

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER WENDY CARRILLO, CHAIR

TUESDAY, FEBRUARY 9, 2021

1:30 P.M. - STATE CAPITOL, ROOM 437

Due to the regional stay-at-home order and guidance on physical distancing, seating for this hearing will be very limited for press and for the public. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://www.assembly.ca.gov/todaysevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub4@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: 877-692-8957, access code: 437 13 15

| ITEMS TO BE HEARD | | |
|-------------------|---|----|
| ITEM | DESCRIPTION | |
| 1115 | DEPARTMENT OF CANNABIS CONTROL | |
| ISSUE 1 | DEPARTMENT OF CANNABIS CONTROL | 2 |
| 1110/1111 | DEPARTMENT OF CONSUMER AFFAIRS | |
| ISSUE 2 | FEE WAIVERS | 5 |
| ISSUE 3 | BUSINESS SERVICES | 6 |
| ISSUE 4 | INFORMATION TECHNOLOGY SECURITY | 8 |
| ISSUE 5 | REGULATIONS UNIT – FUNDING EXTENSION | 10 |
| ISSUE 6 | BOARD AND BUREAU WORKLOAD | 12 |
| ISSUE 7 | LEGISLATIVE WORKLOAD | 16 |
| 8260 | CALIFORNIA ARTS COUNCIL | |
| ISSUE 8 | THE CALIFORNIA CREATIVE CORPS PILOT PROGRAM | 19 |
| 8955 | DEPARTMENT VETERANS AFFAIRS | |
| ISSUE 9 | CALVET ELECTRONIC HEALTH RECORD PROJECT: PHASES 2 AND 3 | 21 |
| ISSUE 10 | OTHER CALVET BUDGET PROPOSALS | 23 |
| 8620 | FAIR POLITICAL PRACTICES COMMISSION | |

| | | |
|-------------|---|----|
| ISSUE 11 | LEGISLATIVE WORKLOAD | 26 |
| 7760 | DEPARTMENT OF GENERAL SERVICES | |
| ISSUE 12 | STATE BUILDING CONSTRUCTION AND MAINTENANCE | 29 |
| ISSUE 13 | OTHER DGS PROPOSAL | 32 |
| 7502 | DEPARTMENT OF TECHNOLOGY | |
| ISSUE 14 | DEPARTMENT OF TECHNOLOGY UPDATE AND BUDGET REQUESTS | 35 |
| 0650 | OFFICE OF PLANNING AND RESEARCH | |
| ISSUE 15 | OFFICE OF PLANNING AND RESEARCH BUDGET PROPOSALS | 38 |
| 0511 | GOVERNMENT OPERATIONS | |
| ISSUE 16 | GOVERNMENTAL OPERATIONS AGENCY ROLE IN CRISIS | 41 |
| ISSUE 17 | GOVERNMENTAL OPERATIONS BUDGET PROPOSALS | 43 |

ITEMS TO BE HEARD

1115 DEPARTMENT OF CANNABIS CONTROL

OVERVIEW

The Governor's budget proposes a new Department of Cannabis Control, which would consolidate the cannabis-related functions of the Bureau of Cannabis Control (BCC), the California Department of Food and Agriculture (CDFA), and the Department of Public Health (DPH).

ISSUE 1: DEPARTMENT OF CANNABIS CONTROL

The Governor's budget requests \$153.834 million in 2021-22, \$151.102 million in 2022-23, \$150.268 million in 2023-24, \$136.584 million in 2024-25 and ongoing from the Cannabis Control Fund and Cannabis Tax Fund to create the Department of Cannabis Control. This proposal seeks to transfer 598 existing positions and requests 23 new positions.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Kimberly Harbison, Principal Program Budget Analyst, Department of Finance
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office

BACKGROUND

Cannabis Legalization in California. In 2015, the Legislature passed the Medical Marijuana Regulation and Safety Act—subsequently retitled the Medical Cannabis Regulation and Safety Act (MCRSA). MCRSA consisted of a package of legislation: AB 243 (Wood); AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, and Wood); and SB 643 (McGuire). MCRSA established, for the first time, a comprehensive statewide licensing and regulatory framework for the cultivation, manufacture, transportation, testing, distribution, and sale of medicinal cannabis to be administered by the newly established BCC within the Department of Consumer Affairs (DCA), the CDPH, and the CDFA, with implementation relying on each agency's area of expertise. MCRSA vested authority for:

- The BCC to license and regulate dispensaries, distributors, transporters, and (subsequently) testing laboratories, and to provide oversight for the state's regulatory framework;

- The CDPH to license and regulate manufacturers; and
- The CDFA to license and regulate cultivators.

Not long after the Legislature enacted MCRSA, California voters passed Proposition 64, the Adult Use of Marijuana Act (AUMA). The passage of the AUMA legalized cannabis for non-medicinal adult use in a private home or licensed business; allowed adults 21 and over to possess and give away up to approximately one ounce of cannabis and up to eight grams of concentrate; and permitted the personal cultivation of up to six plants.

The proponents of the AUMA sought to make use of much of the regulatory framework and authorities set out by MCRSA while making a few notable changes to the structure still being implemented. The same agencies given authority under MCRSA remained responsible for implementing regulations for adult use. Under the AUMA, the BCC within the DCA continues to serve as the lead regulatory agency for all cannabis, both medicinal and non-medicinal.

In the spring of 2017, SB 94 (Committee on Budget and Fiscal Review) was introduced to reconcile the distinct systems for the regulation, licensing, and enforcement of legal cannabis that had been established under the respective authorities of MCRSA and the AUMA. The single consolidated system established by the bill—known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)—created a unified series of cannabis laws and deleted redundant code sections no longer necessary due to the combination of the two systems.

Under MAUCRSA, state excise tax and cultivation tax revenues are deposited into a special fund referred to as the California Cannabis Tax Fund and are then allocated for a variety of purposes in order of priority. After state agency cost reimbursement, Tax Fund revenue is next allocated to fund a series of specific programs designated under Proposition 64. Once those allocations have been appropriated, any remaining revenue is divided into sub-trust accounts according to a percentage outlined by Proposition 64. Sixty percent of the remaining revenue is deposited in the Youth Education, Prevention, Early Intervention and Treatment Account, and disbursed by the Controller to the Department of Health Care Services for programs for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use.

Equity. Cannabis criminalization has disproportionately targeted communities of color. [A 2020 report](#) from the American Civil Liberties Union found that Black Americans are 3.64 times more likely to be arrested for marijuana possession than white people are. Cities such as San Francisco, Los Angeles, Oakland, and Sacramento established social equity programs to ease local cannabis licensing and permitting. SB 1249 (Bradford), which allows cities with social equity programs to apply for \$10 million in grant funds, was signed into law in 2018, however no additional funds have been approved since then.

