

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 5 PUBLIC SAFETY

ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR

MONDAY, APRIL 2, 2018
2:30 P.M. – STATE CAPITOL, ROOM 127
(PLEASE NOTE ROOM CHANGE)

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ITEMS TO BE HEARD

0820 DEPARTMENT OF JUSTICE

ISSUE 1: OVERVIEW OF DEPARTMENT OF JUSTICE INITIATIVES

PANELISTS

- **XAVIER BECERRA, ATTORNEY GENERAL**

BACKGROUND

Under the direction of the Attorney General, the California Department of Justice (DOJ) provides legal services to state and local entities, brings lawsuits to enforce public rights, and carries out various law enforcement activities. The DOJ also collects criminal justice statistics from local authorities, manages the statewide criminal history database, and conducts background checks required for employment, licensing, and other purposes. In addition, the department provides various services to local law enforcement agencies, including providing forensic services to local law enforcement agencies in jurisdictions without their own crime laboratories.

ISSUE 2: ANTI-TRUST WORKLOAD

The Department of Justice (DOJ) will open this issue with a description of the proposal to increase staffing in the Antitrust Law Section (Section).

PANELISTS

- Department of Justice
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

DOJ's Antitrust Law Section is responsible for maintaining a competitive business environment in California by ensuring businesses comply with federal and state antitrust laws. The Section's major activities include investigations and litigation around business mergers and acquisitions as well as anticompetitive behavior. Cases that are litigated can result in injunctive relief, monetary awards, or monetary settlements. In 2017-18, the Section received \$8.4 million in funding—\$4.7 million (56%) from the General Fund, \$2.6 million (31%) from the Attorney General Antitrust Account (AGAA), and \$1.1 million (13%) from the Unfair Competition Law Fund. The latter two special funds generally receive revenues from litigation settlements or awards. This funding currently supports approximately 25 positions in San Francisco and Los Angeles.

In the last decade, the volume of business mergers affecting California businesses and consumers has increased dramatically, prompting a need at the state and federal levels to investigate and intervene in business merger issues.

Governor's Proposal

The Governor's budget includes a permanent augmentation of 23 positions and Attorney General Antitrust Account spending authority of \$1.8 million in 2018-2019, \$3.5 million in 2019-20, \$4.5 million in 2020-21, and ongoing to support the DOJ Antitrust Law Section's increase in workload. Upon full implementation, the plan would double the staffing of the Section.

LAO ASSESSMENT AND RECOMMENDATIONS

The Legislative Analyst's Office (LAO) states that while some additional resources appear reasonable, the total level of additional workload facing the section is unclear. In addition, it appears unclear that all of the requested positions will generate enough revenue for the AGAA to support themselves. According to the DOJ, only 20-25% of investigated cases currently turn into litigation with the potential to generate revenue for

the AGAA. In light of these concerns, the LAO provides the following recommendations:

1. Provide \$1.8 million and 9 positions in the first year only to support the increased workload.
2. Legislature to direct the DOJ to submit a report by December 1, 2020 on certain fiscal and performance measures to monitor the impact of these provided positions.

Staff Recommendation: Hold Open.

ISSUE 3: BUREAU OF GAMBLING CONTROL

The Department of Justice (DOJ) will open this issue with a description of the proposal to retain 12 limited term positions in the Bureau of Gambling Control (Bureau).

PANELISTS

- Department of Justice
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

The Bureau, within the DOJ, and the California Gambling Control Commission (Commission) jointly regulate the state's gambling industry—which currently includes 88 cardrooms and 62 tribal casinos. The Bureau has investigation, compliance, and enforcement responsibilities, while the Commission has policymaking, licensing, and adjudication responsibilities. In 2017-18, the Bureau received \$32 million to support its workload. Of the total, 43% comes from the Gambling Control Fund, which receives revenue from the cardroom industry and the remainder from tribal gaming revenues.

State law generally requires businesses, business owners, and employees who operate, work, or benefit from gaming activities to be licensed. Businesses or individuals submit applications to either obtain a license or renew a license, along with a processing fee, to the Bureau. The Bureau is then responsible for conducting background investigations and making recommendations to the commission on whether licenses should be approved, renewed, or denied. The length of time it takes to conduct such investigations depends on the type of license. These investigations include various inquiries, such as a criminal background check and a review of financial statements.

