

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 6

ON BUDGET PROCESS, OVERSIGHT AND PERFORMANCE EVALUATION

Assemblymember Bob Blumenfield, Chair

WEDNESDAY, AUGUST 15, 2012

3:00 P.M. - STATE CAPITOL ROOM 444

<u>BILL #</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
ACA 28	Garrick	Legislature: revised biennial sessions and part-time status

Informational Only

The Governor's Proposal to Eliminate Boards and Committees

- 1) Accountancy Board Advisory Committee on Ethics Curriculum
- 2) Advisory Committee on Automobile Insurance Fraud
- 3) Apiary Board
- 4) Committee on Executive Salaries
- 5) Crime Lab Review Task Force
- 6) Dungeness Crab Review Panel
- 7) Lead in Candy Interagency Collaborative
- 8) Naturopathic Formulary Advisory Subcommittee
- 9) Naturopathic Childbirth Attendance Advisory Subcommittee
- 10) Noxious Weed Oversight Committee
- 11) State Social Services Advisory Committee on Welfare and Social Services
- 12) Environmental Laboratory Technical Advisory Committee
- 13) Food Bank Advisory Committee
- 14) Lyme Disease Advisory Committee
- 15) Orientation Center for the Blind Trust Fund Committee
- 16) Radiologic Technology Certification Committee
- 17) California Fiscal Advisory Board
- 18) California Small Business Board

Date of Hearing: August 15, 2012

ASSEMBLY COMMITTEE ON BUDGET
Bob Blumenfield, Chair
ACA 28 (Garrick) – As Introduced: May 10, 2012

SUBJECT: Legislature: revised biennial sessions and part-time status.

SUMMARY: Amends the California Constitution to provide for a part-time state legislature and changes the state budget process to a two-year budget cycle. This measure also reduces compensation to members of the Legislature. Specifically, this bill:

- 1) Limits the number of days the legislature may convene for "regular session" to 180 days in any two year period (not counting special sessions) as follows:

Specifies the Legislature shall convene in regular session at noon on the first Monday in December of each even-numbered year for the sole purpose of organizing and swearing in Members.

Specifies each house shall reconvene no later than January 7 of the following odd-numbered year for a duration not to exceed 120 consecutive calendar days.

Specifies the Legislature shall reconvene in the following even-numbered year, no later than January 7, for a duration not to exceed 60 consecutive calendar days.

Allows the Legislature to convene each year for an additional seven consecutive calendar days for the sole purpose of reconsidering, and acting upon, bills vetoed by the Governor or items of appropriation reduced or eliminated by the Governor.

- 2) Limits the number of days the legislature may convene for "regular session" as follows:
 - a) Restricts special sessions to 30 days in duration, after which time the special session is dissolved and no subsequent action of the Legislature respecting that special session shall have any force or effect.
 - b) Allows the Legislature to convene for no more than three additional consecutive days for the sole purpose of voting to override a veto of a measure passed in a special session.
- 3) Makes numerous changes to the state's budget process including:
 - a) Requires the Governor to submit a biennial budget within the first 7 days of each odd-numbered year;
 - b) Requires the Legislature to pass the Budget Bill within 120 days, as specified;

- c) Specifies that the total of all appropriations subject to the State Appropriations Limit (SAL) for each two-year fiscal period shall not exceed the SAL for the prior two-year fiscal period adjusted for the change in the cost of living and the change in population, except as otherwise provided; and,
 - d) Authorizes the Governor to propose changes to an enacted biennial state budget when the Legislature is not in session, which changes would become law upon approval by resolution adopted by the Joint Legislative Budget Committee.
- 4) Requires each bill with amendments to be distributed to members at least 72 hours prior to passage.
 - 5) Specifies the annual salary of each Member of the Legislature shall be twenty-four thousand dollars (\$24,000) commencing the first Monday of December 2012, and shall thereafter be adjusted annually by the California Citizens Compensation Commission to reflect changes in the Consumer Price Index calculated by the Federal Bureau of Labor Statistics or its successor.
 - 6) Limits per diem rates for member of the Legislature to the level established by the United States General Services Administration for federal employees.
 - 7) Specifies that each Assembly Member and Senator shall be accorded an annual budget amount equivalent to the annual budget amount of all other members of their respective house of the legislature.
 - 8) Requires every political party represented in a house of the Legislature to be proportionately represented in each legislative committee of that house, to the greatest extent possible. Additionally, the measure specifies membership requirements for the Joint Legislative Budget Committee.
 - 9) Makes various non-substantive technical changes.

