

California State Assembly



Agenda

Assembly Budget Subcommittee No. 5 on State Administration

Assemblymember Sharon Quirk-Silva, Chair

Tuesday, May 5, 2026

1:30 P.M. – State Capitol, Room 447

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Vote-Only Items

8885 Commission on State Mandates

Vote Only Issue 1: Mandates to Fund and Suspend

This item reflects the Governor’s January proposal to fund and suspend mandates for the 2026-27 budget.

Background

The Governor’s budget proposes \$88.7 million (General Fund) and \$2.5 million (Special Funds) to fund mandates as listed in the chart below.

2026-27 Funded Local Government Mandates	Proposed Funding Levels
Accounting for Local Revenue Realignment	0
Allocation of Property Tax Revenues	687,000
California Public Records Act	0
County of Los Angeles Citizens Redistricting Commission *	39,000
Crime Victims’ Domestic Violence Incident Reports	235,000
Custody of Minors-Child Abduction and Recovery	9,538,000
Domestic Violence Arrest Policies	10,628,000
Domestic Violence Arrests and Victims Assistance	2,673,000
Domestic Violence Treatment Services	2,272,000
Health Benefits for Survivors of Peace Officers and Firefighters	3,222,000
Local Agency Ethics	28,000
Medi-Cal Beneficiary Death Notices	14,000
Medi-Cal Eligibility of Juvenile Offenders	11,000
Peace Officer Personnel Records: Unfounded Complaints and Discovery	1,133,000
Rape Victim Counseling	572,000
Sexually Violent Predators	16,018,000
State Authorized Risk Assessment Tool for Sex Offenders	746,000
Threats Against Peace Officers	36,000
Tuberculosis Control	73,000
Unitary Countywide Tax Rates	551,000
Post Election Manual Tally	0
Sheriffs Court Security Services	0

U Visa Form 918, Victims of Crime: Non-Immigrant Status	2,910,000
Local Agency Employee Organizations, Impasse Procedures II	110,000
Peace Officer Training: Mental Health Crisis Intervention	611,000
Municipal Storm Water and Urban Runoff Discharges	0
Vote by Mail Ballots: Prepaid Postage	2,517,000
Sexual Assault Evidence Kits: Testing Mandate	9,943,000
Racial and Identity Profiling Mandate	23,771,000
Juveniles Custodial Interrogation	404,000
Total General Fund	\$88,742,000
Fund 0044	
Administrative License Suspension	2,408,000
Fund 0106	
Pesticide Use Reports	60,000
Totals	\$91,210,000

Suspended Mandates. The budget proposes to suspend 61 mandates with a cost estimate of \$523.4 million. In addition to the mandates proposed for suspension in the prior year, the Governor’s budget proposes to suspend the Disclosure Requirements and Deferral of Property Taxation mandate, which applies to Los Angeles County. This mandate will be discussed in Issue 5.

2026-27 Suspended Local Government Mandates for Governor's Budget	October 1, 2025 Balance (AB 3000 Report)
Absentee Ballots	49,538,762
Absentee Ballots: Tabulation by Precinct	67,700
AIDS/ Search Warrant	1,582,315
Airport Land Use Commission/Plan	0
Animal Adoption	38,414,000
Brendon Maguire	0
Conservatorship: Developmentally Disabled Adults	348,847
Coroner's Costs	221,667
Crime Statistics Reports for the Department of Justice	127,520,053
Crime Victims' Domestic Violence Incident Reports II	2,009,608
Developmentally Disabled: Attorneys' Services	1,200,934
DNA Database & Amendments to Postmortem Examinations	309,814
Domestic Violence Background Checks	11,927,294
Domestic Violence Information	0
Elder Abuse, Law Enforcement Training	0

Extended Commitment, Youth Authority	0
False Reports of Police Misconduct	10,085
Firearm Hearings for Discharged Inpatients	157,256
Grand Jury Proceedings	0
Interagency Child Abuse and Neglect Investigation Reports	60,867,315
Identity Theft	66,333,788
In-Home Supportive Services II	442,854
Inmate AIDS Testing	0
Judicial Proceedings	273,882
Law Enforcement Sexual Harassment Training	0
Local Coastal Plans	0
Mandate Reimbursement Process I	6,842,170
Mandate Reimbursement Process II	0
Mentally Disordered Offenders: Treatment as a Condition of Parole	4,909,840
Mentally Disordered Offenders' Extended Commitment Proceedings	7,221,996
Mentally Disordered Sex Offenders'	339,541
Mentally Retarded Defendants Representation	35,905
Missing Persons Report	0
Modified Primary Election	1,816,619
Not Guilty by Reason of Insanity	5,214,032
Open Meetings Act/Brown Act Reform	103,603,500
Pacific Beach Safety: Water Quality and Closures	343,927
Perinatal Services	2,251,785
Permanent Absent Voters II	11,906,707
Personal Safety Alarm Devices	(2,253)
Photographic Record of Evidence	290,594
Pocket Masks	0
Post Conviction: DNA Court Proceedings	410,230
Postmortem Examinations: Unidentified Bodies, Human Remains	5,460
Prisoner Parental Rights	0
Senior Citizens Property Tax Postponement	480,794
Sex Crime Confidentiality	0
Sex Offenders: Disclosure by Law Enforcement Officers	0
SIDS Autopsies	0
SIDS Contacts by Local Health Officers	0
SIDS Training for Firefighters	(981)
Stolen Vehicle Notification	1,116,840

Structural and Wildland Firefighter Safety Clothing and Equipment	(8,722)
Very High Fire Hazard Severity Zones	0
Voter Identification Procedures	10,075,391
Voter Registration Procedures	2,481,096
California Regional Water Quality Control Board, Santa Ana Region (09-TC-03)	448,895
California Regional Water Quality Control Board, San Diego Region (11-TC-03)	246,745
California Regional Water Quality Control Board, San Diego Region (10-TC-11)	351,872
California Regional Water Quality Control Board, Santa Ana (10-TC-07)	1,783,158
<i>Disclosure Requirements and Deferral of Property Taxation (22-TC-06) *</i>	26,572
Total Suspended Mandates	\$ 523,417,907

*This mandate will be discussed under Issue 5.

Deferred Mandates. The budget proposes to defer three mandates with a cost estimate of \$176 million.

2026-27 Deferred Local Government Mandates for Governor's Budget	October 1, 2025 Balance (AB 3000 Report)
Local Government Employee Relations	31,066,381
Peace Officers Procedural Bill of Rights	134,030,648
Peace Officers Procedural Bill of Rights II	10,942,707
Total	\$176,039,736

Staff Comments

With the exception of the new mandate to suspend, the other mandates that are proposed to be funded and suspended are consistent with prior years.

Staff Recommendation: 1. Approve mandates proposed to be funded and suspended consistent with prior years; 2. Discuss and take action on the new mandate to be suspended under Issue 5.

0890 Secretary of State**Vote-Only Issue 2: Business Programs Division Workload Increase**

The Governor's budget includes a permanent augmentation of \$3.8 million from the Business Fees Fund at the Secretary of State (SOS) beginning in 2026-27 to support the ongoing needs of the Business Programs Division. This request includes: (1) \$3.6 million to permanently fund 37 existing positions that are limited-term funded through June 30, 2026, and (2) \$268,000 to provide ongoing support for 33 positions that were reclassified in 2023-24. This funding would allow the agency to continue to address the high volume of filing submissions and customer inquiries in a timely manner.