Due to the complexity of the investigations and staffing levels, a backlog has accumulated of 1,991 cardroom and third party providers of proposition player service cases. The Bureau cites dangers in relying on interim or temporary licenses that allow prohibited actions and actors to operate until thorough investigations are completed. According to the DOJ, additional staffing would result in the following projected outcomes:

| Fiscal Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Beginning | 1,991 | 1,620 | 1,249 | 878 | 507 | 136 |
| Incoming Cases | 5,357 | 5,357 | 5,357 | 5,357 | 5,357 | 5,357 |
| Cases Closed | 5,561 | 5,561 | 5,561 | 5,561 | 5,561 | 5,493 |
| Abandon/WD/Other* | 167 | 167 | 167 | 167 | 167 | 0 |
| Ending | 1,620 | 1,249 | 878 | 507 | 136 | 0 |

Governor's Proposal

The Governor's budget includes \$1.6 million Gambling Control Fund in permanent funding to retain 12 positions that were granted on a limited term basis in 2015-16.

**LAO ASSESSMENT AND
RECOMMENDATION**

The Legislative Analyst's Office (LAO) questions the DOJ's estimation that the additional analysts will close an average of 111 cases. Historically, analysts have closed a significantly larger number of cases (in the hundreds) which would mean the backlog would be cleared more quickly. Further, workload data from 2017-18 will be helpful to determine how many of the total additional limited-term analysts are needed to process ongoing workload and avoid a backlog. The LAO makes the following recommendation:

1. The Legislature provide \$1.6 million from the Gambling Control Fund to support the 12 positions provided in 2015-16 for one additional year, rather than on an ongoing basis as proposed by the Governor. All of the limited term positions will expire at the end of 2018-19 and during the 2019-20 budget deliberations, the additional workload data will allow the Legislature to determine the appropriate level of ongoing resources needed.

Staff Recommendation: Hold Open.

ISSUE 4: JUVENILE COURT AND PROBATION STATISTICAL SYSTEM

The Department of Justice (DOJ) will open this issue with an overview of the Juvenile Court and Probation Statistical System.

PANELISTS

- Department of Justice
- Public Comment

BACKGROUND

Per Penal Code section 13010.5, the DOJ is mandated to collect data pertaining to the juvenile justice system for criminal history and statistical purposes. The Juvenile Court and Probation Statistical System (JCPSS) is the primary statewide database of information collected from county probation departments on all juvenile probation referrals, court actions and final dispositions. The system collects and compiles data on the number of juveniles referred to a Probation Department, pursuant to Welfare & Institutions Code sections 601 and/or 602. The system also maintains data on a defined universe of data elements for each individual juvenile whose identifying information is entered into the system.

Counties submit data into the JCPSS on a monthly basis, via either a manual data entry or the web-enabled uploading process. Counties that enter data manually via the web-enabled application may enter it throughout the month. Counties that submit data via the upload process must submit the data by the tenth working day of month following the reporting period. There is wide variation in the way that counties comply with JCPSS reporting requirements, most likely dependent upon the sophistication of the local data systems. Regardless of the process used, it is the responsibility of the counties to provide accurate, reliable and complete data to the JCPSS. To ensure the accuracy and reliability of the data, comprehensive edits and conditional checks are performed by the DOJ on all data. For those counties that submit data via the upload process, these checks occur when the data is processed. For those counties that enter data via the web-enabled application, these checks occur at the time of entry.

The Juvenile Justice Data Working Group was established through the public safety omnibus bill in 2014 which reported on findings and recommendations aimed at "...options for improving interagency coordination, modernization and upgrading of state and local juvenile justice data and information systems" to the Legislature in 2016. Among the findings, the report states that comprehensive outcome data, including recidivism, is not currently tracked and may not be "trackable" through JCPSS because the database is built on outdated technology. The report cites additional limitations of the JCPSS including the unavailability of data related to adult court dispositions, placement outcomes by the type of facility, and "wellness" outcomes including education, mental health, or child welfare status.

