

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 4
ON STATE ADMINISTRATION

Assemblymember Rudy Bermudez, Chair

WEDNESDAY, MAY 17TH, 2006, 1:00 PM
STATE CAPITOL, ROOM 437

CONSENT CALENDAR

ITEM	DESCRIPTION	
CS 3.60	CONTROL SECTION 3.60	2
CS 31.00	CONTROL SECTION 31.00	3
1900	CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)	12
ISSUE 1	REVISED BUDGET	12

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
0890	SECRETARY OF STATE	5
ISSUE 1	HELP AMERICA VOTE ACT	5
ISSUE 2	ONLINE DISCLOSURE	9
9800	AUGMENTATION FOR EMPLOYEE COMPENSATION	13
ISSUE 1	EMPLOYEE COMPENSATION – EXISTING BARGAINING UNIT MOUS	13
ISSUE 2	PLATA LAWSUIT	15

ITEMS FOR CONSENT

ITEM CONTROL SECTION 3.60 – RETIREMENT CONTRIBUTION RATES

The proposed rates for 2006-2007 have not yet been adopted by the CalPERS Board of Administration and its committees, which meet this week. As such, the May Revision does not include adjustments to Control Section 3.60 based on the proposed 2006-07 state contribution rates to the California Public Employees' Retirement System (CalPERS).

COMMENTS

LAO recommends that Control Section 3.60 not be updated until new proposed rates are available. By conference, the administration should be able to provide estimates on the additional funds required by state departments to accommodate the expected \$237 million increase from the current year in CalPERS contributions. This is an increase of \$182 million over the amount assumed in the Governor's Budget. Additional General Fund costs for the retirement contributions could be in the range of \$100 million (55 percent of the total) over the Governor's Budget, but could be less for several reasons, including the annual deferral of fourth-quarter contributions to the subsequent fiscal year. The administration reports it is still determining if any of the funds are already in departmental budgets.

As the proposed rates are not yet available, final action to adjust Control Section 3.60 to reflect the higher expected contribution rates may be premature.

ITEM CONTROL SECTION 31.00 ADMINISTRATIVE PROCEDURES FOR SALARIES AND WAGES

Control Section 31.00 (CS 31.00) specifies Department of Finance oversight responsibilities concerning salaries and wages and the establishment of positions. The control section also establishes notification requirements for the administration to report to the Legislature when positions are administratively established and when a position is re-classified to a position with a minimum salary step exceeding \$6,334 per month.

ISSUE 1: REVISION OF LANGUAGE

Based on discussions following Senate sub-committee hearings, it became clear that there was some confusion as to the exact interpretation of parts of CS 31.00. The LAO conferred with Committee staff and the Department of Finance and modified the current Control Section 31.00 language to clarify legislative intent.

Additionally, based on concerns brought up in these discussions, trailer bill language has been developed requiring Department of Finance reporting on permanent positions departments are keeping in the “blanket.” Position information is reported annually to the Legislature in the Salary and Wages document that is provided each January. The “temporary help” category is a single line for each department in the Salary and Wages and does not list classifications – the intent of the category is to pick up student assistants, seasonal workers, and retirees moved there while running out vacation prior to actual retirement. There is concern that some departments are using “temporary help” funding to support permanent positions that have never been approved by the Legislature. The new reporting language may help determine how many departments are using temporary help funding to support permanent positions. The proposed placeholder trailer bill language is as follows:

The Director of Finance shall reconcile with the State Controller's Office and report, by October 1 of each year, the number of permanent employees by department appointed as full-time or part-time tenure in blanket positions for more than six consecutive months in the immediately preceding fiscal year.

The proposed language for CS 31.00 is:

SEC. 31.00. (a) The appropriations made by this act shall be subject, unless otherwise provided by law, to Section 13320 of, and Article 2.5 (commencing with Section 13332) of Chapter 3 of Part 3 of Division 3 of Title 2 of, the Government Code, requiring expenditures to be made in accordance with the allotments and other provisions of fiscal year budgets approved by the Department of Finance.

(b) The fiscal year budgets shall authorize, in the manner that the Department of Finance shall prescribe, all established positions whose continuance for the year is approved and all new positions. No new position shall be established unless authorized by the Department of Finance on the basis of work program and organization.

