

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 4
ON STATE ADMINISTRATION

Assemblymember Rudy Bermudez, Chair

WEDNESDAY, MAY 10, 2006 1:30 PM
STATE CAPITOL, ROOM 437

CONSENT ITEMS

ITEM	DESCRIPTION	PAGE
0250	JUDICIAL BRANCH	
ISSUE 3	COURT FACILITIES TRUST FUND APPROPRIATION	6
0690	OFFICE OF EMERGENCY SERVICES	
ISSUE 2	TSUNAMI PROGRAM MANAGER POSITION	8
ISSUE 3	UPDATED DISASTER ASSISTANCE PAYMENT PROJECTIONS	8
ISSUE 4	NUCLEAR PLANNING ASSESSMENT SPECIAL ACCOUNT	9
ISSUE 5	FEDERAL RESIDENTIAL SUBSTANCE ABUSE TREATMENT FUNDING	9
1870	VICTIMS COMPENSATION AND GOVERNMENTAL CLAIMS BOARD	13
ISSUE 1	RELOCATION COST	13
0820	DEPARTMENT OF JUSTICE	
ISSUE 2	RADIO COMMUNICATIONS EQUIPMENT	15
ISSUE 4	ENERGY LITIGATION	16
ISSUE 5	RESPONSIBLE ADULTS- SAFE TEENS PROJECT	17
ISSUE 6	TRANSFER OF VARIOUS PROGRAMS	17
ISSUE 7	SPICES/TARGET REAPPROPRIATION	17
ISSUE 8	NATIONAL INSTITUTE ON JUSTICE FEDERAL GRANT	18
ISSUE 9	SPOUSAL ABUSER PROSECUTION PROGRAM	18
ISSUE 10	SUPERVISING DEPUTY ATTORNEY GENERAL	18

VOTE ONLY ITEMS

ITEM	DESCRIPTION	PAGE
0250	JUDICIAL BRANCH	
ISSUE 2	TRIAL COURT INFORMATION TECHNOLOGY	5

0820	DEPARTMENT OF JUSTICE	
ISSUE 3	MEGAN'S LAW PROGRAM	17

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
0250	JUDICIAL BRANCH	3
ISSUE 1	STATE JUDICIARY INFORMATION TECHNOLOGY SUPPORT & MAINTENANCE	3
0690	OFFICE OF EMERGENCY SERVICES	7
ISSUE 1	SEPARATION OF THE OFFICE OF HOMELAND SECURITY	7
0690	OFFICE OF HOMELAND SECURITY	10
ISSUE 1	SCIENCE AND TECHNOLOGY UNIT	10
ISSUE 2	ADMINISTRATIVE WORKLOAD INCREASE	11
ISSUE 3	SEPARATION OF THE OFFICE OF HOMELAND SECURITY	12
0820	DEPARTMENT OF JUSTICE	14
ISSUE 1	CLASS ACTION LAW SUIT FOR THE DEPARTMENT OF CORRECTIONS AND REHABILITATION	14
1900	CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM	19
ISSUE 1	DIVERSITY OF INVESTMENT	19
1920	CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM	20
ISSUE 1	DIVERSITY OF INVESTMENT	20

ITEMS TO BE HEARD

ITEM 0250

JUDICIAL BRANCH

ISSUE 1: JUDICIARY INFORMATION TECHNOLOGY SUPPORT & MAINTENANCE

The administration proposes a General Fund Augmentation of \$3,310,000 (\$2,497,000 one-time) to provide increased information technology support for the Administrative of the Courts (AOC), the Supreme Court, and the Courts of Appeal. This proposal would support the establishment of 17 permanent positions: 9 positions in 2006-07 FY and 8.0 in 2007-08 FY within the Information Services Division.

Over the past seven years, the Administrative Office of the Courts (AOC) has expanded dramatically in both size and capability to service the state court system. The AOC completed the following tasks to meet their information technology demands:

- Introduced a new statewide email system linking over 1,800 accounts in the appellate court,
- Added laptops and smart phone to court inventory to accommodate an increasingly mobile user base,
- Configured a separate network for developing trial-court applications, and
- Utilized over 100 servers on three different operating system platforms to support critical application.