The Department of Cannabis Control. By consolidating the licensing and regulatory functions of three cannabis-licensing agencies, the Governor proposes a single entity to provide oversight of California's commercial cannabis activities, which will simplify the licensing process for the industry. The proposal alleges that the Department of Cannabis Control will have a more streamlined compliance and enforcement process.

This proposal would shift 598 current positions from the three different licensing authorities to the new department and would seek 23 new positions for the Executive and Information Technology Services Divisions. The chart below summarizes the current staffing at BCC, CDFA, and CPH and the positions requested for the new department:

| Department | BY Funding | BY+1 Funding | PYs |
|-------------------|----------------------|----------------------|------------|
| BCC | \$73,446,00 | \$74,535,000 | 322 |
| CDFA | \$48,129,000 | \$44,450,000 | 155 |
| CDPH | \$29,080,000 | \$29,080,000 | 121 |
| Total | \$150,675,000 | \$148,065,000 | 598 |
| DCC | \$153,834,000 | \$151,268,000 | 621 |
| Difference | \$3,159,000 | \$3,203,000 | 23 |

STAFF COMMENTS

The Administration released trailer bill language for the Consolidation proposal on February 1, 2021. The purpose of this hearing is for the Administration to provide details related to the proposal.

Questions that members may wish to ask the Administration:

- How will consolidation improve coordination, regulations, enforcement?
- Who is in charge of transition? How long will it take to fully consolidate these agencies into the Department of Cannabis Control?
- How does the Administration plan to choose a new director at the Department of Cannabis Control?
- Does this consolidate the workload for all licensing departments? If so, why are 23 additional staff needed?
- Are any of these 23 new positions requested duplicates of some of the 598 positions being transferred?
- Of the 598 staff that are being transferred from BCC, CDPH, and CDFA, do they now solely work on cannabis issues, or are these staff working on other duties that their respective agencies have?

- Are DCA, CDPH, and CDFA's budgets being reduced because those staffing costs will shift to the Department of Cannabis Control?
- How do all the licensing agencies currently coordinate with regulations and licensing?
- How will the Department of Cannabis Control handle enforcement?
- How will the Department of Cannabis Control deal with issues of equity?
- How will the Department of Cannabis Control work with locals? How will consolidation change your relationship with locals?

Staff Recommendation: This proposal reflects a major policy change that may require the Subcommittee to revisit at a later time.

1110/1111 DEPARTMENT OF CONSUMER AFFAIRS

OVERVIEW

In the Governor's 2021 Budget, the Department of Consumer Affairs (DCA) proposes 12 Budget Change Proposals as well as trailer bill language. For the hearing, the Subcommittee will hear from a panel to discuss the Board of Barbering and Cosmetology fee waiver proposal, business modernization and services upgrades, a panel on IT security projects, and a panel on funding needed for the regulations unit. The last two panels will discuss workloads associated with boards and bureaus and legislation.

ISSUE 2: BARBERING AND COSMETOLOGY FEE WAIVERS

The Governor's budget proposes \$25.6 million one-time General Fund to waive license renewal fees for the Board of Barbering and Cosmetology licensees.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Kimberly Harbison, Principal Program Budget Analyst, Department of Finance
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office

BACKGROUND

This proposal attempts to alleviate pressures to businesses that have been heavily impacted by health and safety restrictions imposed in response to COVID-19. The Board of Barbering and Cosmetology receives fees from licensees for the Board's operations, such as licensing and enforcement. This proposal would instead backfill those fees with General Fund dollars for licenses that expire between January 1, 2021 and January 1, 2023.

STAFF COMMENTS

This was identified as an early action item the Governor's budget. Providing assistance to the millions of small businesses that have been impacted by the COVID-19 pandemic is a priority for the Assembly. The Subcommittee may wish to explore if there are other businesses that would additionally meet this criteria for a fee waiver.

Staff Recommendation: This proposal reflects a major policy change that may require the Subcommittee to revisit at a later time.

ISSUE 3: BUSINESS SERVICES

The Governor's budget includes two proposals to improve business and accounting services at DCA.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Sean O'Connor, Chief, Project Delivery, Office of Information Services, Department of Consumer Affairs
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Kia Cha, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

1. Business Modernization – Cohort 1. The Governor's Budget includes \$1,745,000 in 2021-22 to fund Business Modernization Cohort 1 software licensing, project management, maintenance, credit card services, technical knowledge transfer, and

3.5 existing positions. The request includes funds from the Acupuncture Fund, State Board of Chiropractic Examiners Fund, Private Postsecondary Education Administration Fund, and the Professional Engineer's, Land Surveyor's, and Geologist's Fund.

The sixteen boards and bureaus not currently on the BreEZe system are proceeding individually through a structured business modernization initiative to identify and implement business and technology improvements. This initiative includes both organizational readiness activities such as process mapping and functional requirement development, as well as project planning through the California Department of Technology's four-stage Project Approval Lifecycle.

The Board of Professional Engineers, Land Surveyors, and Geologists, the Bureau of Private Postsecondary Education, the California Acupuncture Board, and the Board of Chiropractic Examiners are in the Business Modernization Cohort 1, which is currently undergoing a business improvement software change. Funding is necessary to pay for software and staffing costs necessary to continue providing the current improved services during its maintenance phase, otherwise the maintenance of the system will not be able to be fully transitioned to state IT staff. The 2020-21 Budget Act included \$5.231 million one-time for project activities.

With upgrading current systems to allow for a stronger online presence, the Department and some of its boards and bureaus are integrating functionality to allow applicants and licensees to pay for their fees using credit card payments. Cohort 1 is funding credit card processing fees on behalf of users of credit card payments.

The total breakdown of funding requested in this proposal, by boards/bureau, is as follows:

| Board/Bureau | Funding Request | Positions |
|---|------------------------|---|
| California Acupuncture Board | \$411,000 | 0.5 existing positions |
| Board of Chiropractic Examiners | \$138,000 | |
| Board of Professional Engineers, Land Surveyors, and Geologists | \$131,000 | |
| Bureau of Private Postsecondary Education | \$973,000 | |
| Office of Information Services | \$506,000 | 3.0 existing positions (cost included within boards/bureau amounts above) |

2. Continued Resources for Accounting and Business Services Workload. The Governor's budget requests \$436,000 in 2021-22 and ongoing to support 1 existing position in the Business Services Office and 2 existing positions in the Fiscal Operations Office, which were received in 2019-20 with two years of limited-term funding. This request includes funds from 39 board and bureau funds.