According to the SOS, the SOS continues to experience a high turnover rate at entry level classifications. Retaining the funding associated with the 33.0 reclassified positions will allow for retention of the current staffing complement to help maintain community satisfaction as well as response time to customer service inquiries, while offering much-needed support to businesses. If the funding associated with the 33 reclassified positions is not approved, business community satisfaction and the SOS's ability to provide skilled support to businesses will suffer. The positions reclassified in FY 2023-24 are a necessary resource to provide skilled and experienced support to both the SOS workforce, the business community, and other government agencies due to the new processes resulting from the Bizfile Online implementation and the business needs of the SOS.

Staff Comments

This request is from the Business Fees Fund, a special fund comprised of fees businesses pay to the SOS; there is no General Fund impact.

Staff Recommendation: Approve as Budgeted

Vote-Only Issue 3: Election Law Enforcement (SB 851)

The Secretary of State requests \$1.1 million General Fund in 2026-27 and \$807,000 General Fund annually thereafter to support 4 permanent positions and litigation tracking software licensing costs necessary to implement and administer the statutory requirements prescribed by Chapter 238, Statutes of 2025 (SB 851 (Cervantes, 2025)).

Chapter 238, Statutes of 2025 (SB 851), an urgency measure, was enacted to protect California's elections from interference. It adds three key requirements for the SOS:

1. **Lawsuit notice** — the SOS must receive notice within 3 days of any election-related federal court action filed against or served on a state or local agency, and at least 14 days before any proposed settlement, giving the SOS opportunity to ensure compliance with California law. The Attorney General receives the same notices.
2. **Voting system standards** — expands SOS authority to adopt and publish voting system standards incorporating best practices, removing prior deference to federal EAC standards in favor of California-specific oversight.
3. **Vendor defect reporting** — certified voting system vendors must notify the SOS of any defect or failure in their systems in any jurisdiction.

To implement SB 851, the SOS requests 4 permanent positions (\$449K in salaries) effective July 1, 2026:

- Attorney IV (\$169K) - monitors federal election lawsuits and settlements, liaises with the AG, supports voting system regulation
- IT Specialist I (\$102K) - voting system technology expert; justified in part by federal CISA cutbacks
- Supervisor I (\$97K) - manages OVSTA's expanded administrative and fiscal workload
- Analyst II (\$81K) - programmatic and fiscal support for testing and certification activities

The three OVSTA positions are critical as that office has only 7 staff currently operating at capacity.

Staff Comments

SB 851 is an urgency statute — it took effect immediately upon signing. The SOS has new legal obligations right now with no staff or tools to carry them out. Federal and local interference is real as seen recently in Riverside County.

Staff Recommendation: Approve as Budgeted.

Vote-Only Issue 4: Implementation and Oversight of Mandated Disclosure Requirements, Political Reform Act

The Secretary of State requests \$187,000 General Fund in 2026-27 and \$182,000 in 2027-28 and annually thereafter for 1.0 permanent position to provide comprehensive supervisory, management, and oversight of the complex areas of Campaign, Lobbying and Customer Support operations within the Political Reform Division (PRD) and implement requirements of multiple changes to Government Code Sections 81000 – 86300 including Chapter 873, Statutes of 2021 (SB 459), effective in 2026-27.

The PRD requests one Supervisor II position to be in place when the referenced sections go into effect. The requested position would allow the division to continue to focus on policy administration, contributing to PRD's ability to develop and maintain knowledge and expertise of a broad range of campaign and lobbying registration and disclosure-related issues, trends, and process reforms occurring on a national level.

Notably, the original 2021 fiscal analysis of SB 459 estimated the need for two analyst positions at \$252K annually. The PRD is instead requesting a single supervisor at a lower cost, absorbing the analyst-level work with existing staff — making this a more efficient ask than originally anticipated.

Staff Comments

Over 40 sections of the Political Reform Act take effect in 2026-27 whether or not the SOS has the staff to implement them. It's a compliance obligation the Legislature itself created through multiple enacted statutes.

The ask is modest, and less than the original request which was originally for 2 positions.

Staff Recommendation: Approve as Budgeted

Vote-Only Issue 5: Safe at Home Expanded Access (AB 82)

The Secretary of State requests two positions and \$341,000 General Fund in 2026-27 and \$263,000 General Fund annually thereafter to implement the provisions of Chapter 679, Statutes of 2025 (AB 82), which expands Safe at Home eligibility to designated health care providers, employees, volunteers, and patients, and their family members.

Safe at Home (SAH) is California's address confidentiality program, administered by the SOS. Participants receive a substitute mailing address to keep their real home, school, or work address out of public records. The SOS forwards their mail and serves as their process agent, while also connecting participants to confidential voter registration, DMV record suppression, and other privacy protections.

The program serves victims of domestic violence, stalking, sexual assault, human trafficking, elder abuse, and others who fear for their safety. It has grown 66% in five years, from 4,319 to 7,167 participants.

AB 82 (effective January 1, 2026) expands eligibility to gender-affirming healthcare providers, employees, volunteers, and patients who fear for their safety due to their affiliation with a gender-affirming healthcare facility. The BCP estimates a potential eligible pool of ~300,000 individuals, with a conservative projection of 700 new participants annually.

To implement AB 82, the SOS requests 2 permanent positions.

Key one-time costs in year one includes \$55,000 for the regulatory update process, \$9,000 for multilingual brochures, and \$3,000 for document translation into five languages as required by state law.

The first-year cost is higher due to one-time startup expenses (regulation updates, brochure printing, translation services, payment system setup) totaling about \$78,000 that don't recur.

Staff Comments

AB 82 became effective January 1, 2026. The SOS is already legally obligated to accept applications from gender-affirming healthcare participants — without the staff to process them. Safe at Home allows participants register to vote confidentially. Denying resources to implement AB 82 effectively excludes some of California's most vulnerable residents from safe civic engagement.

Staff Recommendation: Approve as Budgeted.

Vote-Only Issue 6: Bizfile Online Maintenance and Operation Funding

The Secretary of State requests to transfer \$1 million of the maintenance and operations costs, for bizfile Online, from the Business Fees Fund to the Business Programs Modernization Fund, in 2026-27 and annually thereafter.

The California Business Connect (CBC) Project was funded by the Business Fees Fund and the Business Programs Modernization Fund. Upon completion of the project, the Secretary of State (SOS) submitted a budget change proposal in 2023-24 requesting a permanent augmentation of \$7.696 million for the maintenance and operation phase of the CBC project (now collectively referred to as the “bizfile Online” program). The proposal was approved, but while the request originally proposed partial funding from the Business Program Modernization Fund, resources were authorized exclusively from the Business Fees Fund.

However, with the continued collections from filers into the Business Programs Modernization Fund and the purpose the fund was created under, the SOS is requesting to transfer a portion of the ongoing maintenance and operation funding for bizfile Online to the Business Programs Modernization Fund and alleviate a portion of the demand on the Business Fees Fund, which is the Business Programs Division’s main source of funding.

Staff Comments

The total budget impact is zero — this is a fund swap, moving \$1 million in existing authorized spending from the Business Fees Fund to the Business Programs Modernization Fund.

