Bonds).

The Legislature approved pre-activation and construction funding for Phase I of GLAVC last year, and ground-breaking for the three new homes took place on schedule in June and July of 2007. Construction at Ventura and Lancaster is scheduled for completion in December 2008, with the first residents to arrive in April. Under this proposal, Ventura and Lancaster would serve 18 veterans in the Adult Day Health Care (ADHC) program and house 30 Residential Care Facility for the Elderly residents by the close of fiscal year 2008-09. With West Los Angeles to be completed in December 2009, the new homes, when fully operational, would add approximately 616 total beds to the veterans' home system. According to the CDVA, 250 letters of intent to apply to GLAVC have been received to date.

**COMMENTS**

The Governor's proposed BBR would delay opening of the ADHC units at Ventura and Lancaster until FY 2009-10, but all other aspects of the homes would become operational according to the schedule laid out in this proposal.

**ISSUE 6: REDDING AND FRESNO VETERANS HOMES PRE-ACTIVATION**

The Governor's budget proposes \$580,000 General Fund and 8 positions for the pre-activation phases of the Redding and Fresno Veterans Homes projects to ensure that all aspects of the construction and business operations of the homes are compliant with federal, state, and local laws and regulations.

**BACKGROUND**

The Redding and Fresno veterans homes were envisioned and enabled by the same legislation that produced GLAVC, and were provided authority to pursue a design-build project procurement process under AB 1725 (LaMalfa) of 2005. Construction of the Redding and Fresno homes, which are to be modeled after the GLAVC satellite facilities in Lancaster and Ventura County, is scheduled to begin in November 2008, with Redding to be completed in October 2010, and Fresno in February 2011.

**COMMENTS**

The Governor has proposed a BBR delaying the pre-activation phase for these new homes until FY 2009-10 (essentially placing this Budget Change Proposal on hold for a year). However, with or without the delay in pre-activation, the construction phase will go forward barring action by the Legislature to delay it.

**ISSUE 7: CHULA VISTA BUDGET CORRECTION**

The Governor's budget proposes \$2,880,000 General Fund to correct a funding deficit within the Chula Vista OE&E budget.

**BACKGROUND**

On September 12, 2007, the Department of Finance (DOF) submitted to the Legislature a "Notification of Receipt of Deficiency Funding Requests from the Department of Veteran Affairs," that included \$3.98 million for "ongoing operations at the Chula Vista Veterans Home." The notification indicated that the DOF's initial review found a need for funding the operating shortfall, but noted that the Office of State Audits and Evaluations (OSAE) would conduct an audit to determine the cause and to validate the true need for additional expenditure authority. Subsequently, the DOF submitted to the Legislature on December 11, 2007, an "Approval of Deficiency Funding Request from the Department of Veteran Affairs," based on the completed OSAE audit which found the CDVA's original funding request overstated and recommended it be reduced (by \$1.1 million) to \$2.88 million.

**COMMENTS**

Staff notes no concern with the requested amount, but the Subcommittee may wish the CDVA to briefly outline steps taken to ensure that the "bad budgeting" practices enumerated in the audit do not take place again in the future.

**ISSUE 8: LICENSED VOCATIONAL NURSING STAFF FOR RESIDENTIAL CARE FACILITY FOR EDERLY – CHULA VISTA**

The Governor's budget proposes \$164,000 General Fund and 2 positions to provide medication management program oversight within the Residential Care Facility for the Elderly (RCFE) unit at Chula Vista.

**BACKGROUND**

AB 2609 (Evans) of 2006 requires licensed RCFEs to ensure that each employee who assists residents with the self-administration of medications meet certain training requirements. The CDVA requests two Licensed Vocational Nurses to provide nursing care, medication management training, oversight, and direction to meet the bill's requirements.

**COMMENTS**

As discussed in full Budget Committee hearings during the special session, the current fiscal crisis requires that the Legislature consider many options that would not ordinarily be on the table in better budgetary times. This includes deferral or elimination of funding for recently enacted legislation.

**ISSUE 9: AUGMENTATION OF NURSING STAFF – CHULA VISTA**

The Governor's budget proposes \$3,491,000 General Fund and 38 positions to implement staffing ratios set forth in emergency draft regulations recently issued by the California Department of Public Health (CDPH).

**BACKGROUND**

Staff-to-patient ratios were legislated in 2001 as part of AB 1075, but delay in implementing the statute led to a lawsuit against CDPH by a consumer advocate organization. In settling the suit, the CDPH agreed to implement emergency regulations, with a formula for calculating appropriate ratios, contingent upon a budget allocation in the annual budget or other statute. The Legislature subsequently authorized the CDPH to adopt emergency regulations to implement the provisions of AB 1075, and the CDPH issued draft regulations on October 16, 2007.

**COMMENTS**

The workload calculations supporting this request are insubstantial, and may be inaccurate. The Administration has indicated that it plans to correct these errors.

**ISSUE 10: GENERAL FUND REVENUE CHANGE**

In contrast to past years, the 2008-09 Governor's budget and the accompanying Budget Bill (AB 1770) do not contain separate appropriations for the reimbursements and federal funds the state receives for the provision of medical care at veterans homes. Instead, the Administration opted to count these moneys as revenue to the General Fund and to include them under the CDVA's General Fund appropriation.

**BACKGROUND**

According to the Administration, the accounting method adopted in the proposed budget is consistent with the State Criminal Alien Assistance Program operated under the Department of Corrections and Rehabilitation. This will allow for the CDVA to avoid the need to request changes to its Federal Fund and Reimbursement authority on a yearly basis, which will help to improve the department's budget process.

**COMMENTS**

While staff supports providing the CDVA with tools it deems necessary to improve its internal budgeting process, this change raises a concern about Legislature's ability to ensure that the CDVA is accurately accounting for the receipt of Federal Funds and Reimbursements in the process of building its budget.

**ISSUE 11: BBR – LOCAL ASSISTANCE TO COUNTIES**

The Governor proposes to reduce local assistance to County Veteran Services Offices (CVSOs) by \$260,000 GF.

**BACKGROUND**

The Administration indicates that the proposed reduction would decrease outreach and educational programs conducted by CVSOs, resulting in reduced access to benefits for veterans and fewer federal dollars entering the California economy. This proposal would affect all counties, but would have the greatest potential impact on small counties, where the loss of state funds could cause closure of entire programs.

**ISSUE 12: BUDGET BALANCING REDUCTION**

The Governor's budget Proposes a General Fund reduction of approximately \$19.4 million and a reduction of 118.5 PYs. The General Fund reduction is offset by a loss of Federal Funds, resulting in a net General Fund reduction of approximately \$16 million. These reductions are in the following areas:

**Reduction in Programs for Veterans**

Under the Governor's budget proposal, Programs for Veterans will take reductions of \$19.1 million General Fund, which is offset by the loss of 3 million in Federal Funds, resulting in a net General Fund reduction of approximately \$16 million.

**Reduction for County Veterans Services**

As mentioned in Issue 11, under the Governor's budget, County Veteran Services will take a reduction of \$260,000 General Fund.