In July 2017, DCA was on-boarded and began transacting in the new Financial Information System for California (FI\$Cal). This transitional year posed significant process changes that created many challenges and hurdles to overcome. DCA's needs have since shifted as the system continues to mature and functionality becomes more streamlined. However, both the volume and the steps involved to process transactions in FI\$Cal still require the need to address ongoing workload that justifies and will require permanent funding for 3 of the 7 positions requested in DCA's 2019-20 BCP.

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| STAFF COMMENTS |
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Staff has made two observations about the proposals:

1. **Business Modernization – Cohort 1.** This project will be completed in 2021 and no additional funds will be required to complete the project. Staff does not have concerns with this proposal at this time.
2. **Continued Resources for Accounting and Business Services Workload.** Staff does not have concerns with this proposal at this time.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

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| ISSUE 4: INFORMATION TECHNOLOGY SECURITY |
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The Governor's budget requests 2 positions and \$2.0 million in 2021-22 and \$1.7 million ongoing from Special funds to meet State of California mandated information technology security regulations and processes across all five department domains.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Jason Piccione, Deputy Director and CIO, Office of Information Services, Department of Consumer Affairs
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Kia Cha, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

During the 2018-19 California Military Department (CMD) security assessment, each Department domain had a list of Plan of Action and Milestones that identified key security best practices that require remediation. Within the assessments and audits, recommendations have been made by California Department of Technology and CMD that detailed the security software, services, and best practices that each Department domain must adopt and resolve through the Plan of Action and Milestones process.

Through this collaborative process, the CMD identified the major cyber security gaps across all Department domains and provided possible solutions and actions that would keep costs to a minimum while closing these security gaps. In support of the remediation of security assessment outcomes, the Department must purchase additional security hardware, software, services and cannot absorb the cost within the existing appropriation. An inability to implement the mandated audits and identified areas of improvement will leave the Boards and Bureaus within the Department at risk of attacks that could degrade operational efficiency or result in significant liability.

This request includes 2 positions to implement the various improvements needed to comply with state security and privacy policies. The positions will be responsible for the design, implementation and maintenance of end point protection systems, monitoring IT security subsystems and email security systems, installing and maintaining all security software and auditing Department servers, desktops, laptops and other IT hardware for security software.

Cost Breakdown by Domain

| Description | DCA | Accountancy | BREA | MBC | CSLB | 2021-22 | Ongoing |
|-------------------------------------|--------------------|-------------|----------|----------|-----------|--------------------|--------------------|
| Information Technology Specialist I | \$170,000 | - | - | - | - | \$170,000 | \$162,000 |
| Information Technology Specialist I | \$190,000 | - | - | - | - | \$190,000 | \$182,000 |
| Security Hardware | \$390,000 | - | - | - | - | \$390,000 | \$78,000 |
| Security Software | \$445,000 | \$29,000 | \$19,000 | \$50,000 | \$255,000 | \$798,000 | \$798,000 |
| Security Services | \$460,000 | - | - | - | - | \$460,000 | \$460,000 |
| Total | \$1,655,000 | - | - | - | - | \$2,008,000 | \$1,680,000 |

*Bureau of Real Estate Appraisers (BREA); Medical Board of California (MBC); Contractors State License Board (CSLB)

STAFF COMMENTS

Staff does not have concerns with this proposal at this time.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

ISSUE 5: REGULATIONS UNIT

The Governor's budget requests \$1,674,000 in 2021-22 and 2022-23 from Special funds to continue supporting 8 existing positions (6 Attorney IIIs, 1 Senior Legal Analyst, and 1 Research Data Specialist II) in the Department's Regulations Unit.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Ryan Marcroft, Deputy Director, Legal Affairs Division, Department of Consumer Affairs
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Kia Cha, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

DCA protects Californians by providing oversight and administrative support to 37 licensing and regulatory entities (collectively, the “boards and bureaus”), which regulate and license more than 100 business types, over 300 professional categories, and over 3.4 million licensees in the state. DCA’s staff of legal, technical, and administrative professionals support the boards and bureaus and provide to them legal and fiscal management support services. The boards and bureaus are authorized to promulgate regulations to implement the statutes, which enables them to fill in the gaps in statutory law and effectively regulate their respective industries.

Beginning in July 2019, the 2019 Budget Act appropriated to DCA two-year limited-term funding and permanent position authority to establish and support a dedicated Regulations Unit. The purpose for establishing the Unit was to:

- Improve the quality of regulatory packages.
- Address the backlog of regulation packages from boards and bureaus, thereby preparing more regulations to be submitted to Business, Consumer Services and Housing Agency (BCSHA), the Department of Finance, and Office of Administrative Law (OAL).
- Provide efficiencies and minimize review time of regulatory packages.
- Allow non-regulations attorneys and budget staff to focus on increased non-regulatory workload.
- Respond to the demand of regulation packages under current review and any increase of regulation packages resulting from new legislation.
- Enhance the level of regulation training provided to boards and bureaus to improve the quality packages submitted for review.
- Implement a new regulations management system to allow boards and bureaus to submit rulemaking packages electronically and to track the workflow process of each submission through DCA and BCSHA.
- Gather data to assess the Regulations Unit’s efficacy and provide the Legislature with progress reports in 2020 and 2021.

Upon budget authorization, the Department took all steps necessary to staff the eight-member Regulations Unit. DCA anticipates that the number of completed regulations will increase each year as the Regulations Unit staff fully assumes their duties and attains a fuller working knowledge of their assigned programs.

The Unit has not been fully staffed for the entire 2019-20 fiscal year due to subsequent vacancies after hires. Additionally, DCA’s response to the COVID-19 pandemic and its impact on board meeting schedules, slowed implementation resulting in additional COVID-related priority workload, given the need for emergency regulations. Accordingly,

DCA requests a two-year limited-term extension beginning in 2021-22 to allow additional time for the Regulations Unit to demonstrate its utility to the Department, continue providing increased rulemaking training, as it did before COVID-19 struck, fully implement the regulations management system, and gather additional data to further demonstrate the Unit's success at DCA.

