

ASSEMBLY BUDGET SUBCOMMITTEE #4 ON STATE ADMINISTRATION

VOTE-ONLY ITEMS AGENDA

VOTE-ONLY CALENDAR		
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2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

VOTE ONLY ISSUE 1: HOME INVESTMENT PARTNERSHIP PROGRAM – AMERICAN RESCUE PLAN

Through a spring finance letter, the Department of Housing and Community Development (HCD) requests \$157,886,000 (Federal Trust Fund) and 15 positions in 2022-23 and \$2,883,000 in 2023- 24 and ongoing to plan, develop, and administer the new federally funded HOME Investment Partnerships (HOME) - American Rescue Plan (ARP) Program. HCD also requests statutory language to authorize HCD to utilize a guideline process for the HOME program and the Emergency Solutions Grant program implementation.

BACKGROUND

The ARP Act, passed as House of Representatives (H.R.)1319 — 117th Congress (2021-2022), provides \$5 billion to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds will be administered through the Federal Department of Housing and Urban Development (HUD)’s HOME program.

On September 24, 2021, HCD entered a grant agreement with HUD to receive \$155,003,000 in federal HOME-ARP funding. The grant agreement requires HCD to expend all HOME-ARP funds by September 30, 2030. HUD has consulted directly with HCD in the federal government's efforts to model the HOME-ARP program after California's Homekey program. As the federal government has rolled out HOME-ARP, California has been featured in outreach and presentations to share best practices of the Homekey program with HOME-ARP grant administrators.

As a part of the HOME-ARP implementation strategy, HCD will deliver some of the services directly. This is a departure from the way HCD has traditionally administered housing and supportive services programs. Under the HOME-ARP Allocation Plan, HCD will assume more roles and responsibilities in implementing the HOME-ARP Program. Typically, HCD's role is to grant funds to local governments and/or Continuums of Care to implement and oversee projects and programs.

STAFF COMMENTS

The Subcommittee heard this item on May 3, 2022. Staff recommends approving and adopting placeholder trailer bill language.

Staff Recommendation: Adopt Spring Finance Letter and adopt placeholder trailer bill language.

0950 STATE TREASURER'S OFFICE

VOTE-ONLY ISSUE 2: BANKING OPERATIONS ITEM PROCESSING SOFTWARE UPGRADE

The State Treasurer's Office (STO) requests expenditure authority, and corresponding funding, for one-time costs of \$625,000 to upgrade its check processing software; and ongoing costs of \$217,000 for increased annual support costs for this software.

On December 31, 2022, the software used by the STO will reach end of life; and accordingly, the vendor will end its support. Thus, it is critical that the STO upgrades to the current, supportable version to ensure that it can continue to perform its responsibilities of cash management without interruption.

BACKGROUND

On December 31, 2022, the software used by the STO will reach end of life; and accordingly, the vendor will end its support. Thus, it is critical that the STO upgrades to

the current, supportable version to ensure that it can continue to perform its responsibilities of cash management, specifically item processing, for the State of California without interruption.

The STO performed analysis and conducted research to determine the best way to respond to the end-of-life for its item processing system software. As a part of that analysis, the STO released a Request for Information (RFI) in 2021. Two software solution providers responded to the RFI. One respondent provides the product that the STO is now using. The other respondent offered a competing product.

According to the RFI responses, the first vendor would charge the STO \$625,000 to upgrade the current version of the STO's existing package. The provider of the other solution estimated that it would charge the STO a \$1.1 million startup cost. Although the estimated migration cost is already almost twice that of the cost to maintain the current vendor, that number does not include additional project costs that the STO would expend in migrating to the new product.

STAFF COMMENTS

The Subcommittee heard this item on May 3, 2022. There were no concerns.

Staff Recommendation: Adopt Spring Finance Letter.

VOTE-ONLY ISSUE 3: POOLED MONEY INVESTMENT ACCOUNT (PMIA) OPERATIONS

Through a spring finance letter, the STO requests one Associate Treasury Program Officer to support the workload associated with the increase in the amount of securities held in the PMIA. Funding would be \$136,500 (Surplus Money Investment Fund) and \$19,500 (General Fund).

BACKGROUND

The Investment Division invests temporarily idle funds of the PMIA as part of the Centralized Treasury System. The PMIA is made up of commingled monies from the General Fund, Surplus Money Investment Fund (SMIF), and the Local Agency Investment Fund (LAIF). SMIF represents the available cash from state agencies that do not have investment authority of their own and from those that have independent investment authority but choose to participate in the program.

As of June 30, 2021, there were more than a thousand special funds and accounts participating in SMIF with an available resource balance of \$85.5 billion. LAIF was

established to provide California cities, counties, and special districts with an investment alternative. As of June 30, 2021, the LAIF balance was \$37.1 billion with over 2,378 participating agencies.

The PMIA also manages the Time Deposit Program (TDP) which provides money to community financial institutions at competitive rates. Eligible institutions are commercial banks, savings banks, and credit unions that are federally insured and licensed to accept time deposits in California. The TDP allows institutions that receive time deposit funds to use the money to expand economic opportunity and create jobs in their communities. As of June 30, 2021, there were 147 time deposits totaling \$3.9 billion in 59 institutions.

The PMIA currently consists of five positions: Treasury Program Manager II, Treasury Program Manager I, Associate Treasury Program Officer, Staff Services Analyst, and an Office Technician (OT).

STAFF COMMENTS

The Subcommittee heard this item on May 3, 2022. There were no concerns only a comment that for the amount of work, the staffing is very small.

Staff Recommendation: Adopt Spring Finance Letter.

7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD

VOTE-ONLY ISSUE 4: TECHNICAL ADJUSTMENT: POSITION AUTHORITY

The California Workforce Development Board requests an increase in 30 permanent positions ongoing to support existing and future workload. The Administration notes that these positions are already filled on a temporary basis and no new costs are associated with this request. The positions are supported by existing administrative set-asides provided in one-time and limited-term funding. These positions will support program, field, policy, research, and administrative roles at the California Workforce Development Board.

STAFF COMMENT

Staff does not have concerns with this proposal.

Staff Recommendation: Adopt Spring Finance Letter