Staff Recommendation: Approve as Budgeted

8620 Fair Political Practices Commission**Vote-Only Issue 7: Public Campaign Financing (SB 42)**

The Fair Political Practices Commission (FPPC) is requesting \$211,000 General Fund in 2026-2027, \$204,000 in 2027-2028 and ongoing, and 1.0 permanent position to implement the provisions of Chapter 245, Statutes of 2025 (SB 42).

SB 42 repealed the provisions of SB 1107 that sought to authorize public campaign financing programs and repeals the general prohibition on using public funds for the purpose of seeking elective office, thereby authorizing state and local governments to offer public campaign financing programs, subject to certain conditions. This bill permits the use of public money for the purpose of seeking elective office under certain conditions and restrictions. Given these significant changes, the FPPC anticipates increased workloads in the Legal Division. The additional resources requested are necessary to fulfill this increased workload.

This proposal would add one permanent Attorney position in the Legal Division to manage the increased workload mentioned above.

One thing to note, the bill requires that the Secretary of State to submit the provisions of the bill, as specified, to the voters for approval at the November 2026 election. If approved by the voters, the bill would take effect during the 2026-2027 fiscal year. The implementation will begin after the legislation goes into effect. Hiring will begin, upon approval of the budget, to address the increased workload for the Legal Division.

Staff Comments

Due to the fact this must go to the voters for approval prior to enactment, staff suggests the Subcommittee approve as budgeted with a modification to include budget bill language as follows:

“Of the funds appropriated in Schedule 2, \$211,000 shall only be available for expenditure to support implementation of Chapter 245, Statutes of 2025 (SB 42) upon voter approval in the November 3, 2026, General Election.”

Staff Recommendation: Approve as Budgeted, with modification.

Vote-Only Issue 8: Artificial Intelligence Disclaimer for Campaign Advertisements (AB 2335)

The Fair Political Practices Commission (FPPC) is requesting \$360,000 General Fund in 2026-2027 and \$350,000 in 2027-2028 and ongoing, including \$100,000 AI-detection software annual license fee, and one and a half permanent positions to implement, interpret, enforce, and educate the provisions of Chapter 260, Statutes of 2024 (AB 2355).

AB 2355 (effective January 1, 2025) requires campaign committees to disclose when a political advertisement contains image, audio, or video that was generated or substantially altered using artificial intelligence. The disclosure requirement applies when AI-generated content would appear authentic to a reasonable person or when AI alterations would give a reasonable person a fundamentally different understanding of the media. Minor cosmetic edits are excluded.

The FPPC is responsible for investigating violations and providing guidance on compliance. Last year's BCP acknowledged that AI detection software costs were unknown due to limited market options and committed to a future funding request once a solution was identified. After months of market research, the FPPC has identified a solution and requests \$100,000 annually for the software license.

The FPPC submitted a BCP last fiscal year to address various enacted 2024 legislation. As noted in the previous BCP, the proposal did not include additional costs for artificial intelligence detection software or licenses to effectively implement AB 2355. However, One Attorney position was previously approved to begin implementation of AB 2355 — developing investigation plans and evaluating AI-related evidence. The software would directly support that work.

This proposal adds 1.5 positions: one Investigator in the Enforcement Division, and a half-time Attorney position in the Legal Division. These positions will perform all functions necessary to advise committees on their obligations under these new state mandates and enforce those new mandates. The newly hired attorney will develop new investigation plans and evaluate evidence that the Enforcement Division currently does not evaluate.

Staff Comments

AB 2355 took effect January 1, 2025. With an election year approaching and AI detection software procurement expected in 2026, the FPPC anticipates a significant surge in complaints — most of which won't be resolvable through simple visual review.

Staff Recommendation: Approve as Budgeted.

Items To Be Heard

2240 Department of Housing and Community Development

Issue 1: HCD Connect System Support

The Governor's budget includes a request for 7.0 positions in 2026-27 and ongoing, to implement and support the new information technology solution, HCD Connect, for monitoring and management of loan and grant programs.

Background

In 2022-23, the Legislature approved a BCP for resources for the HCD's Consolidated Housing Accountability Application Procurement Project (CHAAPP) that included 7.0 positions on a limited term basis. The HCD Connect system replaces Consolidated Automated Program Enterprise System (CAPES), Housing Elements Tracking System, Annual Progress Report, and third-party subscription tools such as eCivis and Civix for both HCD staff and public users, which includes local jurisdictions and the public.

HCD Connect system implementation involves implementation of the Salesforce Grant Management System that is built on Salesforce Public Sector Foundation. HCD manages state and federal funds in compliance with reporting requirements, and this system implementation involves eight new integrations that include interfaces with Housing and Urban Development (HUD) and the Financial Information System for California (FI\$Cal). HCD Connect intends to provide HCD with data collection, organization, and information management system to manage and report essential housing program funding information and awards, as well as track, monitor, and report housing loan and grant information. The system will be able to accommodate new programs and changes to existing programs as well as address legacy system deficiencies cited by the California State Auditor (CSA) and HUD.

CSA audit reports have stated that the implemented CAPES database did not have the necessary functionality to accurately monitor HCD's housing bond programs. The CSA recognizes that the challenges HCD faces to appropriately monitor its housing bond programs stem, in part, from inadequacies in its CAPES system. The CAPES system was implemented in 2007 and has a limited ability to generate reports. It requires users to perform extra steps to access information, and issues with the database design complicate HCD's ability to develop ad hoc reports to monitor its loans and grants, respond timely and accurately to stakeholder requests, and answer complex research questions.

In response to HUD monitoring, HUD withheld \$124 million of Community Development Block Grant - Disaster Recovery funding allocated to the state to address unmet long-term recovery needs arising from damage caused by the 2017 wildfires, flooding, mudflows, and debris flows.

This BCP will allow HCD to build in-house expertise on the enterprise data collection and management system over time and reduce dependency on a system integrator to provide continued support. These 7.0 positions currently support project implementation and are expected to be involved in the knowledge transfer and transition of all system support from contracted vendors that currently support system implementation phase to HCD internal support as part of system maintenance and operations (M&O). However, HCD requires permanent position authority to maintain the required staffing level necessary for the remainder of implementation and HCD Connect system M&O.

Panel

- Matt Schueller, Chief Operating Officer, HCD
- Meagan Tokunaga Block, Assistant Program Budget Manager, DOF
- Blair Huxman, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

In 2022-23, the Legislature approved the original BCP for the HCD Connect system with staffing on a limited term basis. This request builds on next step for HCD Connect by providing ongoing staffing resources to build in-house expertise on system.

The Subcommittee may wish to ask the following:

1. How will the HCD Connect interact with programs at the HDFC programs?

Staff Recommendation: Hold Open.

Issue 2: HCD Chaptered Legislation

The Governor’s budget includes \$4.2 million General Fund and 16.0 positions in 2026-27 and ongoing, and \$470,000 one-time General Fund in 2026-27, for HCD to implement statutory requirements associated with seven bills chaptered in 2025.

Background

This proposal includes funding and positions for the following bills chaptered in 2025.