Staff Recommendation: Hold Open.

8940 CALIFORNIA MILITARY DEPARTMENT

ISSUE 5: CALIFORNIA CADET CORPS EXPANSION

The California Military Department (CMD) will open this issue with a description of the proposal related to expand the California Cadet Corps (CACC).

PANELISTS

- California Military Department
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

CACC is a state-supported middle and high school-based, applied leadership program conducted within a military framework. Similar to the federal government-supported Junior Reserve Officers Training Corps (JROTC) program, students in the CACC program participate in an optional class as well as additional military-themed extracurricular activities. Currently, about 6,000 students at 51 middle and high schools participate in CACC.

The state provides about \$1.5 million from the General Fund annually to support CACC, allocated mostly to purchase cadet uniforms, support statewide activities such as drill competitions and encampments, and support three CMD positions to administer the program. The remaining costs associated with the program (such as commandant instructor salaries, local activities, and classroom supplies) are generally paid directly by schools that participate in the program using funds provided through the Local Control Funding Formula (LCFF).

Governor's Proposal

The Governor's budget includes 12 positions and \$7.2 million General Fund in 2018-19, \$6.2 million General Fund in 2019-20, and \$8 million General Fund ongoing, to expand CACC programs to 175 schools across the state. These figures reflect an adjusted proposal provided by the administration and there will be a corresponding spring finance letter.

**LAO ASSESSMENT AND
RECOMMENDATION**

The Legislative Analyst's Office (LAO) recommends rejecting the proposal based on the concerns they raise on the following page:

CACC's Effect on Student Outcomes is Uncertain. The LAO cites limited evidence available that demonstrates the effectiveness of CACC on student outcomes. CMD is unable to provide studies that show the correlation of their program on improving educational outcomes.

Schools Can Fund CACC Programs Themselves if They See Benefits. LCFF provides schools with the flexibility to choose how to spend education funds on enrichment programs based on their own assessment of the value of those options for their students. The 51 schools who are currently participating in CACC have prioritized offering CACC to their students and have been paying for the program through their LCFF funds. This proposal would likely replace a substantial portion of this existing LCFF funding that current schools participating in CACC have already chosen to provide with their Proposition 98 dollars.

Proposal Lacks Key Information. At the time of the LAO's analysis, CMD was unable to provide requested information justifying the proposal, including how much of the funding will go towards expanding CACC to additional students compared to other activities and how resources will be allocated to the different components of the proposal. Further, CMD did not provide workload information to support the number of positions requested.

Staff Recommendation: Hold Open.

ISSUE 6: ESTABLISH MILITARY DEPARTMENT PRESENCE AT CALIFORNIA MILITARY INSTITUTE (CMI) AND PORTERVILLE MILITARY INSTITUTE (PMI)

The California Military Department (CMD) will open this issue with a description of the proposal to establish CMD presence at the California Military Institute and the Porterville Military Institute.

PANELISTS

- California Military Department
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

Students at the CMD military academies are all members of the California Cadet Corps. The cadets at each of these academies participate in outdoor educational activities, leadership schools at military bases, drill and marksmanship competitions, and school and community service events.

CMI, located in Perris, CA, is a public charter school that serves students in grades 5-12 who reside in Riverside and San Bernardino counties. Currently, there are over 1,000 students enrolled at CMI, 90% of whom are English learners or low-income students (EL/LI). Porterville City officials are working to establish PMI in order to increase the city's higher education outcomes and employability. Once staffed, PMI is expected to serve 500 students from grades 7-12 and is also expected serve a high percentage of English learners or low income students.

Currently, Oakland Military Institute (OMI) is the only CMD supported military academy. The state has other military academies that do not receive CMD support.

Governor's Proposal

The Governor's budget includes \$3.6 million General Fund in 2018-19 and \$3.3 million ongoing General Fund Authority and 21 positions to support CMD activities at CMI and PMI. Most of the funding will support the 21 military personnel and a smaller portion for uniforms, supplies, training, and logistical support for school activities.