DCA programs historically promulgate a greater number of rulemaking packages each year than other state agencies, and there are currently approximately 260 rulemaking proposals listed on the Office of Administrative Law (OAL)'s rulemaking calendar. The OAL calendar includes the following proposed regulations, among others:

- AB 2138 – 35 programs reporting
- Fees – 18 programs reporting
- Disciplinary Guidelines – 18 programs reporting
- Continuing Education – 14 programs reporting
- Notices to Consumers – 7 programs reporting

DCA's Regulations Unit serves a vital role in consumer safety and protection by making sure there is a proper level of regulatory oversight of professional licensees operating in the state. Because of the number of DCA programs (37) and the number of proposals listed on OAL's rulemaking calendar, the Regulations Unit serves an essential function to properly regulate licensed professionals in the state.

STAFF COMMENTS

Staff does not have concerns with this proposal at this time.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

ISSUE 6: BOARD AND BUREAU WORKLOAD

The Governor's budget includes five proposals related workloads for the boards and bureaus.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Patrick Dorais, Bureau Chief, Bureau of Automotive Repair
- Jessica Sieferman, Executive Officer, Board of Veterinary Medicine
- Jonathan Burke, Assistant Executive Officer, Board of Psychology
- Michael Jamnetcki, Chief of Legislation, Contractors State Licensing Board
- Shara Murphy, Executive Officer, Board of Optometry
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Kia Cha, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

The Board and Bureau workload request is as follows:

1. **Bureau of Automotive Repair (BAR)** – \$2.3 million in 2021-22 and 2022-23, from the High Polluter Repair or Removal Account, to increase repair assistance to consumers when their vehicles fail a Smog Check inspection. BAR projects that the number of vehicles repaired could increase from 2,093 in 2018-19 to over 9,000 in 2021-22, with expenditures totaling \$7,302,189.

BAR is responsible for administering the nation's largest motor vehicle emissions reduction program. To help in its clean air efforts, BAR administers the Consumer Assistance Program (CAP). CAP improves California air quality by helping consumers comply with the requirements of the Smog Check Program. Consumers can also receive financial incentives to retire their unwanted vehicle at any time and for any reason through CAP. Addressing the needs of low-income vehicle owners is essential to the success of the Smog Check Program. Without assistance, many low-income vehicle owners are unable to afford to repair vehicles that fail the Smog Check inspection and as a result, often continue driving their polluting vehicle with either expired registration tags or registration tags obtained with a fraudulent smog certificate, both of which reduce the pollution control benefits of the Smog Check Program.

2. **Veterinary Medical Board** – \$430,000 in 2021-22, \$406,000 in 2022-23, \$246,000 in 2023-24 and ongoing from the Veterinary Medical Board Contingent Fund, for 3 positions (Staff Services Manager I, Associate Governmental Program Analyst, and Office Technician), to sufficiently address oversight and probation monitoring workload. Funding for the Staff Services Manager I is requested on a two-year limited-term basis.

In 2018-19, the Board began researching and implementing additional efficiencies to address the ever-increasing number of complaints received since 2014-15. From 2014-15 to 2019-20, the Board has seen a 72% increase in consumer complaints

received, which has caused the number of backlogged complaints to nearly quadruple in the same time period.

As a result of the growing complaints, the Board's pending case backlog nearly quadrupled since 2014-15 (from 607 cases to 2,416 cases. This continual increase in pending complaints was the catalyst for the Board's 2020-21 BCP request for six enforcement analysts, which was approved with three years of limited-term funding. In October 2019, the Board voted to raise fees to support the need for ongoing resources, knowing that without the additional resources, the Board's backlog would continue to increase, putting thousands of consumers and animals at risk. In addition, with the added workload associated with the 6 new analysts received in 2020-2021, the Board projects a 10 percent increase in probationers annually.

3. Board of Psychology – \$178,000 in 2021-22, \$192,000 in 2022-23, \$200,000 in 2023-24, and \$207,000 in 2024-25 ongoing from the Psychology Fund to expand the Board's expert witness budget and to support court reporter expenses.

Expert witnesses and court reporters are a critical component of the Board's enforcement program. When a complaint is received by the Board, expert witnesses are utilized once the Board completes its investigation to determine whether the licensee or registrant made a departure from the standard of care. This standard is determined in large part by the community and therefore these expert witnesses are the litmus test for what is the appropriate standard of care.

The Board is seeking to align its expert witness and court reporter line items with its actual expenditures. With a budget of only \$90,000 between the two enforcement line items, the Board has historically over expended their evidence/witness and court reporter appropriation. Until recently, the Board has been able to utilize savings within other areas of their appropriation to cover these expenses; however, the Board can no longer absorb these costs.

| Enforcement History | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|
| Enforcement Stats | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| Licensee Population | 22,079 | 21,748 | 22,276 | 22,606 | 23,398 |
| Complaints Received | 798 | 1,042 | 1,097 | 1,093 | 1,142 |
| Complaints Referred to Experts | 182 | 100 | 146 | 156 | 218 |

4. Contractor's State License Board (CSLB) – CSLB requests Budget Bill language to authorize the augmentation of its Construction Management Education Account (CMEA) appropriation, to provide the flexibility to increase the grants awarded from the fund based on the amount of contributions made to the CMEA.

In the early 1990s, the construction industry recognized it was facing a critical shortage of qualified workers, particularly at the supervision and management levels, and sponsored the Construction Management Education Sponsorship Act of 1991 (Act). The Act is meant to provide funding for public postsecondary construction management education programs by collecting and distributing voluntary contributions. The funds in the account can only be used to disburse grants awards and to solely administer the fund. Funds are awarded to qualifying institutions based on the number of graduates from the program for the previous year.

CSLB is requesting this proposal to give itself flexibility to request adjustments to the CMEA Budget appropriation in order to award grant amounts based on the level of contributions received by the CMEA each year (a number that generally fluctuates year to year) while maintaining a healthy reserve. Currently, CSLB only has expenditure authority of \$100,000, even though the CMEA receives an average of \$120,000 annually in contributions.

5. Board of Optometry. The Governor's budget includes \$60,000 ongoing from the Optometry Fund for continued optometry examination development and validation. The requested spending authority is needed to develop and administer competency tests for licensure, to meet the Board's statutory requirement of public protection. The ongoing development and validation of licensing exams is critical. Exam questions become familiar, which makes exams vulnerable to widespread testing fraud. Without additional spending authority and annual exam development, the Board cannot maintain a robust bank of testing questions.

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| STAFF COMMENTS |
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Staff has made the five following observations about these proposals:

1. Bureau of Automotive Repair. The Subcommittee may wish to explore BAR's projected 7,000 increase in requests for vehicle repair assistance and to enquire if funds from the High Polluter Repair or Removal Account may be utilized for uses other than vehicle repair or retirement.