1. AB 1296 (Bonta, Chapter 508, Statutes of 2025) Local Educational Agencies. AB 1296 establishes a distinct new program that requires the Department of Housing and Community Development (HCD) to advise Local Educational Agencies (LEAs) statewide on developing workforce housing on surplus public land. AB 1296 aims to facilitate and accelerate workforce housing development on LEA-owned land by requiring HCD to advise LEAs on a range of predevelopment activities, including land use regulations, to develop housing on their land. The bill also requires HCD to provide guidance on state and federal funding sources that could be used to develop housing on LEA-owned land and feedback on contracts and agreements, such as ground leases with housing developers. Further, this bill requires HCD to publish a Notice of Interest (NOI) form on its website for LEAs to notify HCD of their interest in developing housing on their land.

HCD requests \$743,000 (General Fund) for 3 positions (2.0 HCD Specialist IIs and 1.0 Attorney IV), and a \$1 million consulting contract in 2026-27 and ongoing to implement and administer AB 1296.

2. AB 413 (Fong, Chapter 489, Statutes of 2025) Guidelines Translation. AB 413 expands HCD’s statutory language access responsibilities by requiring HCD to review all adopted and amended guidelines which explain rights or services available to the public and to translate those guidelines into any non-English languages spoken by a “substantial number of non-English-speaking people,” as defined in Government Code section 7296.2. While HCD currently provides bilingual staff and translated publications as required under the Dymally-Alatorre Bilingual Services Act of 1973, AB 413 establishes a new, department-wide mandate to proactively evaluate and translate public-facing guidance materials—including program guidelines, handbooks, and forms—across multiple divisions.

HCD requests \$300,000 General Fund one-time in 2026-27 for a translation contract to implement the requirements of AB 413, which mandates translation of all adopted guidelines that explain rights or services available to the public into any non-English languages spoken by a substantial number of non-English-speaking people.

3. AB 507 (Haney, Chapter 493, Statutes of 2025). Adaptive Reuse. HCD provides technical assistance (TA) and enforcement for certain housing laws through HCD's Housing Accountability Unit (HAU), part of HCD's Homelessness Accountability Results and Partnership. AB 507 creates a new, streamlined ministerial approval process to facilitate the conversion of existing non-residential buildings into housing if the projects meet specified criteria, including site eligibility, affordability, historical resource protection, labor, and other standards. The bill also allows local governments to establish adaptive reuse investment incentive programs to subsidize qualified adaptive reuse projects, which will be administered locally and not by HCD.

AB 507 increases the number of housing laws HCD is responsible for enforcing by granting HCD enforcement authority to help implement the bill's provision that provides the streamlined, ministerial approval process for proposed adaptive reuse projects.

HCD requests \$211,000 General Fund for 1.0 position in 2026-27 and ongoing to manage the workload resulting from AB 507.

4. AB 518 (Ward, Chapter 157, Statutes of 2025) Low Impact Camping Areas. The Special Occupancy Parks Act (SOPA) is the governing law for Special Occupancy Parks (SOP) and is found in Health and Safety Code section 18860. These laws are enforced by either HCD, or HCD-approved Local Enforcement Agencies (LEA) on behalf of HCD. The SOPA establishes requirements for the permits, fees, and responsibilities of park owners/operators, and requires HCD/LEAs to enforce both the HSC and regulations in title 25 of the California Code of Regulations, chapter 2.2 (title 25). AB 518 amends the existing definition of SOP and creates a new statutory use of properties referred to as low-impact camping areas.

Low-impact camping areas fall under the purview of counties that have enacted an applicable ordinance. When low-impact camping areas are authorized by local ordinance, the counties must notify HCD of their choice to authorize low-impact camping areas as specified in their authorizing ordinance. AB 518 impacts the SOPA and its regulations by creating a new type of business operation that does not have an annual permit to operate (PTO) requirement, or the same minimum health and safety standards that apply to SOPs such as recreational vehicle parks, incidental camping areas, or tent camps with two or more lots that are rented, leased, or held out for rent or lease. AB 518 may apply to new properties that meet the definition of low-impact camping areas in counties that authorize low-impact camping areas; and may create conflicting regulatory requirements for existing permitted SOPs that meet the definition of low-impact camping areas.

HCD requests \$780,000 General Fund for 4.0 positions in 2026-27 and ongoing, and \$70,000 one-time in 2026-27 for IT enhancements, to implement the requirements of AB 518. This BCP requests General Fund because AB 518 did not provide new fee authority to cover the cost of implementing AB 518.

5. AB 610 (Alvarez, Chapter 494, Statutes of 2025) Housing Element Disclosure. AB 610 discourages jurisdictions from adopting regulations that undermine the integrity of the local housing element by requiring a disclosure statement as part of the housing element update; this disclosure statement requires jurisdictions to identify specified types of new or revised regulations that may constrain the development of housing. These constraints may include policies such as fee or affordability requirements, new historic designations, or other development policies that could constrain a jurisdiction from meeting its share of the regional housing need.

HCD requests \$211,000 General Fund for 1.0 HCD Specialist I in 2026-27 and ongoing to implement AB 610. Beginning with the 7th Housing Element revision cycle, AB 610 requires each jurisdiction's housing element to include a governmental constraints disclosure statement that identifies identifying potential and actual policies and regulations for adoption during the housing element planning period that may constrain a jurisdiction from meeting its share of the regional housing need.

6. AB 670 (Quirk-Silva, Chapter 701, Statutes of 2025) and AB 726 (Avila-Farias, Chapter 704, Statutes of 2025) Housing Element Annual Progress Report. AB 670 and AB 726 establish new categories of data that all 539 California jurisdictions are required to report to HCD as part of their Housing Element Annual Progress Report (APR). AB 670 creates new requirements for detailed reporting on the demolition of housing units in each jurisdiction for each reporting year, while AB 726 adds requirements for annual reporting on the rehabilitation of deed-restricted affordable units for the purpose of counting qualifying units towards the jurisdiction's Regional Housing Needs Allocation (RHNA) progress.

HCD requests \$229,000 General Fund for 1.0 HCD Specialist II in 2026-27 and ongoing, and \$100,000 one-time in 2026-27 for an IT contract to collect, process, and report the new categories of data from jurisdictions annually in their Housing Element APRs required by AB 670 and AB 726.

7. SB 79 (Weiner, Chapter 512, Statutes of 2025) Planning and Zoning Transit-Oriented Development. SB 79 creates a new pathway for housing development; the bill requires a residential development within one-quarter or one-half mile of a transit stop served by rail or bus rapid transit to be an "allowed use" as a transit-oriented housing development if the site is zoned for residential, mixed, or commercial use and the development complies

with specified development standards and affordability requirements. The bill allows local governments to adopt two different types of implementation ordinances subject to specified conditions. Local governments may also count SB 79-eligible sites in their housing element sites inventories. The bill applies to eight counties statewide, which represents 197 jurisdictions.

SB 79 significantly expands HCD's work duties by expanding HCD's HAU enforcement authority. The bill requires HCD to oversee compliance with the bill's provisions. This oversight primarily includes providing TA to developers, local governments, and advocacy groups and reviewing local implementation ordinances and local alternative transit-oriented development (TOD) plans within specified timeframes. Additionally, by July 1, 2026, HCD is required to issue guidance for counting SB 79 development capacity in housing elements.