The present proposal seeks to accommodate workload growth within Information Services Division due to the continued transfer of court operations. Additionally, the proposal provides for asset replacement, data security, and application development.

COMMENTS

At previous hearings, the subcommittee expressed a few concerns with the package of information technology projects the Judicial Branch requested. Most significant of those concerns were (1) the overlap of funding and responsibility between Trial Court operations and Judiciary operations and (2) the apparent capacity within existing resources to support this workload.

Representatives for the AOC provided data and analysis supporting their position that the existing staff was insufficient to adequately maintain current IT workload and deploy new statewide IT projects. However, committee staff has maintained concern about the nature of the Judicial Branch's request.

Normally, request of this nature contain both permanent and limited-term positions. However, the current proposal would only establish 17 permanent positions to a division with 78.96 positions.

Additionally, the project specific data provided by AOC staff stated that all of the courts major statewide IT initiatives should be deployed by January 1, 2008. Therefore, it is conceivable that the request staff level could be reduced in the future year.

ISSUE 2: TRIAL COURT INFORMATION TECHNOLOGY – VOTE ONLY

The enactment of the Trial Court Funding Act removed a county's legal obligation to provide trial courts with a broad range of administrative services and information technology support. Judicial Council asserts that counties either have terminated or are in the process of ending the provision of these services to the courts. Additionally, the Judicial Council believes legislative mandates (mainly AB 233, Chapter 15, Statutes of 2000) have called for an enhanced level of administrative and information technology support.

The Council points to AB 233, suggesting that the passage showcased a need for greater fiscal accountability for the trial courts. As a result, the Council is working towards placing all 58-trial courts on various statewide systems including Judicial Branch cash management and investment operations, a centralized accounting system, and Human Resources administration.

To accomplish their effort, the Judicial Council proposes an ongoing General Fund augmentation of \$12.3 million budget year for the development and implementation of administrative services to the trial courts. These administrative services are in accordance with the long-term fiscal responsibility and accountability plan that was designed to meet the requirements of the trial court funding act.

COMMENTS:

Committee staff are meeting with representatives from the Administrative Office of the Courts to further discuss this proposal and upon further review the Judicial Court representatives agree to withdraw this proposal.

ISSUE 3: COURT FACILITIES TRUST FUND APPROPRIATION- CONSENT

The Judicial Branch submitted a finance letter requesting a permanent Court Facilities Trust Fund augmentation of \$372,000, of which \$74,000 is for county reimbursements for on-going operations and maintenance cost.

The Trial Court Facilities Act established a process by which the state will assume responsibility for all court facilities as they transfer from the local level. According to statute, the transfer process for the over 400 court facilities is to be complete by July 2007. To date, less than ten facilities have transferred to the state with less than half likely to be complete before the statutory deadline.

This request specifically relates to two court facilities transfer that occurred in the Fall of fiscal year 2005-06: Riverside County and San Joaquin County. The total county facility annual payment (CFP) for both counties is \$298,000. The CRP represents the county fix share of the maintenance cost for transferred facilities.

Additionally, this request contains \$74,000 in reimbursement authority for a shared use facility in Riverside County. Current law allows the state to bill counties for operations and maintenance services and associated in shared-use facilities. Existing statute also stipulates that user rights in a shared use facility will be stated in an agreement between the Judicial Branch and the county.

ITEM 0690**OFFICE OF EMERGENCY SERVICES**

The principal objective of the Office of Emergency Services is the coordination of emergency activities to save lives and reduce property losses during disasters and to expedite recovery from the effects of disasters. Additionally, the Office of Homeland Security is responsible for the development and coordination of a comprehensive state strategy related to terrorism that includes prevention, preparedness, and response and recovery.

ISSUE 1: SEPARATION OF THE OFFICE OF HOMELAND SECURITY

The administration is requesting technical changes to the budget bill that would accommodate a statutory change to separate the Office of Emergency Services from the Office of Homeland Security.