(c) The Director of Finance, or his or her authorized designee, shall notify the Chairperson of the Joint Legislative Budget Committee within 30 days of authorizing any position not authorized for that fiscal year by the Legislature or any reclassification to a

position with a minimum step per month of six thousand three hundred thirty-four dollars (\$6,334) as of July 1, 2006. ~~He or she also shall report all transfers to blanket authorizations and the establishment of any permanent positions out of a blanket authorization.~~

(d) It is the intent of the Legislature that all positions administratively established pursuant to this section that are intended by the administration to be ongoing be submitted to the Legislature for approval through the regular budget process as soon as possible. All positions administratively established pursuant to this section during the 2006-07 fiscal year shall terminate on June 30, 2007, except for those positions that have been ~~(a 1) approved by the Legislature as part of the regular budget process included in the Governor's Budget for the 2007-08 fiscal year as proposed new positions,~~ or ~~(b 2) approved by the Department of Finance and reported to the Legislature after the 2007-08 Governor's Budget submission to the Legislature~~ and subsequently reported to the Legislature prior to July 1, 2007. The positions identified in ~~(a) and (b) (2) above~~ may be reestablished by the Department of Finance during the 2007-08 fiscal year, provided these positions are shown in the Governor's Budget for the 2008-09 fiscal year as submitted to the Legislature, ~~or in subsequent Department of Finance letters to the Legislature,~~ and provided that these positions do not result in the establishment of positions deleted by the Legislature through the budget process for the 2007-08 fiscal year. The Department of Finance will notify the Legislature within 30 days of the reestablishment of positions approved in the 2007-08 fiscal year pursuant to (2) above.

(e) No money in any 2006-07 fiscal year appropriation not appropriated for that purpose may be expended for increases in salary ranges or any other employee compensation action unless the Department of Finance certifies to the salary and other compensation-setting authority, prior to the adoption of the action, that funds are available to pay the increased salary or employee compensation resulting from the action. Prior to certification, the Department of Finance shall determine whether the increase in salary range or employee compensation action will require supplemental funding in the 2007-08 fiscal year. If the Department of Finance determines that supplemental funding will be required, no certification shall be issued unless notification in writing is given by the Department of Finance, at least 30 days before certification is made, to the chairperson of the committee in each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or a lesser time which the chairperson of the joint committee, or his or her designee, determines.

(f) A certification on a payroll claim that expenditures therein are in accordance with current budgetary provisions as approved by the Department of Finance shall be sufficient evidence to the Controller that these expenditures comply with the provisions of this section.

ITEMS TO BE HEARD

ITEM 0890 SECRETARY OF STATE

The Secretary of State (SOS), a constitutional office, is the chief election officer of the State and is responsible for the administration and enforcement of election laws and campaign disclosure requirements. The Office also has statutory responsibility for managing the filing of financial statements and corporate-related documents for the public record. In addition, the Office is responsible for the appointment of public notaries, enforcement of notary laws and preservation of documents and records having historical significance (official state archives). All documents filed are a matter of public record and historical importance. They are available through prescribed procedures for public review and certification as to authenticity.

ISSUE 1: HELP AMERICA VOTE ACT (HAVA)

In the fall of 2002, Congress passed and the President signed legislation to fund improvements to states' election systems. HAVA funds have been appropriated nationwide with the direction to implement broad election reforms and improve the accuracy and performance of each state's voting processes. For California, these activities include developing a statewide voter database, voter outreach, poll monitoring, replacing punch card voting machines with more modern equipment, and other related activities. Since establishment, California has received \$361.6 million in federal funds to implement mandates affecting the administration of federal elections. The 2005-06 budget reappropriated \$201.7 million in federal funds for these purposes.

The 2006-2007 Governor's budget did not include the spending plan for the remaining HAVA funds previously approved by the legislature in April 2005. The DOF approved an addendum to the HAVA spending plan from the Secretary of State on January 27th, 2006 (notified on Jan. 30). Based on concerns from the LAO, the Joint Legislative Budget Committee rejected this addendum on March 1, 2006, and requested the Secretary of State and DOF revise the plan to address their concerns.

The revised spending plan, along with changes to the current year funding and a finance letter for the budget year, were provided April 18th, 2006.