HCD requests \$1.1 million General Fund for 6.0 positions (1.0 HCD Specialist II, 2.0 HCD Representative IIs, and 1.0 Supervisor II in the Housing Accountability Unit; 1.0 Attorney III position in the Legal Affairs Division; and 1.0 administrative and operational support position in the Business and Contract Services Branch) in 2026-27 and ongoing to implement the statutory requirements of SB 79.

Panel

- Matt Schueller, Chief Operating Officer, HCD
- Meagan Tokunaga Block, Assistant Program Budget Manager, DOF
- Blair Huxman, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

Overall, the resources requested for the legislative requests are reasonable.

1. AB 1296. The resources requested are consistent with the fiscal analysis of the bill which estimated the total costs of \$2 million to \$3 million annually.
2. AB 413. The resources requested are consistent with the fiscal analysis of the bill which estimated the total costs of \$200,000 to \$300,000 one-time.
3. AB 507. The fiscal analysis states that there would be minor and absorbable costs for HCD. The Subcommittee may wish to ask why HCD these costs are not absorbable.
4. AB 518. The resources requested are consistent with the fiscal analysis of the bill which estimated \$70,000 in one-time contracting and about \$784,000 for 4.0 positions.
5. AB 610. The resources requested are consistent with the fiscal analysis of the bill, which estimated the ongoing costs of approximately \$211,000 annually.

6. AB 670 and AB 726. The resources requested are consistent with the fiscal analysis of the bills which estimated a cost of \$211,000 for 1 position for AB 670, and adsorbable costs along with first year costs to update forms and IT systems.
7. SB 79. The resources requested are consistent with the fiscal analysis which estimated at least \$955,000 annually depending on the number of jurisdictions that utilize the bill's provisions. This estimate also anticipated staff costs.

The Subcommittee may wish to ask the following:

1. Can HCD clarify the number of staff who work for the Housing Accountability Unit (HAU), the background for AB 507 and SB 79 had slightly different descriptions. Additionally, if both AB 507 and SB 79 are implemented, how many total staff will be at the HAU.
2. Can HCD provide a cost estimate for the implementation of AB 1053 (2024).

Staff Recommendation: Hold Open.

2255 California Interagency Council on Homelessness**Issue 3: LGBTQ+ Inclusive and Culturally Competent Services (AB 678)**

The Governor's budget includes \$339,000 one-time General Fund in 2026-27 to implement the provisions of Chapter 495, Statutes of 2025 (AB 678).

Background

AB 678 would require the California Interagency Council on Homelessness to coordinate with representatives from LGBTQ+ communities to identify recommended policies and best practices for providing inclusive and culturally competent services to individuals experiencing homelessness who identify as LGBTQ+. The bill further directs Cal ICH to develop and submit recommendations to the Legislature by July 1, 2027, addressing the following:

- Education, training, and resource strategies to improve culturally competent services for LGBTQ+ individuals.
- Data collection improvements to better understand the needs and experiences of LGBTQ+ individuals in state homelessness programs; and
- Policy recommendations to prevent discrimination, harassment, and violence against LGBTQ+ individuals experiencing homelessness.

Cal ICH will implement AB 678 through a competitively procured, one-time statewide contract with a qualified vendor or vendor team possessing expertise in LGBTQ+ equity, trauma-informed engagement, culturally competent service design, research and evaluation, and systems policy. This contract will be managed internally by Cal ICH, with oversight from the Executive Office and supported by Cal ICH's Data and Research, Equity, and Policy divisions. No new state staff will be hired. FY 2025-26: Contract design and procurement published FY 2026-27: Contract execution and launch July 1, 2027: Finalization and submission of report to the Legislature.

Panel

- Meghan Marshall, Executive Officer, California Interagency Council on Homelessness
- Meagan Tokunaga Block, Assistant Program Budget Manager, DOF
- Isabel Fairclough, Finance Budget Analyst, DOF
- Paul Steenhausen, Principal Fiscal & Policy Analyst, LAO

Staff Comments

The resources requested were inconsistent with the fiscal analysis, however, the resources included in the BCP are consistent with what a contract would cost to implement the bill. Staff has no concerns with the request.

Staff Recommendation: Approve as budgeted.

1701 Department of Financial Protection and Innovation**Issue 4: Continuation of Resources**

The Governor's budget includes funding for continued resources for three programs at the Department of Financial Protection and Innovation (DFPI) as outlined below:

1. **CCFPL.** The Governor's budget includes an increase of expenditure authority of \$15.34 million Financial Protection Fund in 2026-2027 through 2029-2030 to continue funding for 53 existing positions related to the implementation of the California Consumer Financial Protection Law (CCFPL).
2. **DCLA.** The Governor's budget includes an increase in expenditure authority of \$13.5 million Financial Protection Fund in 2026-27 through 2029-30 to support 51 existing positions authorized to license, regulate, and examine debt collectors pursuant to the Debt Collection Licensing Act.
3. **BDIA.** The Governor's budget includes two positions and an increase in expenditure authority of \$499,000 Financial Protection Fund in 2026-27 and ongoing to continue overseeing continuing education requirements by investment adviser representatives regulated under the Broker-Dealer and Investment Advisor Program.

Background

1. **CCFPL.** In 2020, the CCFPL renamed the Department of Business Oversight to the DFPI and expanded DFPI's authority to regulate and oversee financial services and products which DFPI had not previously regulated. DFPI received the following resources in the intervening period for implementation of the CCFPL:
 - The 2020 Budget Act included \$8.3 million Financial Protection Fund and 44 positions in 2020- 21.
 - The 2021 Budget Act included \$9 million Financial Protection Fund and 45 positions in 2021- 22, growing to \$12.1 million and 55 positions in 2022-23, and \$12 million and 55 positions in 2023-24.
 - The 2024 Budget Act included \$14 million Financial Protection Fund and 55 positions in 2024- 25 and 2025-26. The above limited term funding allowed DFPI additional time to reevaluate the program's workload and resource needs, while also allowing the Legislature a mechanism of oversight and review for future funding requests.
 - The current four-year proposal continues DFPI's funding and positions for CCFPL implementation, with augmentations for workload and programmatic changes. The current four-year limited term funding proposal requests to sustain 53 positions within DFPI to maintain operations in the following programs and subprograms

2. **DCLA.** The Debt Collection Licensing Act (DCLA), pursuant to SB 908 (Wieckowski), Chapter 163, Statute of 2020, requires the DFPI to license, regulate, and examine debt collectors. The DCLA program provides regulatory oversight of debt collectors and debt buyers operating in California by reviewing licensee applications and performing both routine and targeted examinations. The examination process enables collaboration with licensees to address, rectify, and prevent performance issues. In more serious situations, the DCLA program has the authority to impose fines on businesses and individuals, issue citations, and enforce cease and desist orders.

The DCLA program also investigates various complaints received by the Department through its Consumer Services Office. Due to a complex regulatory framework, the DCLA program works in conjunction with other programs within the Department, federal regulators (such as the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission), and regulators from other states with licensing programs. As of the end of 2024-25, DFPI has received 1,745 applications, resulting in 1,242 licensees. DFPI anticipates it will see an increase in applications after finalization of its DCLA scope regulations, as the understanding of which entities must be licensed is clarified. The proposal states that there are likely debt collection businesses waiting for the DFPI to finalize these regulations before deciding whether California Debt Collection licensure is needed, which may be keeping current licensee pools lower, and which may lead to growing numbers of licensees in the future.