2. Veterinary Medical Board. The Subcommittee may wish to enquire why there has been a 72% increase in consumer complaints in order to better understand the need for additional resources.

3. Board of Psychology. The Subcommittee may wish to review the Board of Psychology's guidelines in requesting expert witnesses for cases as the enforcement history chart provided by the board range from 22.8% in 2015-16, 9.5% in 2016-17, 13% in 2017-18, 14% in 2018-19, and 19% in 2019-20. While these increases seem

consistent after 2017-18, there was a major decrease in requests for expert witnesses in 2016-17 despite the caseload increasing by nearly 250 cases.

4. Contractor's State License Board. Staff has no concerns with this proposal at this time.

5. Board of Optometry. The Subcommittee may wish to explore whether this proposal is necessary to fund given that there has been no evidence of testing fraud at the Board of Optometry. Additionally, staff has concerns that appropriating ongoing funding may be inappropriate due to the fund's likely insolvency within the next two years.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

ISSUE 7: LEGISLATIVE WORKLOAD

The Governor's budget includes three additional requests relating to workloads associated with legislation signed into law.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Shara Murphy, Executive Officer, Board of Optometry
- Gina Sanchez, Bureau Chief, Cemetery and Funeral Bureau
- Susan Saylor, Executive Officer, Structural Pest Control Board
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Kia Cha, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

1. Board of Optometry – Mobile Optometric Office License (AB 896). The Governor's Budget requests \$262,000 in the 2021-2022, \$246,000 in 2022-23 and 2023-24 from the Optometry Fund for 2 three-year limited-term positions to address anticipated workload as a result of AB 896, Chapter 121, Statutes of 2020. AB 896 creates a new licensure type for mobile optometric offices, which is affiliated with

nonprofit and charity care organizations to provide optometric services to patients regardless of the patient's ability to pay. AB 896 will sunset on July 1, 2024.

The Board is requesting 2 positions to implement the new mobile optometric office licensure program. Specifically, the Board requires 1 Associate Governmental Program Analyst to perform the program implementation changes necessary to integrate the new licensing programs into the Board's processes, develop application and renewal forms, as well as develop the consumer notice. Once the program has been implemented, the analyst will be responsible for reviewing complaints, reviewing quarterly reports from the mobile clinics, analyzing enforcement issues and referring cases to outside agencies or the Attorney General's office. Additionally, the Board requires 1 Office Technician to oversee the application process, assist with administrative functions, respond to phone and email inquiries, conduct the initial complaint review, process the quarterly reports, and assist with other enforcement issues.

2. Cemetery and Funeral Bureau - Endowment funds (AB 795). The Cemetery and Funeral Bureau requests \$86,000 in 2021-22, and \$78,000 in 2022-23 and ongoing, from the Cemetery and Funeral Fund, for a 0.5 Associate Management Auditor position to address the additional workload related to the requirements of Chapter 309, Statutes of 2019 (AB 795). AB 795 authorizes a cemetery authority's endowment care fund to convert to a unitrust distribution method from a net income distribution method and set appropriate limits on trustee compensation. AB 795 increases the Bureau's annual review requirements and required additional analyses of licensed cemetery authorities' initial applications. The addition of the new workload cannot be addressed with existing resources because existing positions are being utilized to their maximum capacity.

3. Licensure with Criminal Background (Structural Pest Control Board). The Structural Pest Control Board (Board) is requesting \$188,000 in 2021-22, \$180,000 in 2022-23 and 2023-24 from the Structural Pest Control Fund, for 1 position to address the additional workload associated with implementing Chapter 995, Statutes of 2018 (AB 2138), and oversee the Board's probation monitoring.

AB 2138 provides that boards regulated under the Department of Consumer affairs may not deny a license on the basis that an applicant has been arrested or convicted for a felony or misdemeanor, with some exceptions. AB 2138 provides that a board cannot require an applicant to disclose information about criminal history; however, the Board may ask for mitigating information about such history if the Board notifies the applicant that they are providing that documentation voluntarily and their decision not to provide it will not be used against them.

In either case, the Board requires the criminal history information to meet the due process requirements in the event an administrative case is initiated against an applicant or a licensee with a criminal conviction. If the Board is unable to obtain the criminal history from the applicant directly, it must request the information from the courts and arresting agencies. This proposal would address the mandates as prescribed in AB 2138 and provides the Board with the necessary licensing staff to follow several new procedures and processes to obtain criminal history records.

To fully address the additional workload, the Board requires an analyst position to obtain criminal history records regarding new applicants and to monitor those placed on probation. The analyst position will be requesting and reviewing court documentations as well as making recommendations to management if the applicant should be placed on probation or if the applicant should be denied. The position will also research, obtain and scrutinize court records and penal code sections and use judgement on multiple factors to determine if the applicant's conviction is substantially related to the duties of a pest control licensee.

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| STAFF COMMENTS |
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Staff has made three observations to the above proposals:

1. **Board of Optometry – Mobile Optometric Office License (AB 896).** Staff has no concerns with the proposal at this time and finds that the costs associated are consistent with the Assembly Appropriations Committee analysis.
2. **Cemetery and Funeral Bureau - Endowment funds (AB 795).** Staff notes that AB 795 was not reviewed by the Appropriations Committee of either Legislative house but that there are no concerns with the proposal at this time.
3. **Licensure with Criminal Background (Structural Pest Control Board).** The Assembly Appropriations Committee analysis found that costs for AB 2138 for the Structural Pest Control Board were minor and absorbable, however the Senate Appropriations Committee, which analyzed a later version of the bill, reported costs of \$266,000 in 2020-21 and ongoing, which is higher than what is being requested for this proposal. However, \$100,000 of that cost was attributed to the Attorney General's office and \$70,000 for the Office of Administrative Hearings and this proposal only requests \$37,000 for external consulting and professional services.

Staff notes that boards may still receive fingerprint background check and request criminal history information from the Department of Justice. Staff finds that prior to AB 2138, the Structural Pest Control Board did not obtain criminal records from courthouses as proposed in this request. Staff additionally clarifies that AB 2138 does

not expressly prevent a board from requesting information regarding an applicant's criminal history; it only prevents the board from requiring it.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

8260 CALIFORNIA ARTS COUNCIL

OVERVIEW

In the Governor's 2021 Budget, the California Arts Council (CAC) proposes one trailer bill provision. For the hearing, the Subcommittee will hear from a panel to discuss the California Creative Corps Pilot Program, a COVID-19 public awareness campaign.