EXISTING LAW

- 1) The California Constitution establishes a full-time Legislature and authorizes the California Citizens Compensation Commission to determine the annual salary and the medical, dental, insurance, and other similar benefits of state officers, including Members of the Legislature.
- 2) The California Constitution requires that travel and living expenses for Members of the Legislature in connection with their official duties be prescribed by statute passed by roll-call vote, 2/3 of the membership of each house concurring.
- 3) The California Constitution requires the Legislature to convene on the first Monday of December of each even-numbered year and adjourn on November 30 of the following even-numbered year.
- 4) The California Constitution authorizes the Governor, by proclamation, to cause the Legislature to assemble in special session and prohibits the Legislature from legislating on subjects not specified in the proclamation when so assembled.

- 5) The California Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal year within the first 10 days of each calendar year and requires the Legislature to pass the Budget Bill by midnight on June 15 of each year. This measure would instead require the Governor to submit a biennial budget within the first 7 days of each odd-numbered year and require the Legislature to pass the Budget Bill within 120 days, as specified, and would make conforming changes to other provisions of the California Constitution relating to the biennial budget.
- 6) The California Constitution provides that no bill may be passed until the bill with amendments has been printed and distributed to the Members.
- 7) The California Constitution provides that the Legislature or either house may by resolution provide for the selection of committees necessary for the conduct of its business.

FISCAL EFFECT: Unknown

COMMENTS: According to the author, the goal of this measure is to return California to the pre-1966 Legislative model, where elected officials worked in the "real world" for most of the year and only returned to Sacramento for part of the year to conduct legislative business. There are two principles ways this measure intends to achieve this goal, first, by shortening the legislative calendar, and secondly, by creating a two-year budget process for the state budget.

1. Shortened Legislative Session

This measure's central provision is to make California's Legislature "part-time" by shortening the length of the Legislative calendar to 180 days over a two-year session. This measure assumes that the length of the legislative session is the key determinant of the amount of time it takes to effectively represent the People of California as an elected member of the legislature. Therefore, the pay rate for members is reduced to \$24,000 per year.

However, this assumption deserves further scrutiny because the responsibilities of Members of the Legislature are not merely a function of the length of the session. For example, each California State Senator represents 931,349 people and crafts policies that impact the State's 38 million people, a \$2.2 trillion economy, and a State governmental organization with over 340,000 employees and an annual operating budget of \$142.4 billion. The responsibilities, expectations, and duties of Legislative members extend beyond the legislative session. In order to effectively represent their constituents, this time is shared between the State Capitol and their respective districts.

For illustration, if Members still need to devote their full time to their legislative responsibilities, the proposed salary level is very low when compared to other occupations. \$24,000 per year equates to roughly 31 percent of the 2012 State Median Income for a family of four, and as an annualized salary is the equivalent of a full-time hourly wage of \$11.54 per hour. According to the United States Bureau of Labor Statistics, this pay rate is slightly below the \$11.58 per hour that the average short order cook was paid in California during 2011. By setting the pay rate for elected members of the Legislature at this level, this proposal would narrow the possible individuals who could economically afford to become Members of the Legislature.

2. Two-year Budget

This measure creates a two-year budget process for California's budget, where the first year of the two-year session would be devoted to the passage of the budget, allowing the second year to focus on Legislation.

Given recent history, it is hard to see how a two-year budget process would be workable for the State of California. Over the last five years, the volatility of the economy has caused sudden and unexpected swings in major tax revenues. The current annual budget process updates major revenues and expenditures at least twice per year, to adjust for these shifts and correct for them in the final annual budget. With a two-year budget, these corrections would only occur once. Therefore, the Governor would frequently have to use Special Session authority to make adjustments to the budget, when needed. Thus, the assumed reduction in workload from the "part time" Legislature would not be achieved.