LAO ASSESSMENT AND RECOMMENDATION

The Legislative Analyst's Office (LAO) recommends rejecting the General Fund appropriation but approving position and reimbursement authority for CMD, which would allow schools the option of allocating a portion of their Proposition 98 funding to supplement their staffing with CMD personnel. The LAO further recommends rejecting the proposal for \$619,000 and \$380,000 ongoing General Fund support for uniforms

and other logistical support. In making their recommendation, the LAO cites the following concerns:

Military Academy Model Has Mixed Results in Educational Outcomes. PMI and CMI are proposed to be based on the model at OMI. The California School Dashboard, which provides information on how schools and districts are performing on test scores, graduation rates, and other measures of student success, shows mixed results for student outcomes at OMI. While OMI has strong ratings on some indicators such as attendance and graduation rates, it is either equivalent to or in some cases, worse than the surrounding school district in areas such as test scores, English learner progress, and suspension rates.

Local Control Funding Formula (LCFF) Allows Perris and Porterville to Directly Fund Military Programs. Currently, the state allocates funding for K-12 education through a streamlined formula (LCFF) that includes base per-pupil funding as well as additional funding for certain student groups. For example, school districts receive supplemental funds for each English Learner or low income student (EL/LI), as well as additional concentration funds for each EL/LI student served in excess of 55% of district enrollment. A main rationale for implementing LCFF was to provide school districts with more flexibility to spend resources on local priorities—rather than specific programs designated by the state—including using LCFF funds to provide a military component to their schools if that is a local priority. CMI's current military program is funded locally using LCFF funds. Porterville Unified School District similarly could adopt this funding model, and has stated its intention to establish some form of military academy structure at PMI regardless of the level of direct state support. CMI and PMI serve a large number of EL/LI students and thus receive substantial supplemental concentration funds in addition to their base funding. In 2018-19, CMI is estimated to receive a total of \$11.2 million from LCFF, including \$2.8 million in supplemental and concentration funds, and PMI is estimated to receive a total of \$5.6 million, including \$1.3 million in supplemental and concentration funds.

Staff Recommendation: Hold Open.

0690 OFFICE OF EMERGENCY SERVICES**ISSUE 7: CALIFORNIA EARLY EARTHQUAKE WARNING SYSTEM**

The Office of Emergency Services (OES) will open this issue with a description of the proposal regarding the California Earthquake Early Warning System (CEEW).

PANELISTS

- Office of Emergency Services
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

Chapter 803 of 2016 (SB 438, Hill) authorized the development of the CEEW system through a multi-agency partnership including OES, the University of California, the United States Geological Survey (USGS), and other stakeholders. When fully deployed, the CEEW system would use a network of 1,115 sensor stations and other related infrastructure to provide warnings several seconds prior to the arrival of an earthquake. These advance warnings would enable individuals, business, and governments to take actions to reduce harm and loss of life from earthquakes. For example, light rail systems could automatically suspend train operations upon receipt of an earthquake warning to minimize the chance of derailments.

The CEEW system would build on the foundation of the state's existing California Integrated Seismic Network (CISN), which is a statewide network of earthquake sensors that provide information on the time, location, and magnitude of earthquakes in the state within 30 to 90 seconds after earthquakes begin. The implementation of the CEEW system would require upgrading of some of the existing CISN sensors to meet the needs of the new, more advanced system planned, as well as the installation of additional sensors and related infrastructure.

The 2016-17 Budget Act provided \$10 million from the General Fund on a one-time basis for the CEEW system. Of this amount, \$6.4 million funded the installation of 83 new sensor stations and integration of 100 upgraded existing sensors from CISN. The new and upgraded sensors—along with 649 sensors that were already in place—brought the total number of CEEW sensors to 832 (and left 283 remaining to be funded). The remaining \$3.6 million provided in 2016-17 paid for public education and training activities, the development of a business plan (discussed further below), and four positions for one year to develop and manage the CEEW system.

Governor's Proposal

The Governor's budget includes \$15.75 million General Fund in 2018-19 and \$750,000 General Fund annually thereafter, to complete the build out of and provide continued

staffing and operating costs for the California Early Earthquake Warning system and program. Of the amount, \$15 million is a one-time augmentation to complete the building out of the system which would allow for the purchase and installation of the remaining 283 earthquake early warning sensors.