Although the two entities are currently utilizing the same organization code, they were established by two separate actions. OES was established by Article 5 of the Emergency Services Act, where as OHS was established by a February 2003 Executive Order. As a result, many non-partisan entities, such as the Little Hoover Commission, have recommended that the Legislature clarify to duty and responsibilities of both Offices in statute.

COMMENTS

The Legislature has conducted numerous hearings regarding the statewide emergency preparedness and response. Recently, this subcommittee participated in a joint sub-committee informational hearing where a variety of ideas and legislative proposal were discussed.

It maybe premature to separate the entities within the budget because the legislature has yet to enact a clarify statute. It is appropriate, within the existing OES organization code, for the subcommittee to clearly identify the baseline funding for OHS and OES. Such as action would not only accommodate any future legislative policy decision to separate the entities, but it would also provide increased budgetary oversight

ISSUE 2: TSUNAMI PROGRAM MANAGER POSITION – CONSENT

The administration is requesting position authority to establish one Tsunami Program Manager Position in OES's Coastal Regional Office. The position will be supported by National Oceanic and Atmospheric Administration (NOAA) grants funds to provide expert technical assistance to state agencies participating in the National Tsunami Hazard Mitigation Program; managing contracts for the development of tsunami inundation projections, and providing technical support for response plan development and training to coastal and delta counties vulnerable to tsunami inundation.

ISSUE 3: UPDATED DISASTER ASSISTANCE PAYMENT PROJECTIONS – CONSENT

When the Governor proclaims a State of Emergency, funding through the California Disaster Assistance Act may be made available to local agencies to assist them in recovery from disasters. Similarly, when the U.S. President makes a Declaration of Major Disaster, federal funds requiring a state match are made available to locals through the Federal Emergency Management Agency (FEMA). Both the CDA and FEMA assistance require the state to pay a portion of the total disaster recovery costs.

The Governor's January 10th budget did not include a cost estimate for the Winter Storms of 2006. Subsequently, the administration submitted a finance letter taking into account the projections for the winter storms

	Local Assistance	State Operations	Total
Jan 10 Budget	- \$17,389,000	-\$2,192,000	-\$19,581,000
March 30 Finance Letter	19,963,000	\$3,745,000	\$23,708,000
Net Request	\$2,574,000	\$1,553,000	\$4,127,000

ISSUE 4: NUCLEAR PLANNING ASSESSMENT SPECIAL ACCOUNT - CONSENT

The administration submitted a finance letter requesting an increase for the Nuclear Planning Assessment Special Fund of \$120,000 (\$35,000 State Operations, \$85,000 Local Assistance). This request is pursuant to Government Code Section 8610.5. This is an annual adjustment based on economic change reflected in the California Consumer Price Index.

ISSUE 5: FEDERAL RESIDENTIAL SUBSTANCE ABUSE TREATMENT FUNDING – CONSENT

The administration submitted a finance letter requesting a decrease of \$9.1 million in Federal Trust Fund authority to eliminate the Residential Substance Abuse Treatment funding that will no longer be provided by the federal government.

ITEM 0690**OFFICE OF HOMELAND SECURITY****ISSUE 1: SCIENCE AND TECHNOLOGY UNIT**

The OHS seeks to establish the Science and Technology Unit to mirror federal Science and Technology Directorate, in order to coordinate and acting a focal point for the varied homeland security technology solutions.

The cost associated with establishing the unit will be funded through the state's share of the federal homeland security grant and other special funds intended for homeland security purposes. The proposal will fund five positions (\$465,000 Federal Trust Fund), which will counter statewide threats by implementing best practices, investigating new, evolutionary improvements to current capabilities and sharing evolutionary new capabilities that are already in use of in the private sector, other states, local agencies and the federal government.

ISSUE 2: ADMINISTRATIVE WORKLOAD INCREASE

Prior to fiscal year 2005-06, administrative support for OHS was provided solely by the OES. As OHS's role and mission has expanded, OES has been unable to keep pace with the OHS's administrative needs. The 2005 Budget Act provided Federal Trust Fund resources to provide contracted services to address OHS administrative support in the following areas: 1) fiscal services, 2) information technology, and 3) legal counsel. It also authorized 1.0 managerial positions to oversee the coordination of these contracted services and to provide limited internal administrative support.