REGISTERED SUPPORT / OPPOSITION:

Support

Howard Jarvis Taxpayers Association

Opposition

None on file

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ELIMINATION OF BOARDS AND COMMITTEES

Governor's May Revise Proposal. As part of the effort to consolidate and streamline state government, the Governor included in the May Revise a proposal to eliminate boards and committees. The Subcommittee is reviewing this proposal, which currently consists of 18 entities. Issues to consider include:

- ***Eliminating these boards and committees would result in minimal budgetary savings.*** All of the members of the boards and committees in this proposal are volunteers and only incur minimal per diem costs if they receive payment at all. Eliminating these entities could save state departments some staffing costs, but the Administration has not proposed scoring any savings related to ending these boards and committees.
- ***In some cases, eliminating boards and committees could lead to less public participation in governmental decision-making.*** Most of these entities are allowed or required to hold public hearings, allowing any Californian interested in these specific topics an opportunity to share concerns and suggest improvements. Eliminating some of these entities could reduce the number of public hearings on a given topic.
- ***In some cases, eliminating these boards and committees could reduce the amount of expert advice given to state government as it makes decisions.*** Many of these boards and committees bring together experts in their fields to help a state department develop regulations or address a specific statewide problem. This essentially allows the state to gather free advice as it addresses issues. While the Administration may argue eliminating these boards leads to a more streamlined government, it also could lead to departments making decisions without adequate input from those outside state government.
- ***Some of these boards and committees were created to perform a specific task and their duty has ended.*** Several entities were created to prepare a report or recommendations on a given topic, and once their job was done, they disbanded. In those cases, the Administration is simply seeking clean-up language that removes dormant entities from statute.

STAFF RECOMMENDATIONS

Staff conducted research on these 18 entities to determine whether they were still functioning or relevant. In general, the 11 boards and committees recommended for elimination were inactive or have completed their task. Others recommended for retention or referral to policy committees appeared to be active or focus on current issues that might still warrant keeping the entity in statute.

STAFF RECOMMENDATION TO ELIMINATE

These entities appear to be inactive, redundant, or have completed their mission.

- 1) **Accountancy Board Advisory Committee on Ethics Curriculum.** Created by SB 819 (Yee), Chapter 308, Statutes of 2009. The Committee was created in 2009 under the jurisdiction of the California Board of Accountancy to develop guidelines for new units of ethics study required for licensure. The Committee submitted its report on July 21, 2011, thus completing its task.
- 2) **Advisory Committee on Automobile Insurance Fraud.** Last amended by AB 1183 (Vargas), Chapter 717, Statutes of 2005. The Committee was created in 1994 to advise the Department of Insurance on ways to coordinate the investigation, prosecution and prevention of automobile insurance claims fraud. The Committee has not met in 7 to 8 years.
- 3) **Apiary Board.** Created by Chapter 1404, Statutes of 1987. The board was created in 1987 to advise the director of the Department of Food and Agriculture on all matters related to the beekeeping industry and may make recommendations on all matters affecting the activities of the department in relation to the beekeeping industry including an annual review of the department's apiary program. The Administration notes that the California State Beekeepers Association has regular meetings and performs similar duties as the Apiary Board, which has not met in recent years.
- 4) **Committee on Executive Salaries.** Last amended by Chapter 1286, Statutes of 1984. Created in the early 1970s, the Committee is intended to investigate and study all pertinent data regarding salary changes of state personnel and similar executive positions in private and other government organizations in order to assist the Governor and the Legislature in maintaining equitable salary relations internally among the various executives.

It is difficult to determine when the Committee last met, or if it ever met. The Administration notes that some executive salaries are set in statute, while other salaries for positions exempt from collective bargaining are determined by the Department of Human Resources.

- 5) **Crime Lab Review Task Force.** Created by SB 1498 (Senate Judiciary Committee), Chapter 179, Statutes of 2008. The task force was created to review and make recommendations as to how best to configure, fund, and improve the delivery of state and local crime laboratory services in the future. The task force was required to publish a report in 2009 regarding its recommendations, which it did. It has not met since then.
- 6) **Dungeness Crab Review Panel.** Last amended by SB 369 (Evans), Chapter 335, Statutes of 2011). The panel was created to help the Department of Fish and Game develop provisions and criteria for the establishment of the commercial Dungeness crab limited entry permit program and to perform other minor duties. According to the Administration, this process was completed and the panel's other duties have been absorbed by the department.