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| LAO ASSESSMENT AND RECOMMENDATIONS |
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The Legislative Analyst's Office (LAO) recommends withholding action on the proposal pending the release of the forthcoming business plan from OES. Without the business plan, the Legislature lacks key information concerning the system's costs as well as potentially available funding sources that would be necessary to determine the merits of the administration's request. The key information that will be forthcoming in the business plan includes:

1. The full array of equipment that will be proposed to operate the system.
2. The total one-time and ongoing costs for the system.
3. The availability of non-General Fund revenue sources that can be applied to the CEEW system (including federal funds) and how much General Fund support will be required to cover the remaining costs.
4. The operational responsibilities of the various stakeholders.

This information is also critical for the Legislature to evaluate the overall costs and benefits of continuing to support the CEEW system and whether the General Fund is the most appropriate funding source for the system, or whether other funding sources are available.

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| STAFF COMMENTS |
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Staff agrees with the LAO's assessment and recommends holding the issue open until the Subcommittee receives the business plan from OES that provides additional information to inform this proposal.

Staff Recommendation: Hold Open.

ISSUE 8: 9-1-1 SUSTAINMENT

The Office of Emergency Services (OES) will open this issue with a description of the proposal to build out and support Next Generation 9-1-1 activities and maintain the legacy 9-1-1 system.

PANELISTS

- Office of Emergency Services
- Department of Finance
- Legislative Analyst's Office
- Public Comment

BACKGROUND

The Warren Emergency Communications Act of 1977, Government Code sections 53100-53120, establishes the authority for OES to develop and maintain the 9-1-1 system in California. The existing 9-1-1 system is based on technology that was developed and deployed in the 1980s. Connections that determine the location of the 9-1-1 caller are outdated and the number of failures and response times continue to increase. Replacement technology based on standards set forth by the National Emergency Number Association has been developed. This replacement technology, called Next Gen 9-1-1, replaces the circuit switched technology with Secure Internet Protocol technology as part of the life cycle replacement of 9-1-1. The existing system is unable to support these new technological demands. OES completed several Next Gen 9-1-1 pilot programs that were used to validate the system design and ensure that Next Gen 9-1-1 would support the needs of California. OES has also developed a Next Gen 9-1-1 transition plan for California as outlined in Government Code section 53121. Until the Next Gen 9-1-1 system is fully implemented in 2022, the existing 9-1-1 system must be maintained.

Governor's Proposal

The Governor's budget includes \$1.1 million and \$10.4 million local assistance State Emergency Telephone Number Account authority and 6 positions in 2018-19 to build out and support Next Generation 9-1-1 activities, and maintain the legacy 9-1-1 system. This proposal is dependent upon the legislature passing a proposed amendment to current law to change the current calculation of the SETNA surcharge rate to a fixed rate in order to collect sufficient SETNA revenues. Absent a change to the fee structure, maintaining the existing network and implementing Next Gen 9-1-1 will require \$303 million General Fund for 2018-19 through 2022-23 based on forecasted expenditures and SETNA revenues.

STAFF COMMENTS

OES has had a series of conversations with the wireless carrier industry as well as cable industry members. OES and the wireless carrier industry have come to several

agreements on modifications to the trailer bill language that is proposed. It is unclear at the time of this analysis whether the updated language will be available at the time of this hearing. Staff has requested information from OES related to the impact this proposal would have on consumers but has not received this information at the time of this analysis.

Staff is in receipt of comments from a stakeholder that provides wireline services. They are summarized below:

- The revenue generated from the 9-1-1 flat fee from each industry sector should be competitively neutral, fair, and roughly proportional to that sector's use of the 9-1-1 system. The assessment of 9-1-1 fees should have sufficient flexibility to make adjustments as needed to respond to changes in technology or each sector's use of the 9-1-1 system.

External stakeholders have also expressed urgency in implementing a solution to the Prepaid Telephony statute (Chapter 885, Statutes of 2014) prior to its sunset date of January 1, 2020. The Department of Finance, OES, and several wireless industry groups have communicated their commitment to finding a solution to this issue prior to the sunset date.

Staff Recommendation: Hold Open.