The Administration requests additional current year federal fund expenditure authority of \$4.313 million for costs associated with the statewide database interim solution (CalVoter upgrade) (\$923,000), county costs associated with implementing that interim solution (\$3.1 million), voting systems guidelines and procedures (\$25,000), and parallel monitoring of polling machines (\$265,000).

The Spring Finance Letter is proposing \$5.5 million in budget year expenditures (including \$1.745 million for Administration which is already included in the Governor's budget). This includes initial costs for the new statewide database (\$2.1 million), interim solution, poll monitoring, parallel monitoring, voting system assessments, and voter

education materials. Additionally, the request includes reappropriation requests for \$45 million in HAVA funds.

The Secretary of State's revised spending plan addresses some of the concerns raised by the Joint Legislative Budget Committee regarding the appropriate expenditure of federal funds. The revised proposal reflects several changes relative to the current plan, including:

- Increases costs for the VoteCal statewide voter database (from \$47 million to \$67 million).
 - Eliminates the General Fund need to cover these costs by decreasing funding to other HAVA elements.
- Eliminates county training grants for training local officials and poll workers (reduction of \$9.5 million).
- Eliminates source code review which would involve contracting with independent experts to review and analyze the source codes used in voting machines and associated devices (reduction of \$1.2 million).
- Eliminates federal audit requirement (reduction of \$1.5 million). This audit will be paid for by counties who are actually subject to the audit.

COMMENTS

The Secretary of State's office only proposes to spend \$5.5 million in the budget year, but requests re-appropriation of \$45 million for the broader plan. As such, the LAO and staff have raised concerns with the proposed budget bill changes and have recommended the changes provided at the end of this comments section. These amendments would reject specific re-appropriations from the Budget Act of 2004 that were proposed by the Department of Finance and instead specify amounts to be spent in the budget year for state operations purposes.

In addition, after a year of hearing how important source code review is to the state, the new spending plan cuts that funding, claiming it is no longer necessary for the state to do so. The SOS claims that any necessary source code review will now be funded by the vendors. The Senate Budget Subcommittee 4, however, has funded Source Code Review in the amount of \$760,000 for the next year. Certification of voting systems is an ongoing process and new systems are still being proposed for certification. Modifications of systems also require re-certification.

Also in regards to elections security, the new spending plan requests funding for Parallel Monitoring, but predicts this practice will end after the November 2006 election. Parallel Monitoring, the practice of testing live voting machines on election day, is an important aspect of ensuring electing system security. **It is staff's understanding that a contract has not been awarded for this purpose for the June 6th election. With less than 3 weeks left, leaving an extremely short timeline, can this contract be awarded and still leave time for these tasks to be completed in the June election? How will this issue be addressed? Is it possible to do the monitoring with SOS staff? Would that cost less? Without parallel monitoring, how will system security be ensured after systems are certified?**

The U.S. Election Assistance Commission (EAC) questioned \$3.8 million in HAVA expenditures. In its May 12, 2006 report regarding the audit of California's use of HAVA funding, the final determination was that California must repay \$536,122 to the U.S. Treasury, and \$2,484,992 must be returned to the state election fund, where it will continue to improve the administration of federal elections in California. The SOS has 30 days to appeal the decision and the commission has 60 days to render a decision on the appeal. Once the final determination is made, a deficiency request will be forthcoming, but these funds cannot come out of HAVA funding.

Amend Existing Appropriation Item

0890-001-0890--For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Federal Trust Fund *for the implementation of the Help America Vote Act.* . .

~~1,745,000~~-\$6,297,023

Provisions:

1. *Funds shall be expended for the purposes approved in the April 11, 2006 Help America Vote Act spending plan. The amounts spent on each activity shall not exceed the maximums specified in the spending plan. In addition, that spending plan is amended to include \$760,000 for source code review in 2006-07, as described in the March 11, 2005, expenditure plan and consistent with Chapter 813, Statutes of 2004.*
2. *Notwithstanding any other provision of law, any funds not needed for an activity authorized in the spending plan shall not be redirected to other activities and are not authorized for expenditure.*
3. *The Secretary of State shall forward to the Chairperson of the Joint Legislative Budget Committee copies of quarterly reports sent to the Department of Finance. The quarterly reports shall provide, at a minimum, the level of expenditures by scheduled activity.*
4. *The Secretary of State shall forward to appropriate legislative committees, annually prior to January 15th until the Statewide Voter Database is fully implemented, a report on the status of:*
 - 1) *Election system security measures including, but not limited to:*
 - a. *Source Code Review*
 - b. *Parallel Monitoring*
 - c. *Poll Monitoring*
 - i. *Including a review of who conducted the monitoring and where they were located*
 - 2) *Expected General Fund exposure for completion of HAVA compliance*
 - a. *Including expected administration costs*
 - 3) *Completion of the CalVoter database*
 - a. *Including information on costs associated with the use of contractors and consultants, who was used, and for what.*
5. *The Department of Finance may authorize an increase in the appropriation of this item, up to the total amount of the program reserve. Any such approval must be accompanied by the approval of an amended spending plan submitted by the Secretary of State providing detailed justification for the increased expenses. No approval of an augmentation or spending plan amendment shall be effective sooner than 30 days following the transmittal of the approval to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.*
6. *Notwithstanding any other provision of law, any primary vendor contract for the development of a new statewide voter registration database shall be subject to the*

notification and other requirements under Section 11.00 of this act. The validity of any such contract shall be contingent upon the appropriation of funding in future budget acts.

Revert Prior Appropriations

0890-495, Reversion, Secretary of State. As of July 1, 2006, all unencumbered funds from the following appropriations shall revert to the Federal Trust Fund for future use to implement the Help America Vote Act:

- (1) Item 0890-001-0890, Budget Act of 2004 (Ch. 208, Stats 2004)*
- (2) Item 0890-101-0890, Budget Act of 2004 (Ch. 208, Stats 2004)*
- (3) Item 0890-490, Budget Act of 2005 (Ch. 38, Stats 2005)*

ISSUE 2: ONLINE DISCLOSURE

The Online Disclosure Act of 1997 (SB 49, Chapter 866, Statutes of 1997) required that certain campaign and lobbying reports be filed online with the Secretary of State starting in January of 2000. Online Disclosure filing would not be required if the committee or lobbyist had raised/spent less than \$100,000. This amount was lowered to \$50,000 starting July 1, 2000.

While some versions of the original bill included a requirement that software for compliance with the new requirements be available for \$99 or less, the final version left the cost up to the free market. Shortly after the 2000 elections, the cost of these systems started to become an issue, raising calls for a free filing system. In 2001, AB 696 (Chapter 917) passed and required the Secretary of State to provide a method for filers to submit their required filings free of charge by Dec. 31, 2002.

The Secretary of State initially estimated a cost of \$1.2 million to develop two types of free filing systems (one interactive where information could be entered online, and one for the development and distribution of software to filers), plus ongoing costs, but the legislature opted to request only one system. AB 696 in 2001 appropriated the Secretary of State their full request for one system, \$600,000, to complete that system by Dec. 31, 2002.

Currently, only some forms are available online.

The Secretary of State's Task Force on Online Disclosure has met seven times during the last year to discuss progress on this issue. However, the Task Force has not yet been able to agree upon final report language, and no final report has been issued.

Recommendations from the task force do not affect the statutory requirement of the Secretary of State to complete the Online Disclosure system.

COMMENTS

Over 3 years after the initial deadline, the online disclosure system is still not completed.

Without a complete online disclosure system, it is impossible for the legislature to move forward with election reform in this area. There have been discussions in the legislature regarding changes to who is required to file and how often, but it is difficult to adopt such changes without a system for lobbyists and committees to utilize and comply with such changes. Several such bills have died in the past few years, including a veto from the Governor because the online disclosure system wasn't completed yet.

The Secretary of State's Office was funded their full request for this item, and they are over 3 years late in completing this statutorily required program. The committee may wish to look at language, like that below, requiring the SOS complete the free online filing system.