The program DFPI has received the following resources:

- The 2021 Budget Act included \$10.2 million Financial Protection Fund and 43 positions in 2021- 22, \$10.7 million in 2022-23 and 51.0 positions, and \$10.6 million and 51 positions in 2023-24.
 - The 2024 Budget Act included \$11.75 million Financial Protection Fund in 2024-25 and 2025- 26 to support the existing 51 positions.
 - Prior to 2025-26, the program was also supported by the fund balance of the Financial Protection Fund.
3. **BDIA.** Pursuant to the Corporate Securities Law of 1968, the Broker-Dealer and Investment Adviser Program (BDIA) within DFPI is responsible for licensing and regulating broker-dealers, their agents, investment advisers, and investment adviser representatives (IAR). The program provides regulatory oversight to safeguard the investing public from unethical and fraudulent activities.

In the fall of 2020, the North American Securities Administrators Association (NASAA) issued a model rule on continuing education for IARs. The model rule was intended for adoption by individual states and placed requirements for continuing education on the

IARs themselves. Following adoption in substantially similar form, and beginning on May 1, 2024, Title 10 of the California Code of Regulations section 260.236.2 requires IARs complete twelve credits of continuing education annually.

The 2024 Budget Act included two positions (A Senior Financial Institutions Examiner and a Financial Institutions Examiner) along with a corresponding increase in expenditure authority of \$456,000 Financial Protection Fund in 2024-25 and \$432,000 in 2025-26 for implementing and engaging in compliance monitoring of the specific CE requirements applying to IARs.

The proposal states that BDIA must provide guidance and support to its roughly 60,000 registered IARs in addition to monitoring their annual compliance. BDIA undertakes a variety of tasks in relation to this monitoring including: • Notifying IARs of the Continuing Education Requirements; • Providing explanations of program requirements and timelines, including sending annual reminders; • Directing IARs to the list of authorized CE providers and assisting with account setup; • Drafting and mailing revocation notices to IARs who fail to comply. The proposal states that the passage of continuing education rules created a new function within BDIA's licensing unit. In addition, the proposal states that the number of IARs monitored in the December 2024 renewal period was very low compared to the number of IARs that were required to meet the CE requirement by December 31, 2025, due to timing of the initial continuing education cycles.

Panel

- Suzanne Martindale, Chief Deputy Commissioner, DFPI
- Sarah Hamilton, Chief of Fiscal Management Office, DFPI
- Taylor McRho, Finance Budget Analyst, DOF
- Charlene Manning, Principal Program Budget Analyst, DOF
- Heather Gonzalez, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following:

1. What data is DFPI collecting on its programs to measure the effectiveness of each?
2. On the Debt Collectors programs, can DFPI elaborate about the implementation of the new fees? What are the challenges? What evaluation is the department doing to better understand whether the fees are set at appropriate levels? What is the process of adjusting the new fees?
3. Why did the department choose 4 years of resources? Should the Legislature work with the DFPI and LAO to develop specific criteria to report back to the Subcommittee in 2 years to ensure that the programs are sized appropriately?

Staff Recommendation: Hold Open.

8885 Commission on State Mandates**Issue 5: New Mandate to Suspend: Disclosure Requirements and Deferral of Property Taxation**

The Governor's budget proposes suspending the mandate for new disclosure requirements for Los Angeles County, making the requirement inoperative in 2026-27, and does not provide funding for reimbursable costs incurred prior to 2026-27. The total cost of the mandate is \$26,572 for costs already incurred by LA County.

Background

New Requirements for Los Angeles County. The California Constitution specifies that the property value used for determining property taxes is set at the property's purchase price and then increased annually by 2 percent or less. However, Proposition 19 (2020) allows certain homeowners (such as people who are 55 years or older) to transfer their existing home value for property tax purposes to a new home anywhere in the state. Property owners seeking tax relief under Proposition 19 must file a claim with the county in which the new (replacement) residence is located. After Proposition 19 went into effect, a backlog of claims developed, and some tax bills were sent to property owners that had not been updated to reflect the lower amounts they were entitled to pay under the terms of Proposition 19. In response, the Legislature enacted Chapter 712 of 2022 (SB 989, Hertzberg). Chapter 712 required Los Angeles County to defer (pause) property owners' property tax payments (without penalty or interest) while their claim was being processed. Chapter 712 required property owners to request a deferment from the county within one year of receiving their first tax bill for the property, but before January 1, 2024. Additionally, Chapter 712 required Los Angeles County to print a disclosure on tax bills that provides a "brief summary" of both the property tax relief under Proposition 19 and Chapter 712's property tax deferment provisions. Unlike the deferment provision in Chapter 712, the county's printing (disclosure) requirement contained no sunset date.

Commission Determined Requirements in Chapter 712 to Impose a State-Reimbursable Mandate. The Commission determined that Los Angeles County incurred reimbursable costs processing deferment requests and adding the required disclosure to property tax bills. The Commission determined that the county incurred a total amount of about \$30,000 in back-year costs (incurred between 2022 and 2024), and about \$8,000 in ongoing costs thereafter. The ongoing costs are for the printing of disclosures. (Since Chapter 712's requirements only applied to Los Angeles County, the Commission determined that other counties were not eligible to submit claims for state reimbursement.)

Panel

- Kaily Yap, Budget Analyst, Department of Finance,
- Chris Hill, Principal Program Budget Analyst, Department of Finance
- Alex Bentz, Economist, Legislative Analyst's Office

LAO Comments

Repeal Ongoing Aspect of Mandate by Eliminating Printing Requirement... We recommend the Legislature remove the disclosure requirement in Chapter 712, which would have the effect of repealing the mandate (and mandate costs) going forward. Printing a disclosure about Chapter 712's deferment procedures is no longer relevant given that the option expired more than two years ago and is no longer available to property owners in the county. In addition, counties generally have a practice of informing property owners of relief absent of state requirements.

...But Reimburse County for Previously Incurred Costs. We recommend the state reimburse Los Angeles County for costs already incurred. This is because the county has already performed the state-required activities and, even given the current budget climate, the cost to the state (a total of about \$30,000 one time) is minimal.

Staff Comments

Staff agrees with the LAO assessment to repeal the disclosure requirement to eliminate the mandate. Additionally, staff agrees with the LAO that if the Legislature takes this option, the Legislature should fund the costs already incurred by LA County for a total of \$26,572.

Staff Recommendation: Adopt placeholder trailer bill language to remove the disclosure requirement and fund the costs already incurred by LA County for a total of \$26,572.

0511 Governmental Operations Agency (GovOps)

The Government Operations Agency (Agency) is the state agency responsible for coordinating state operations, including procurement, information technology, and human resources. The agency oversees and supports 13 departments, boards, and offices, including the Department of General Services, the California Department of Technology, the California Department of Human Resources, and more. The Agency also plays a coordinating role across all state agencies to accelerate government innovation and best practices.

Issue 6: AB 91 Trailer Bill Language

The Governor's budget includes trailer bill language related to the implementation of AB 91 (Harabedian, 2025).