ISSUE 8: CALIFORNIA CREATIVE CORPS PILOT PROGRAM

The California Arts Council (CAC) requests \$15 million from the General Fund (\$5 million in 2020-21 and \$10 million in 2021-22) to implement the California Creative Corps Pilot Program and 1 Association Governmental Program Analyst (AGPA).

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Anne Bown-Crawford, Executive Director, California Arts Council
- Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
- Amy Jarvis, Program Budget Manager, Department of Finance

BACKGROUND

The California Creative Corps Pilot Program is a public awareness campaign to share various methods to stop the spread of COVID-19. This pilot will have California artists using different mediums to promote public health awareness and hopes to prevent the spread of the virus. CAC will use the funding to support the cost for artists, media outreach, and requires matching funds from philanthropic organizations and grantees. The AGPA will provide administrative support to the CAC to run the pilot program.

California's arts, entertainment, and recreation industry has been the most heavily affected by the COVID-19 pandemic, with about 40 percent of the sector facing job loss. The Creative Corps Pilot Program will serve two purposes: (1) to provide assistance to California's artists and associated media and (2) to provide a public health awareness campaign on COVID-19.

LAO

While the proposed program could have some merit, given the significant unanswered questions about the proposal, it is difficult at this time to assess whether the proposal would be a cost-effective way to create public awareness of the methods for stopping the spread of COVID-19. Accordingly, we recommend that the Legislature withhold action on the Governor's proposal until the administration is able to provide sufficient details about how the program would be implemented. If such information is provided demonstrating that the program is consistent with legislative priorities and would be a cost-effective approach in increasing public awareness, we would recommend the Legislature approve the Governor's proposal. Otherwise, we would recommend the Legislature reject the proposal.

STAFF COMMENTS

This proposal was identified as an early action item in the Governor's budget. Staff finds that no plan on how funding will be dispersed or how grantees will be selected has been approved by the California Arts Council. However the Governor's budget requests \$5 million to be appropriated in FY 2020-21, which could be as early as March. Staff agrees with the LAO's recommendation and proposes that the Assembly not take action on the proposal until more details are finalized.

Staff Recommendation: Accelerating job creation is a priority for the Assembly and the Subcommittee may wish to receive more details on this proposal before taking action.

8955 DEPARTMENT OF VETERANS AFFAIRS

OVERVIEW

In the Governor's 2021 Budget, the Department of Veterans Affairs (CalVet) proposes five Budget Change Proposals. For the hearing, the Subcommittee will hear from a panel to discuss authorization of funds to continue the CalVet Electronic Health Record Project.

The other CalVet items consist of a study and capital outlay projects and are discussed in the second panel.

ISSUE 9: CALVET ELECTRONIC HEALTH RECORD PROJECT: PHASES 2 AND 3

The Governor's budget requests \$10 million General Fund in 2021-22 for the second year of implementation of a new long-term care (LTC) electronic health record (EHR) system in the Veterans Homes of California and Headquarters.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Anthony Juarez, Information Technology Manager II, California Department of Veterans Affairs
- Jacqueline Barocio, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Phil Osborn, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

The CalVet Electronic Health Record (CEHR) system proposes to modernize paper and electronic health records from all eight veteran homes, which provides 2,370 beds with differing levels of care for California's veterans. Business problems due to CalVet's lack of a modern EHR included, but were not limited to:

- The absence of a standardized format of documentation, resulting in CalVet having to support both electronic and paper orders.
- The combined usage of ADL, MEDITECH – two different EHR software systems – and paper across the Homes for resident health information management, resulting in inefficient clinical business operations and inconsistencies in reporting and data integrity.
- The inability to guarantee absolute compliance with applicable laws and regulations.
- The absence of standardized processes for resident finance, billing, accounts receivable, and reimbursements, resulting in inefficient financial business operations and inconsistencies in reporting and data integrity.

The 2020 Budget Act included \$1.195 million General Fund for the first year of the CalVet CEHR system project. CalVet utilizes paper and multiple EHR systems; consequently, the information on current outcomes is unavailable.

Once the new LTC EHR solution is fully implemented in all eight homes, the system will eliminate the usage of paper in health records—as well as the other EHR systems currently in use—thus reducing the risk of error and allowing CalVet to measure outcomes such as the accuracy rate of orders. Having a single cohesive LTC EHR will improve all current outcomes along with helping the Homes evolve and progress technologically.

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| STAFF COMMENTS |
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In 2015, the State Auditor released a report concerning the implementation of CalVet's Enterprise-Wide Veterans Home Information System, which was supposed to be a new system to ensure that veterans received consistent and integrated care. In the Auditor's letter to the Governor and Legislative Leaders, the Auditor noted the following:

This report concludes that CalVet paid nearly \$28 million for the implementation of a system that has not improved the veterans homes' process for documenting medical care or reduced the homes' reliance on paper records, as it was intended to do. In addition, system instability and concerns about functionality resulted in CalVet implementing fewer system functions at some homes than originally planned, thus limiting CalVet's ability to provide more consistent, efficient care for veterans. CalVet's project management failed to promptly identify and address the system's functionality issues. Although it was aware of the problems as early as mid-2012, CalVet did not begin to address them until late 2013, and the steps it did take did not ultimately fix the problems.

Following this audit, CalVet has prioritized establishing proper safeguards for executing the CEHR Project contract. The contract includes, but is not limited to, requiring the vendor to deposit secure information to an escrow account, terminating the contract if it is not convenient for the state or for a default, and requiring all data to be property of the state and the return of such data as necessary.

Staff Recommendation: The Legislature should continue funding this project to ensure that CalVet has a consistent electronic health record system in all eight veteran homes. The Legislature may wish to consider oversight and accountability actions so that this project does not have the same or similar outcomes as the Enterprise-Wide Veterans Home Information System.

ISSUE 10: OTHER CALVET BUDGET PROPOSALS

The Governor's budget includes four other budget proposals having to do with capital outlay projects for CalVet facilities and an assessment study required by a settlement agreement.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- David Gerald, Chief Facilities and Business Services Division, California Department of Veterans Affairs
- Jacqueline Barocio, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Phil Osborn, Staff Finance Budget Analyst, Department of Finance

BACKGROUND

The Proposed budget includes four other budget proposals:

1. **Northern California Veterans Cemetery (NCVC), Igo: Columbaria Expansion.**
The Governor's budget includes \$296,000 General Fund for 2,000 columbaria niches, a display vault that holds cremation urns. The scope includes the construction of ten new columbaria, each consisting of 100 niches on each side, totaling 2,000 additional niches; new walk-ways, ramps, curbs and gutters; landscaping; and irrigation.