The Secretary of State's office has provided the following estimates for completion of the system:

- **External Approach:**
 - Hire two contract programmers for six months to complete the online Lobbying Registration forms. Target completion for beginning of November filing period. \$140 per hour x 888 hours x 2 programmers = \$248,640 (round to \$250,000)
 - Hire on consultant to complete a Feasibility Study Report (FSR) to assess the technical environment and remaining forms needed to complete the CalOnline system. Planned submission of FSR in July 2007 for FY 08/09 budget cycle. \$140 per hour x 1,776 hours = \$248,640 (round to \$250,000)
- Total estimated external costs: \$500,000
- **Internal approach:**
 - One new PY to complete Lobbying Registration forms using the existing technical environment. Anticipated completion July 2007, missing November filing period. 1.0 PY staff programmer for one year: \$102,000.
 - One new PY to develop FSR. Target completion July 2008 for FY 09/10 budget cycle. 1.0 PY staff programmer for two years: \$204,000
- Total Estimated Internal Cost for Two New PYs: \$306,000

The Secretary of State has been funded in full for the development of this online disclosure system. As such, it does not make sense to further fund this effort. This program is already statutorily required, and should be completed as soon as possible by the Secretary of State.

Additionally, with an existing IT staff, it seems appropriate for the Secretary of State's office to develop the FSR for a new free filing system internally. These efforts should be completed as soon as possible to enable the Secretary of State's office to bring forward a request for the development of such a system. These efforts are crucial to the advancement of elections reform.

As such, the committee may wish to look at language to require the Secretary of State to complete these projects in a timely fashion, such as the Trailer Bill Language provided below:

1) *The Secretary of State shall, no later than June 30th, 2007, implement the California Online Disclosure Act as specified in Government Code Section 84602.*

a) *This shall include completion of the online Lobbying Registration forms, so all forms can be filed online.*

2) *The Secretary of State shall complete a Feasibility Study Report (FSR) to assess the technical environment and update needs to have an effective and efficient free online disclosure system.*

a) *This FSR shall be submitted for approval no later than June 30th, 2007.*

3) *The Secretary of State shall report to the Legislature on:*

(a) *The implementation and development of the online and electronic filing and disclosure requirements of this chapter, with specific emphasis on the status of the development of a means or method described in paragraph (1) of subdivision (a) of Section 84602 of the Government Code.*

(b) *Whether any means or method has been deployed that allows filers to submit required filings free of charge, and to what extent it has been deployed; with*

an emphasis on the types of filers who are not yet able to complete all required online or electronic filings free of charge, what aspects of the filings are missing that prevent them from being able to complete all required online or electronic filings free of charge, the costs to those filers, why it has not been deployed yet, and when that method is likely to be deployed.

- (c) What resources are necessary to complete these efforts, a timeline for completion, and why the original full allocation of requested funding did not provide the statutorily required free filing system.*
- (d) The first report shall be due not later than February 1, 2007, and subsequent reports shall be due every six months thereafter until a means or method has been deployed that allows all filers who are required to file reports online or electronically to file all those reports free of charge.*

ITEM 1900 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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.

ISSUE 1: REVISED BUDGET - CONSENT

It is requested that Item 1900-015-0815 be decreased by \$56,000, Item 1900-015-0820 be decreased by \$24,000, Item 1900-015-0830 be increased by \$9,360,000, and Item 1900-015-0884 be decreased by \$20,000 to reflect the request by the California Public Employees' Retirement System (CalPERS) to incorporate its approved budget into the Budget Act.

The Budget Bill items mentioned above are non-add items displayed for informational purposes to reflect a corresponding change in CalPERS continuous authority. In years past, the amount displayed in the Budget Act never matched the actual CalPERS budget because the Board approved its budget in May. This year, and in future years, CalPERS is approving their budget in April and it will be possible to include the correct amounts in the Budget Act.

COMMENTS

No General Fund effect, conforming change to action by the CalPERS Board of Directors.

ITEM 9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

This budget includes funding for state civil service and related employee compensation for changes in the cost of new agreements with employee bargaining units and other costs that do not fit in an individual department's budget. Employee compensation funding is based upon approved Memoranda of Understanding for represented employees that are ratified by the Legislature. Compensation for excluded employees is determined by the Department of Personnel Administration or other authorized entities.

The Governor's May Revise proposes an increase of General Fund expenditures of \$80 million and \$7.8 million special fund.

ISSUE 1: EMPLOYEE COMPENSATION – EXISTING BARGAINING UNIT MOU'S

The Governor's budget proposes funding in accordance with the MOUs signed with 5 collective bargaining units. The May Revise makes adjustments based on new estimates and calculations.