- 7) **Lead in Candy Interagency Collaborative.** Created by AB 121 (Vargas), Chapter 707, Statutes of 2005. The purpose of the collaborative is to provide oversight and recommendations to the Department of Public Health and the Office of Environmental Health Hazard Assessment in the implementation of the bill's provisions and the development and revision of regulatory standards for lead in candy. The collaborative may periodically consult with federal agencies such as the United States Food and Drug Administration and United States Consumer Products Safety Commission, the candy industry, and recognized experts in the field. This committee last met in 2007.
- 8) **Naturopathic Formulary Advisory Subcommittee.** Created by AB 20 X4 (Strickland and Huber), Chapter 18, Section 17, Statutes of 2009 Fourth Extraordinary Session. The Subcommittee was created to determine a naturopathic formulary based upon a review of naturopathic medical education and training. The naturopathic formulary advisory committee shall review naturopathic education, training, and practice and make specific recommendations regarding the prescribing, ordering, and furnishing authority of a naturopathic doctor and the required supervision and protocols for those functions for the Osteopathic Medical Board of California.

The Subcommittee was required to submit recommendations to the Legislature by January 2007, which it did.

- 9) **Naturopathic Childbirth Attendance Advisory Subcommittee.** Created by AB 20 X4 (Strickland and Huber), Chapter 18, Section 18, Statutes of 2009 Fourth Extraordinary Session. The Subcommittee was created to issue recommendations to the Osteopathic Medical Board of California concerning the practice of naturopathic childbirth attendance based on review of naturopathic medical education and training.

The Subcommittee was required to submit recommendations to the Legislature by January 2007, which it did.

- 10) **Noxious Weed Oversight Committee.** Created by SB 1740 (Leslie), Chapter 315, Statutes of 2000. The Committee is intended to act as an advisory committee to the Department of Food and Agriculture as it oversees noxious weed management in the state. However, it is unclear when this committee met, if ever, and there already exists a Range Management Advisory Committee that works with the department on the same issue. In addition, funding for the department's noxious weed program has been eliminated.

- 11) **State Social Services Advisory Board Committee on Welfare and Social Services.** This Committee was eliminated in 1993 but a statutory reference remains in the Welfare and Institutions Code (Welfare and Institutions Code 10605.2.) The Administration is seeking a technical clean-up that would eliminate this reference.

STAFF RECOMMENDATION TO RETAIN

These entities appear to be active or could provide value in the future.

- 12) **Environmental Laboratory Technical Advisory Committee.** Created by SB 1304 (Committee on Environmental Quality), Chapter 372, Statutes of 1999. The Environmental Laboratory Technical Advisory Committee (ELTAC) plays a role in advising the California Department of Public Health on matters related to environmental laboratories. ELTAC is mandated by statute to "assist, advise, and make recommendations regarding technical, scientific, and administrative matters concerning the accreditation or certification of environmental laboratories." ELTAC is a multidisciplinary committee. It represents the various interest groups related to the environmental laboratory community by providing relevant competent technical support and impartiality through a balance of interests where no single interest predominates.

The Committee last met in August 2011. Because it has met relatively recently, the mission of the Committee remains relevant, and it brings together experts in this field, it may be advisable to continue this committee in statute.

- 13) **Food Bank Advisory Committee.** The Committee is to be comprised of two food bank representatives from the northern portion of the state, two from the southern part of the state, and two food industry representatives. The Committee was created to advise the Department of Food and Agriculture in the establishment of new food banks and advise in the adequate and efficient distribution of surplus food commodities to all areas of the state.

Though the committee hasn't met recently, there were important logistical concerns around the location and distribution of food bank products that prompted the creation of this entity. If a situation arose that would invite additional oversight over food bank operations in the state, this committee would provide an important forum for participation and discussion.

- 14) **Lyme Disease Advisory Committee.** Created by SB 1115 (Chesbro, Solis, and Speier), Chapter 688, Statutes of 1999. The Committee makes recommendations to the California Department of Public Health (CDPH) on strategies to enhance the awareness of the public and the medical community about Lyme disease in California, and thereby reduce exposure to, and suffering from, this and other tick-borne diseases. Committee members include doctors, scientists, and public health experts.