OHS now believes that it is more appropriate to conduct these contracted administrative services in-house due to the increase complexity. They are requesting 9.0 positions (\$444,000 from special funds) to increase the administrative and management support.

COMMENTS

The administration's proposal to increase OHS administrative support takes into account that a policy direction the Legislature has not been approved. Currently, OHS rests within the jurisdiction of OES. Therefore, as noted above, OES handles a portion of their administrative needs. Therefore, while most would conclude that OHS administrative support does need an increase, it is currently unclear the number of positions actually needed to support OHS, since this proposal assumes separation from OES.

In subsequently discussions with OHS staff, they acknowledge the fact the proposal took into account the separation from OES. As a result, they submitted a revised proposal that reduce the total number of request to seven (7) positions. In their review of the Jan 10 proposal, OHS eliminated two manager positions (\$274,000 from special funds).

ISSUE 3: SEPARATION OF THE OFFICE OF HOMELAND SECURITY

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COMMENTS

The Legislature has conducted numerous hearings regarding the statewide emergency preparedness and response. Recently, this subcommittee participated in a joint sub-committee informational hearing where a variety of ideas and legislative proposal where discussed.

It maybe premature to separate the entities within the budget because the legislature has yet to enact a clarify statute. It is appropriate, within the existing OES organization code, for the subcommittee to clearly identify the baseline funding for OHS and OES. Such as action would not only accommodate any future legislative policy decision to separate the entities, but it would also provide increased budgetary oversight

ITEM 1870 VICTIM COMPENSATION AND GOVERNMENTAL CLAIMS BOARD

The VCGCB consists of three members: the Secretary of the State and Consumer Services Agency who serves as the chair, the State Controller, and a public member appointed by the Governor. The primary objectives of the California Victim Compensation and Government Claims Board are to compensate victims of violent crime for certain financial losses; settle civil claims against the state in an equitable manner; provide equitable travel allowances to certain state government officials; respond to bid protests against the state; and provide for reimbursement of counties' expenditures for special elections.

ISSUE 1: RELOCATION COST --CONSENT

The administration submitted a finance letter requesting one-time funding of \$2.1 million for relocation and moving costs. The Board is moving from the current location, due to a number of deficiencies including the lack of space and compliance with the Americans with Disabilities Acts. The Board has been working in conjunction with DGS and has found a suitable location that can be retained within their existing facilities allocation.

ITEM 0820**DEPARTMENT OF JUSTICE**

The Department of Justice is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state; represents the people in actions to protect the environment and to enforce laws; and assists district attorneys in the administration of justice. The Department also coordinates efforts to address the statewide narcotic enforcement problem as follows; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunications and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal activities.

ISSUE 1: CLASS ACTION LAW SUIT FOR THE DEPARTMENT OF CORRECTIONS AND REHABILITATION

The Department of Justice submitted a finance letter requesting \$3.1 million and 24.0 permanent positions to handle class action cases received from the California Department of Corrections and Rehabilitation, along with language to restrict the use of funds as budgeted for the Correctional Law Section.

The Correctional Law Section (CLS) defends the Governor, CDCR, and state employee in litigation filed by prisoners, juvenile wards and parolees challenging their conditions of confinement, parole suitability, and parole revocations. In fiscal year 2004-05, CLS handled 1,294 habeas cases and 1,262 civil suits, including resulting appeals, brought by individual inmates and parolees.

This request is to establish a dedicated unit to handle class action workload. Class actions are suits bought by large groups of prisoners or parolees (often exceeding 10,000) challenging systemic conditions or policies affecting inmates or parolees. These cases typically go on for many years. Most CLS class actions last a decade or more; some existing cases are now in their fifteenth year.

Approval of this proposal will allow DOJ to assume representation responsibility for three of the four CDCR class action cases that were previously declined.