An increase of \$2,385,000 (General Fund) is requested for Unit 7 (California Union of Safety Employees) and \$5,776,000 (General Fund) for Unit 18 (California Association of Psychiatric Technicians) for health care costs not included in the Governor's Budget. An additional \$7.16 million is requested for this purpose from special funds as well

An increase of \$47,536,000 is requested for Unit 6 (California Correctional Peace Officers Association). Because the Unit 6 salaries are linked to the compensation received by Unit 5, the revised estimate from Unit 5 salary survey increases the costs for Unit 6,

It is requested that Item 9800-001-0494 be increased by \$7,757,000. This funding is from "other special funds". This change reflects the decrease in spending on Plata (in this budget line) and increased spending on Units 7 and 18 as mentioned above. It also reflects an increase of \$11.33 million for the increase to Unit 5 (leading to the increase for Unit 6 mentioned above). CHP (Unit 5) salaries are tied to those of the five largest law enforcement entities in the state. The Governor's Budget underestimated the likely increase necessary for these bargaining units. Survey results used to determine the increase amount are not yet final.

It is also requested that Item 9800-001-0988 be increased by \$250,000 for Unit 7 for health care costs not included in the Governor's Budget.

COMMENTS

These changes are primarily technical in accordance with existing MOUs. There is some concern in approving the changes to Unit 5 contributions (and thus Unit 6) while those amounts are still unknown, but, the information used to make these estimates is much more accurate now than it was in January.

ISSUE 2: PLATA LAWSUIT

In April 2001, the Prison Law Office filed a class action lawsuit titled *Plata v. Davis* challenging the State's ability to provide adequate medical care to prison inmates.

Compliance with the terms and conditions of the settlement agreement is dependent upon the phased implementation of the Inmate Medical Services Program Policies by the Department of Corrections and Rehabilitation to meet the minimum level of care necessary to fulfill the department's obligation. The benefits of the proposed changes include: more timely and comprehensive assessment of inmate needs as they enter CDC; improved access to medical services; the implementation of a comprehensive chronic care program using standardized data collection forms and guidelines consistent with National Commission on Correctional Health Care panels where at each visit, an assessment will be made on how well the inmate is doing as compared with established standards; staffing of emergency rooms by registered nurses 24 hours a day, seven days a week and a 30 day follow-up assessment by the primary care physician whenever a referral of an inmate to a specialist has been made.

The Administration requested funding of \$67 million (\$56 million General Fund) in the January 10 Governors' Budget to increase the pay of State-employed doctors and nurses in accordance with the court order to immediately increase compensation for several classes of prison medical personnel.

The May Revision requests an increase to that amount of \$25,164,000 for costs related to the *Plata v. Schwarzenegger* lawsuit. Part of this increase is to offset the May Revision removal of \$10.74 million in special funds previously budgeted for Plata.

The new estimates provided are:

CDCR (Adult): \$43.38 million

CDCR (Youth): 2.45 million

DMH: \$36.56 million (plus .34 million special fund)

Total: \$82.38 million General fund and .34 million special fund

LAO

The LAO continues to be concerned that the administration's handling of pay raises resulting from Plata will inflate public employee salaries beyond what is required to meet court mandates. The May Revision increases by approximately \$14 million the total amount of funds proposed to be provided to medical personnel in CDCR and DMH to address Plata lawsuit orders and related staffing pressures. The administration still has not provided a detailed breakout - by department, classification, facility, and amount - of how it proposes to spend all of the dollars it has budgeted for Plata-related salary increases.

The LAO recommends that subcommittees request from the administration such a breakout and justification for why certain personnel (and not other medical personnel in these and other departments) should receive compensation increases 1) not required by the court order and 2) outside of the collective bargaining process. This detail should

compare vacancy rates in targeted job classifications with those of medical and nursing personnel in other departments, which the subcommittees have been told sometimes have comparable staffing problems.

In addition, the LAO recommends that the subcommittees request the administration to provide an update on progress in filling CDCR positions directly implicated by the court order and whether additional pay raises might be necessary to meet the court's requirements.

COMMENTS

As discussed by the LAO, there has still been no explanation as to which costs are directly related to the Plata court order, and which are not.

The LAO, DOF, and department should be prepared to discuss why the additional salary adjustments should or should not be handled at the bargaining table along with a rationale for the need for this funding, as well as the reason the cost has been shifted almost entirely to the General Fund.