While the Administration argues that considerable progress has been made in developing a tick-borne prevention program, this committee has met in 2012, appears active, and allows experts in this field to discuss an important public health issue. It may be advisable to continue this committee in statute.

15) **Orientation Center for the Blind Trust Fund Committee.** Created by SB 1332 (Vasconcellos), Chapter 375, Statutes of 1997. The Department of Rehabilitation operates the Orientation Center for the Blind. Located in Albany, the center fosters independent living for blind or visually impaired adults through an immersion program in a residential environment. Moneys in the Orientation Center for the Blind Trust Fund are used to supplement, not supplant, funding of services provided by the state for the sole purpose of the betterment of the students of the program at the Orientation Center for the Blind. The Committee, which is comprised of three graduates from the Orientation Center for the Blind, acts as an advisory committee to the center director on using the money in the fund.

While it is unclear when this committee last met, oversight of this fund by a panel of former center members could provide valuable insight to the center. The administration argues that another entity, the Blind Advisory Committee, can absorb the duties of this committee. However, that committee meets only three or four times a year, has far more policy-related issues on its plate than it can possibly handle, and lacks the expertise and knowledge to look at requests pertaining to uses of funds for student activities, nor could it act in a timely manner even if it did. Additionally, the California Council of the Blind has registered its opposition to the elimination of the Orientation Center for the Blind Trust Fund Committee.

16) **Radiologic Technology Certification Committee.** Created by SB 1360 (Committee on Health and Human Services), Chapter 415, Statutes of 1985. The Radiologic Technology Certification Committee assists, advises, and makes recommendations to the state Department of Public Health regarding rules and regulations necessary to ensure the proper administration of an effective certification program for those using X-ray radiation for medicinal purposes.

The Committee is comprised of doctors and other professionals involved in the Administration and enforcement of the Radiologic Technology Act. This committee has met in 2012 and appears active. It may be advisable to continue this committee in statute.

STAFF RECOMMENDATION TO REFER TO APPROPRIATE POLICY COMMITTEE

These boards are inactive, but have a key mission that remains relevant.

- 17) **California Fiscal Advisory Board.** Last amended by Chapter 1286, Statutes of 1984. The board was created in 1979 to advise the Department of Finance on displaying the state budget and to review the budgeting and accounting process for the purpose of improving the preparation, legislative review, and execution of the budget. The board is to consist of the chairperson of the Appropriations Committee in each house, the chairperson of the Joint Legislative Budget Committee, the chairperson of the Joint Legislative Audit Committee, the State Treasurer, the State Controller, and the Director of Finance, who shall serve as chairperson of the board.

It is difficult to determine when this board last met, and its primary duties were to create recommendations in the early 1980s for improvements to the state budgeting process. However, given ongoing concerns about the accuracy and transparency of the state budget, it may be appropriate to retain this board in statute or to update the board's mission. This board could also play a role in the implementation of the Financial Information System for California (FI\$Cal) state accounting system.

Staff recommends that this be agendized as part of the Subcommittee No. 4 discussion of FI\$Cal this year.

- 18) **California Small Business Board.** Created by AB 1684 (Alby), Chapter 1046, Statutes of 1996. The board was created to advise the Governor, the Business, Transportation and Housing Agency, and the state's Small Business Advocate regarding issues and programs affecting California's small business community. The board holds public hearings as needed in order to carry out the objectives of the Business, Transportation and Housing Agency with regard to its responsibilities as a legislative advocate and ombudsman for the state's small business community. Also, the board is statutorily allowed to approve the establishment of new financial development corporations, which provide loan guarantees for loans to small businesses.

The Administration notes that this board last met in 2008, and the establishment of financial development corporations has typically been handled through the legislative process and not by the board.

Despite its recent dormancy, the board has statutory authority to hold public hearings to explore issues related to small business in California. Its membership includes gubernatorial appointments who are active in the California small business community and legislative appointments active in the business or agricultural communities. Given longstanding legislative interest in this topic, it may be advisable to refer this issue to a policy committee to update this board's mission.