Background

AB 91 requires that a state or local agency that collects demographic data as to the ancestry or ethnic origin of Californians, use separate collection categories and tabulations for major Middle Eastern or North African groups (MENA) and disclose the aggregate data it collects, and prevent the state or local agency from disclosing personal identifying information about individuals whose demographic information is collected.

The bill was signed by the Governor and Chaptered in 2025.

The Administration, as they began to implement the bill, found several issues that blocked a path to successfully implement AB 91. The main issue for the Administration to overcome is the fact that the State's many entities, departments, agencies, etc. all have different means of collecting data, and no one agency collects data the same way. In addition, the agency was concerned with privacy in proper data non-disclosure compliance. The Administration is also concerned with impacts the implementation of the bill may have on federal funding due to possible unforeseen conflicts with federal law. Due to these roadblocks, the Administration proposed to extend the deadline for implementation from 2027 to 2029 to give the Agency more time to solve these issues and come up with a solution for implementation. The Agency has told the committee they are committed to implementing this bill and are working with the author and stakeholders to come up with a workable solution.

Panel

- Christian Beltrand, Department of Finance
- Seth Kerstein, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following:

1. Why were the issues with the bill not found during the legislative process?
2. Which collection methods are not compatible with the AB 91?
3. Are you close to an agreement with the stakeholders and author?

Staff Recommendation: As the agency is working with the stakeholders and author, the committee suggests this item be held open until there is an agreement.

0890 Secretary of State

The Secretary of State (SOS) is the constitutional office responsible for elections, business filings, political campaigning, and historical records. Responsibilities of the Secretary of State include serving as California's Chief Elections Officer; implementing electronic filing and internet disclosure of campaign and lobbyist financial information; maintaining business filings; commissioning notaries public; operating the Safe at Home confidential address program; maintaining the Domestic Partners and Advance Health Care Directive Registries; safeguarding the State Archives; and serving as a trustee of the California Museum.

Issue 7: Help America Vote Act (HAVA)

The Help America Vote Act (HAVA) was signed into law by President Bush on October 29, 2002. To address irregularities in voting systems that came to light in 2000, HAVA provided federal funding to the states to implement a statewide voter registration system, replace punch card voting machines, improve voter education and poll worker training, permit voters to cast provisional ballots, and require at least one voting machine per polling place to allow voters with disabilities to vote privately and independently.

Congress created the Election Assistance Commission (EAC) to administer federal grant money to states to implement these requirements. California's share over 22+ years has been \$537.6 million — though recent federal appropriations have slowed to a trickle, California only received \$647,000 in 2025.

Together, the two HAVA BCPs total roughly \$14.8 million being drawn from a remaining balance of only \$36.8 million. At that rate, the HAVA fund are on track to hit zero by FY 2027-28 — leaving an unresolved question about how California sustains a federally mandated system without a federal funding replacement.

Budget Change Proposal: Help America Vote Act – VoteCal

The California Secretary of State requests \$10.3 million in Federal Trust Fund authority for FY 2026-27 to fund the ongoing maintenance and operations of VoteCal, the state's centralized voter registration system.

Section 303 of the Help America Vote Act (HAVA) of 2002 requires every state to maintain a uniform, centralized, interactive voter registration database. VoteCal is California's compliance vehicle, connecting all 58 counties and interfacing with DMV, CDPH, CDCR, and EDD for voter verification and list maintenance.

The funding goes to external consulting/professional services (\$6.2M) — primarily the M&O vendor and Election Management System contractors. The rest covers IT costs (\$1.9M, mainly cloud hosting), staff salaries and benefits (\$1.67M), and minor general expenses.

Help America Vote Act – Spending Plan

The Secretary of State requests \$4.5 million in Federal Trust Fund authority for FY 2026-27 to continue implementing the broader mandates of HAVA — everything except VoteCal operations (which is covered in the companion BCP summarized earlier).

HAVA requires states to meet uniform, nondiscriminatory election technology and administration standards for federal elections. This BCP is the annual spending plan that draws down remaining federal HAVA funds across the full range of compliance obligations — training, accessibility, voter education, security, and auditing.

HAVA created *permanent ongoing obligations* — such as mandating a statewide voter database — but funded them with *one-time and declining grant money*. States like California are now reaching the end of that federal subsidy while the compliance obligations remain fully in force.

Together, these two proposals total roughly \$14.8 million being drawn from a remaining balance of only \$36.8 million. At that rate, the HAVA fund is on track to hit zero by FY 2027-28 — leaving an unresolved question about how California sustains a federally mandated system without a federal funding replacement.

Panel

- Kristin Dagsher, Interim Chief Financial Officer, Secretary of State
- NaKasha Robinson, HAVA Director, Secretary of State
- Jessie Romine, Department of Finance
- Nick Schroeder, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following questions:

1. When will the federal funds be fully expended?
2. What are the anticipated ongoing state and local government HAVA activities that will continue after the federal funds are fully expended?
3. What are the anticipated ongoing annual costs for state activities under HAVA?
4. What are the anticipated ongoing annual costs for local government activities under HAVA?
5. Will the state pay for the ongoing state and local government costs related to HAVA activities after the federal funds are expended?

Staff Recommendation: Approve as Budgeted

Issue 8: CAL-ACCESS Replacement System (CARS) Project

The Secretary of State requests \$11.8 million General Fund in 2026-27 to support the CARS Project and replace the outdated CAL-ACCESS system for electronic reporting of campaign finance and lobbying activities mandated by the Political Reform Act (SB 84 and SB 1349).

CAL-ACCESS serves as California's political finance database and filing system, by providing online and electronic filing processes for use by candidates, political committees, lobbyists, lobbying firms, and lobbyist employers subject to disclosure and transparency laws. CAL ACCESS also enables the public to access information on lobbying and campaign finance activity at no cost to users. CAL-ACCESS is also used by the Fair Political Practices Commission (FPPC) for investigation, enforcement, and oversight activities.

The current CAL-ACCESS system is aging and facing significant technical challenges. It is currently powered by a variety of computer hardware, firmware, and software, with some no longer supported by their vendor or are past their operational lifespan. As a result, CAL-ACCESS has over the years suffered frequent outages and technical failures, both putting strain on SOS staff resources and denying public access to information. Subcommittee No. 5 on State Administration April 22, 2025.

The CARS Project utilizes the Political Disclosure, Accountability, Transparency, and Access (PDATA) Fund, which includes funds collected from filing fees and that are expended for the maintenance, repair, and improvement of the online electronic disclosure program implemented by the SOS.

The CARS Project has an existing appropriation for ongoing funding of \$5.4 million (\$4,890,000 General Fund and \$500,000 PDATA Fund) from a previous iteration of the project in anticipation of M&O activities following go-live (Budget Request: 0890-008-BCP-2021-GB and 0890-037-BCP-2021-A1). However, the previous iteration was paused and restarted with a new path forward toward an acceptable system. The existing ongoing funding will be used in addition to the requested new one-time funding for fiscal year 2026-27. A future fiscal year 2027-28 budget request will identify the updated annual ongoing funding needed for the new CARS solution.

The anticipated go-live date for CARS is November 2026.

Panel

- John Heinlein, Assistant Project Director, Secretary of State
- Jessie Romine, Department of Finance
- Nick Schroeder, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following questions:

Regarding CARS:

1. How sure is the SOS that CARS will be live by November 2026?

Staff Recommendation: Approve as Budgeted.