The NCVC opened for interments on December 21, 2005 with 1,200 columbaria niches available for burial. When this cemetery was designed in 2002, the number of in-ground burial plots and columbaria niches was consistent with existing interment rates. The cemetery currently maintains 2,882 columbaria niches.

Niches are the most desired burial option, over double that of requests for casket and in-ground cremains, and only 318 columbaria niches remain. By the summer of 2021, there will be no more columbaria niches available at this cemetery unless additional funding is approved. Absent additional niches, families of a deceased veteran will either have to select an in-ground burial or find another cemetery with available columbaria niches. The nearest veteran's cemetery with available space is nearly 200 miles away in Dixon, California.

2. Northern California Veterans Cemetery (NCV), Igo: Water System Upgrade.

The Governor's budget requests \$954,000 General Fund for the water system upgrade at the NCV in Igo, California necessary to continue construction of the Veterans Memorial Building.

CalVet entered into a two-year lease agreement with the California Veterans Assistance Group, Inc. (Lessee) on May 21, 2010 to build a Veterans Memorial Building on the grounds of the NCV in Igo, California. Under the terms of the lease, the Lessee agreed to construct a 2,200 square-foot, faith-neutral Veterans Memorial Building to be donated to CalVet upon its completion. The Veterans Memorial Building was a privately financed endeavor that was largely dependent on donated services and materials given by private citizens, design professionals and contractors.

Primary construction of the Veterans Memorial Building was completed in March 2011. CalVet became aware of additional construction work required by state and local regulators, including the Shasta County Fire Marshal. The Shasta County Fire Marshal granted CalVet a temporary occupancy permit with the condition that an on-site fire watch would be provided during all Memorial Building events with the understanding that improvements would be completed when funding was secured in accordance with the state's budget cycle. However, should this project be cancelled, there is a risk that the State Fire Marshal (SFM) will close the Memorial Building.

Completion of working design phase was delayed due to the due diligence obligations required by the State and additional requirements set forth by the SFM. Due to this delay, the construction phase that was originally funded in the 2019 Budget Act expired as the funds were not encumbered or expended by the specified dates in the 2019 Budget Act.

3. Veterans Home of California-Yountville Water Treatment Plant Upgrades.

The Governor's budget proposes \$2.1 million General Fund in 2021-22 for the required renovations for the water treatment plant at the Rector Reservoir near the Veterans Home of California-Yountville.

Rector Dam was built by the State of California in 1946 and CalVet operates the reservoir and water treatment plan, which supplies drinking water to the Veterans Home of California-Yountville (VHC-Y), Napa State Hospital, Department of Fish and Wildlife, Town of Yountville, and surrounding wineries. An independent evaluation found that filters in the reservoir need replacement or repair. The 2019-20 Budget Act included \$2.5 million to address deferred maintenance at VHC-Y, including replacement of filters, but those funds were redirected to fix an emergency water line break at Veterans Home of California -Barstow.

4. **Rector Creek Instream Flow and Fish Condition Assessment Study.** The Governor's budget requests a re-appropriation of \$275,000 General Fund to complete the Rector Creek Instream Flow and Fish Condition Assessment Study, which was delayed due to dry rainy seasons, by June 30, 2023. This re-appropriation is necessary to complete the study, which is a part of a settlement agreement between CalVet and Water Audit, California.

On November 15, 2016, Water Audit California (Water Audit) filed *Water Audit California v. Department of Veterans Affairs et al.*, which alleges that the CalVet operates Rector Dam and Reservoir in violation of Fish and Game Code. Both entities acknowledge that the historic operation of Rector Dam has resulted in portions of Rector Creek between the base of Rector Dam and the creek's confluence with Conn Creek being dry during parts of the year in some years.

CalVet agreed to develop a plan for operation of Rector Dam and Reservoir in full compliance. CalVet will draft this plan based on the information developed from monitoring activities, stakeholder input, and information developed by the fish habitat study. The study is expected to be completed no later than June 30, 2023.

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| STAFF COMMENTS |
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Staff has made four observations about the four proposals:

1. **Northern California Veterans Cemetery (NCVC), Igo: Columbaria Expansion.** This item provides necessary expansions to the NCVC in Igo that will ensure that California veterans and their families may have additional choices when choosing a final resting place.
2. **Northern California Veterans Cemetery (NCV), Igo: Water System Upgrade.** The Subcommittee may wish to ask CalVet if the NCVC Veterans Memorial Building remains open during the COVID-19 pandemic, and if there are any services provided to veterans in the building.
3. **Veterans Home of California-Yountville Water Treatment Plant Upgrades.** This item provides resources necessary for the maintenance of the Rector Dam reservoir water treatment plant, which serves the Veterans Home of California-Yountville and surrounding area.
4. **Rector Creek Instream Flow and Fish Condition Assessment Study.** This item is part of a settlement agreement between CalVet and Water Audit California.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

8620 FAIR POLITICAL PRACTICES COMMISSION

OVERVIEW

In the Governor's 2021 Budget, the Fair Political Practices Commission (FPPC) proposes two Budget Change Proposals. For the hearing, the Subcommittee will hear from a panel to discuss funding increased workload due to AB 2151 and the Disclose Act.

ISSUE 11: LEGISLATIVE WORKLOAD

The two budget change proposals from the FPPC request funding for increased workload due to legislation.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Galena West, Executive Director, Fair Political Practices Commission
- Nick Schroeder, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Amy Jarvis, Program Budget Manager, Department of Finance

BACKGROUND

1. Local Campaign Filings - Online Filing and Disclosure Systems (AB 2151).

The Governor's budget requests \$121,000 General Fund in 2021-22, \$114,000 in 2022-23 ongoing for 1 Political Reform Consultant, a permanent position to implement the provisions of Chapter 214, Statutes of 2020 (AB 2151).

AB 2151 requires a local governmental agency that receives campaign finance disclosure filings in paper format to post copies of those paper filings, within 72 hours of the filing deadline, on its internet website, beginning in 2022. The FPPC anticipates an increased amount of advice inquiries from local governmental agencies regarding their obligations under this new state-mandate, general provisions of the Act concerning campaign filing requirements and deadlines, and electronic filing systems.

2. Continuation of California Disclose Act Workload. The Governor's budget includes \$430,000 General Fund in 2021-22 and ongoing to fund 3 existing limited-term funded positions on a permanent basis to continue interpretation, outreach and education, enforcement, and refinement for continuing workload associated with the provisions of Chapter 546, Statutes of 2017 (AB 249).