ISSUE 2: RADIO COMMUNICATIONS EQUIPMENT

The current DOJ radio system is a statewide repeater-based analog system established in the late 1970's as a dedicated network, not shared with other state agencies. The system's infrastructure consists of 29 radio repeaters and 12 control stations. The field equipment used by DOJ's special agents includes approximately 600 mobile and 600 portable radios.

The estimated life of a public safety radio repeater is approximately fifteen (15) years. By the end of the budget year, all of DOJ repeaters will be more than eighteen year old. Likewise, DOJ asserts that while the performance of the radio is declining, the cost of maintaining the units is increasing and, in some cases, replacement parts are no longer manufactured.

DOJ request \$2.8 million in one-time General Fund authority to replace its radio communications system infrastructure and an ongoing allocation of \$936,000 beginning in 2007-08 for an annual replacement schedule.

COMMENTS

Additionally, DOJ noted that the radio system will be operable with P25-compliant systems, which are being increasingly adopted and deployed. However, no current statewide policy has been issued to address the statewide interoperability.

ISSUE 3: MEGAN'S LAW PROGRAM – VOTE ONLY

The Department of Justice is requesting a fund shift in the amount of \$81,000 in 2006-07 and \$500,000 in 2007-08 from the Sexual Predator Public Information Fund to the General Fund in order to continue funding the Megan's Law Program at its current level.

The current Megan's Law Program consists of a statewide training program, Megan's Law data collection and the California Sex Offender Information "900" line. The Sexual Predator Public Information Fund will not have sufficient revenue in 2006-07 to support these cost due to a significant decrease in revenue associated with the "900" line, as a result of the Megan's Law Website.

COMMENTS

While no one questions the merit of the program and the reasonability of providing General Fund dollars to ensure the public safety of California children. It may be appropriate for the committee to explore with DOJ and the Department of Finance future options to restore an outside revenue stream to support these efforts.

Since the California Sex Offender Information "900" line is a fee-based service that generates the majority of revenues for the Sexual Predator Fund, the committee may wish to have the department comment on the reasonableness of converting the new Megan's Law Website to a fee-based service.

ISSUE 4: ENERGY LITIGATION - CONSENT

The Department of Justice is requesting \$4.2 million (Ratepayer Relief Fund) to continue investigation and litigation activities arising from California's electricity and natural gas emergency, as well as language to ensure that DOJ does not spend more than it recovers and aligns expenditures with actual recoveries.

In the current year the Attorney General's Energy and Corporate Responsibility Section has 17.0 positions with a number of positions schedule to expire at the end of the current year. However due to unforeseen development, the Attorney General is requesting to extended those limited-term position through the budget year (July 1, 2007).

ISSUE 5: RESPONSIBLE ADULTS- SAFE TEENS PROJECT – CONSENT

The Department of Justice request increased reimbursement authority of \$517,000 in 2006-07 and \$383,000 in 2007-08 to receive a grant for the Office of Traffic Safety, as well as .5 limited term positions to help implement the grant.

The purpose of the grant is to develop and implement a public awareness campaign that consists of paid media and local partnerships that encourages parents and other adults to comply with the laws against providing alcohol to minors.

ISSUE 6: TRANSFER OF VARIOUS PROGRAMS – CONSENT

The Department of Justice submitted a finance letter requesting to permanently move the Facilities Protection Unit, \$954,000 (General Fund) and 14.0 positions to the Division of Law Enforcement; permanently move the Fiscal Systems Unit, \$408,000 (General Fund) and 3.0 positions to the Division of California Justice and Information Services; and permanently move \$507,000 (General Fund) and 5.0 positions from the Office of Professional Development and Case Management Services to the Division of California Justice and Information Services.

ISSUE 7: SPICES/ TARGET REAPPROPRIATION – CONSENT

The Department of Justice submitted a finance letter requesting the reappropriation of \$3.6 million (federal reimbursement) to complete the Single-Point Information, Collection, and Evaluation System (SPICES) and the Threat, Analysis, Reporting, and Geographic Evaluation Tool projects.

DOJ is requesting the reappropriation due to slow-downs during the procurement process that resulted in a four month project delay.