Issue 9: Notary Automation Program Replacement Project (NAP 2.0)

The Secretary of State requests \$9.8 million Business Fees Fund in 2026-27 for the continuation of the Notary Automation Replacement Project 2.0 (NAP 2.0).

The California Secretary of State (SOS) is responsible for the appointment of California notaries public. Prior to appointment, a notary public applicant must complete an education course and pass both a notary public examination and a background investigation from both the California Department of Justice and the Federal Bureau of Investigation.

The SOS currently utilizes a legacy Notary Automation Program (NAP) system to store and maintain notary public commission data. In addition, the NAP system is used to process apostille requests. An apostille is an authentication of public officials' signatures on documents for use outside the United States. The NAP system is approximately 30 years old and needs replacing. The NAP system was developed utilizing the PowerBuilder application which makes it very difficult to update and to find qualified information technology (IT) staff or vendors to support the application.

Current technology has evolved significantly since the NAP system was created, thus integration of the legacy NAP system with current and future technology, and possibly third-party systems, is challenging. Developing a new system would allow the SOS to streamline business processes and offer more efficient online services to notaries and the public. A new system is also necessary for integration of the statutory requirements for Remote Online Notarization (RON), Chapter 291, Statutes of 2024 (SB 696), which has an implementation date of January 2030. This law requires the State of California to provide online services for notaries public. Updating the system also ensures future requirements can be appended as Notary laws change.

The SOS requests \$9.7 million Business Fees Fund in 2026-27 for the continuation of the Notary Automation Project (NAP 2.0) including continued funding for 15.0 previously approved positions and temporary staff to backfill program positions redirected to the project. An additional \$2.861 million in project costs would be funded with existing resources for a total project cost of \$12.656 million.

In addition, there is provisional language in the Budget Bill which specifies the funding is available following upon approval by CDT of Stage 4 of the project. This funding would support implementation of the system.

0890-001-0228—For support of Secretary of State, payable from the Secretary of State's Business Fees Fund..... 93,093,000

Schedule:

(1) 0700-Filings and Registrations.....93,093,000

Provisions:

1. Up to \$925,000 of the amount in this item for the System Integrator contract and implementation costs is contingent upon approval by the Department of Technology of Stage 4 of the Project Approval Lifecycle process.

Panel

- Alex Ting, Interim Chief Information Officer, Secretary of State
- Jessie Romine, Department of Finance
- Nick Schroeder, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following questions:

1. When is the anticipated completion date for the NAPS 2.0 Project?
2. Is the project within its cost estimation?

Staff Recommendation: Approve as Budgeted.

Issue 10: Elected Official and Candidate Confidential Voter Registration (AB 1392)

The Governor's budget includes a one-time augmentation in the amount of \$660,000 General Fund in 2026-27 to implement confidential voter registration requirements as prescribed by Chapter 300, Statutes of 2025 (AB 1392 (Sharp-Collins and Flora, 2025) at the Secretary of State.

AB 1392 makes voter registration information for all elected officials and candidates confidential, excluding it from voter file requests and most disclosures — while still allowing release of name, address, phone, and email for journalism or government purposes. Officials and candidates may opt out of confidentiality.

To comply, VoteCal must be modified to: (1) designate elected officials and candidates as confidential voters while preserving disclosure through file requests; (2) add an opt-out function, which the system currently lacks; and (3) generate lists of officials and candidates for counties to apply or remove confidential status within 5 business days of nomination filing or post-election

According to the SOS, the cost to contract with their maintenance and operations vendor to create a standard report of federal and state elected officials and candidates from VoteCal and to modify VoteCal to allow voter records for elected officials and candidates to be designated as confidential voters, while still allowing disclosure through voter registration file requests generated through VoteCal is \$510,000. The cost to contract with the EMS vendors to integrate the changes in their systems is \$150,000. These costs are inclusive of the design, development, testing, and implementation.

Panel

- Jana Lean, Chief, Elections Division, Secretary of State
- Jessie Romine, Department of Finance
- Nick Schroeder, Legislative Analyst's Office
- Jason Hayes, Director, VoteCal

Staff Comments

This bill was amended late in the policy process, and the fiscal analysis shows that the costs would be minor and absorbable about \$50,000 per year. The Subcommittee may wish to ask SOS to explain to explain how they went from ongoing to a one-time cost.

Staff Recommendation: Approve as Budgeted.

8260 California Arts Council

The California Arts Council was founded in 1976 under Governor Jerry Brown, replacing the previous 15-member California Arts Commission that had been operational since 1963. It was formally established under the Dixon-Zenovich-Maddy California Arts Act of 1975. The first director, Eloise Pickard Smith, launched Arts in Corrections — a program that still operates today.

Issue 11: Overview

This issue will discuss history and funding of the California Arts Council and is informational.

Background

The California Arts Council (CAC), established in 1976 as a state agency, exists to strengthen access to arts, culture, and creative expression as the tools to cultivate a better California for all. The CAC is guided by the knowledge that the arts are essential tools for the cultural, educational, social and economic development of all Californians. Moreover, the CAC fulfills its mission through programs and partnerships that aim to support, through a practice of artistic quality and equity, the state's vast and varied non-profit arts and cultural sector. The CAC is California's only public arts grants provider with funding that is accessible to all 58 counties. As a state agency, the CAC supports local arts infrastructure and programming statewide through grants, programs, and services. The arts sector is large and diverse, and its businesses and workforce are a significant contributor to our state economy and identity. According to a 2020 field scan, California is home to 16,000+ arts nonprofits that help drive the creative economy's \$288 billion impact on California, approximately 7.5% of the state's total economic impact. Over 820,000 people in the state work in film, design, digital media, entertainment, and other arts and cultural roles. The CAC funds a wide range of arts, culture, and creative expression programs statewide, with a mission to strengthen access, equity, and sustainability in the arts. Its funding is delivered through grants, contracts, and specialized initiatives, targeting diverse sectors and communities.

The CAC has 31 Full Time Employees and oversees 24 Cultural Districts across the state.

The bulk of CAC's funding comes from General fund.

The 2025-26 Governor's budget funded the CAC at \$36.616 million (\$34.51 million in General Fund and the rest from various funds). In fiscal year 2024-25, the Council awarded around 800 grants, investing a total of roughly \$27 million in 55 different counties.

The Governor's 2026-27 budget proposes to fund the CAC at \$37.97 million (of that \$35.007 million is from General Fund) with 31.5 FTE.

Panel

- Danielle Brazell, Executive Director, California Arts Council
- Michelle Radmand, Chief Deputy Director, California Arts Council
- Sylmia Britt, Deput Director, California Arts Council
- Jessie Romine, Department of Finance
- Heather Gonzalez, Legislative Analyst's Office

Staff Comments

Arts advocates are calling on the state to increase the CAC's budget to \$50 million to coincide with the agency's 50th's anniversary in 2026.

The Subcommittee may wish to ask the following:

1. Are there any plans to find other funding sources than the state?
2. How many Cultural districts are there now? How many are fully funded?
3. How many arts organizations have been denied CAC funding solely due to lack of funds?

Staff Recommendation: This item is presented informational only.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 5 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Genevieve Morelos and Guy.