ISSUE 8: NATIONAL INSTITUTE ON JUSTICE FEDERAL GRANT – CONSENT

The Department of Justice submitted a finance letter requesting a \$487,000 (Federal Trust Fund) to reflect a new federal grant award for the National Institute on Justice, for Information-Led Policing Research, Technology Development, Testing, and Evaluation, with language that restricts the DOJ from spending these funds until an FSR has been approved by the Department of Finance and reviewed by the Legislature.

ISSUE 9: SPOUSAL ABUSER PROSECUTION PROGRAM – CONSENT

The Department of Justice submitted a finance letter requesting a technical adjustment to decrease Item 0820-001-0001 by \$283,000 and increase item 0820-101-0001 by \$283,000, and delete Provision 4 from Item 0820-001-0001 which requires the DOJ to transfer \$283,000 to Item 0820-101-0001 to support the Spousal Abuser Prosecution Program.

ISSUE 10: SUPERVISING DEPUTY ATTORNEY GENERAL – CONSENT

The Department of Justice submitted a finance letter requesting the establishment of a new classification: Supervising Deputy Attorney. Specifically, DOJ seeks to reclassify 130 existing position to the supervising level at a cost of \$1,296,000 in 2006-07 (\$741,000 General Fund).

According to DOJ, the Legal Divisions of the Attorney General have no designated supervisor per the Ralph C. Dills Act. Currently, DOJ is utilizing existing positions as ad hoc supervisors, which is in conflict with the current collective bargaining agreement.

ITEM 1900 CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

The California Public Employees' Retirement System (CalPERS) administers retirement and health benefits for more than 1.4 million active employees and retirees of state and local agencies in California. Benefits include retirement, disability, and survivor's retirement benefits, Social Security for State employees, and the development, negotiation, and administration of contracts with health maintenance organizations, group hospitals, and medical insurance plans. In addition, CalPERS administers a long term care program for members and eligible individuals.

CalPERS is governed by a Board of Administration. The California Constitution provides that the Board of Administration has authority over the administration of the retirement system. Therefore, the budget data presented here is for informational purposes only, with the exception of the component of the Health Benefits Program funded from the Public Employees' Contingency Reserve Fund.

The Governor's budget allocates \$1.3 billion from the General Fund and Special Fund contributions totaling \$745,000. The Governor's budget proposes total expenditures of \$12.3 billion with funding coming primarily from the Public Employees' Retirement Fund and the Public Employees' Health Care Fund.

ISSUE 1: DIVERSITY OF INVESTMENT

June 15th, 2004 CalPERS submitted to the legislature a Commitment to Diversity Report. This report discussed CalPERS existing diversity programs and participation rate levels in CalPERS business activities by ethnic minority firms, women-owned firms, and ethnic minority and women employees, focusing on the management of CalPERS investment assets.

COMMENTS

At the request of the chair, this is an informational issue for CalPERS staff to update the committee on CalPERS status and progress since the 2004 report.

ITEM 1920 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

The State Teachers' Retirement System (STRS) provides retirement related benefits and services to 735,000 active and retired educators in public schools from kindergarten through the community college level. The system provides three types of benefits: 1) service retirement benefits determined on the basis of member's age, years of service, and final compensation 2) survivor benefits and 3) disability benefits.

The STRS board has twelve members; four ex-officio members including the Superintendent of Public Instruction, State Treasurer, State Controller, and the Director of Finance; three public members; one retiree of STRS; one member that is either a school board member or community college trustee; and three representatives elected by STRS members.

The main objectives of STRS include: the maintenance of a financially sound retirement system, the maintenance of efficient administrative operations, continuous improvement of the delivery of benefits products and services to STRS members, and the development and improvement of the benefits and products to STRS members.

The State contribution is proposed at \$1 billion in the Governor's budget. The total expenditure is budgeted at \$7.8 billion coming primarily from the Teachers' Retirement Fund.

ISSUE1: DIVERSITY OF INVESTMENT**COMMENTS**

At the request of the chair, this is an informational issue for CalSTRS staff to update the committee on CalSTRS status and progress in relation to Diversity of Investment.