AB 249 (also called the "Disclose Act") prescribed the disclosure statements, location, and format criteria required for television, print, radio, telephone, and electronic media advertisements with some exemptions, and it requires on-advertisement disclosure of the top three contributors. Additional staff resources were needed for the effective implementation of these comprehensive changes.

The FPPC requested funding to fill three positions: 1 Senior Commission Counsel, Political Reform Consultant, and 1 Special Investigator. The requested funding was provided on a three-year limited-term basis to accomplish the workload related to AB 249, including FY 2018-2019, 2019-2020, and 2020-2021. These staff resources need to be extended for activities that have been identified as ongoing. The current funding, which will expire on June 30, 2021, provides the resources necessary for the FPPC to accomplish the workload associated with AB 249, including all of FY 2020-21.

The FPPC provides advice and technical assistance on interpretation of the Act, policy guidance on the implementation of AB 249, and education and outreach to state and local entities. The FPPC had a substantial increase in requests for advice as the regulated communities work to understand these new requirements. In addition to providing advice to the public, the FPPC's Legal Division staff spend a significant amount of time, particularly leading up to an election, advising Enforcement Division staff regarding the appropriate interpretation of the Disclose Act as applied in the context of actual fact patterns.

Additionally, the FPPC's Enforcement Division has been receiving a significantly increased number of complaints since AB 249 became effective on January 1, 2018. In 2018, 328 advertisement/mass mailing complaints associated with the Disclose Act were received— this number was three times more than 2017. In 2020, the FPPC is seeing another spike in advisement/mass mailing complaints. Out of the 328 complaints received in 2018, 136 were opened into cases assigned for further investigation; 62 of these cases remain pending investigation status as of July 31, 2020. On average, a Special Investigator can complete 20 to 30 cases per year depending on the complexity of the cases. The FPPC has projected that approximately 20 new cases will be assigned to each investigator in 2020 due to the spike in cases, with an average of 30 new cases to be assigned each year thereafter.

STAFF COMMENTS

Staff has made the following observations about these proposals:

1. Local Campaign Filings - Online Filing and Disclosure Systems (AB 2151).

The Assembly Appropriations Committee analysis states that any local reimbursable state-mandated General Fund costs are anticipated to be minor. The analysis did not find that there would be costs to the FPPC. While the FPPC anticipates additional workload, staff recommends holding open this proposal until a later date when data can be provided to the Subcommittee on the number of enquiries the FPPC receives related to AB 2151.

2. Continuation of California Disclose Act Workload. The Senate Appropriations Committee analysis found that the Disclose Act would incur \$348,000 ongoing staffing costs. The Subcommittee may wish to ask the FPPC why the staffing costs have increased.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, staff recommends these items be considered for a vote-only calendar whenever the Committee takes action.

7760 DEPARTMENT OF GENERAL SERVICES

OVERVIEW

In the Governor's 2021 Budget, the Department of General Services proposes 10 Budget Changes Proposals as well as one trailer bill provision. For the hearing, the Subcommittee will first hear from a panel to discuss state building projects and new costs associated with the opening of new state buildings in the budget year. The second panel will consider other DGS budget requests.

DGS also has provisions in the Administration's \$1.8 billion COVID-19 response Budget Proposal. Since that proposal contains a variety of departments across policy areas, it will be considered in Subcommittee 6 on March 18th.

Additionally, Subcommittee 3 will be revisiting the DGS proposal for the installation of electric charging infrastructure in its conversation about the Governor's Zero-Emissions vehicle package on March 17th. However, this proposal is also covered in the second DGS panel at today's hearing.

ISSUE 12: STATE BUILDING CONSTRUCTION AND MAINTENANCE

The Governor's budget includes three budget proposals to advance three building projects in Sacramento, additional ongoing expenditures for facility maintenance staff at two newly opening state buildings, and fire safety improvements at three state buildings.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Jason Kenney, Department of General Services
- Jemahl Amen, Department of General Services
- Drew Soderborg, Legislative Analyst's Office
- Evelyn Suess, Department of Finance
- Sally Lukenbill, Department of Finance
- Gabi Santoro, Department of Finance

BACKGROUND**Pandemic Impact on State Office Space Planning Efforts**

Prior to the pandemic, the State was progressing to address decades of deferred maintenance, low utilization, and health and safety issues at various state-owned facilities, through a ten year sequencing plan. That initiative was focused on increasing state office space, reducing rental costs, and refurbishing or repurposing older state properties, like the giant and obsolete state printing facility.

As a result of an expected increase in telework over the long-term, the department evaluating the state's portfolio of leases to determine which agencies and departments may be able to reduce the use of state space. Departments and agencies are also looking for opportunities to reconfigure their workspaces to include additional meeting rooms and hoteling space that will reduce the state's overall footprint.

Budget Reflects Costs for Projects Underway:

The Department of General Services has six budget proposals that reflect existing efforts to modernize state office buildings and complete projects that were already underway:

1. Bateson Building Renovation Design-Build

The budget includes a proposal to start the three-year \$196.8 million renovation of the Bateson building, currently the home of the Health and Human Services agency, located at 1600 9th St. in Sacramento. The Bateson building is recognized as an architecturally significant building for its use of design elements for energy conservation and architectural character, which was considered cutting-edge when the building was opened in 1981. However, the building has significant structural and life safety issues that need to be addressed once the current tenants move to the newly built Allenby building. The department proposes a streamlined Progressive Design-Build approach, which is being used to build the 10th and O Street Legislative Office building. The department believes using this expedited process will save \$2.9 million over a traditional design-build and allow the project to be completed five months earlier. The funding for the design build would come from the Public Building Construction Fund.

2. Unruh Building Restoration Design-Build

The department proposed the design-phase of the Unruh building at 915 Capitol Mall for \$122.4 million from the Public Building Construction Fund. Built in 1929, the Jesse Unruh Building is a historical landmark and this project includes the restoration of its historic character, as well as complete critical life safety and other code deficiencies. The building contains approximately 125,000 net usable square feet, and is necessary to fulfill office space needs in the Sacramento Region. An infrastructure study completed in 2008 and updated in 2013, identified a variety of fire and life safety, building code, hazardous materials, and other infrastructure deficiencies in the Jesse Unruh Building. A facility condition assessment completed in 2015 ranked the Jesse Unruh Building fifth in Sacramento and ninth statewide for state-owned, DGS-controlled office buildings requiring renovation or replacement. Once the renovation is complete, the building will be used for the State Treasurer's Office. The design-build phase of this building is estimated to take 3 years and be complete in early 2025. Like the Bateson building, the department is proposing using a Progressive Design-Build process for this project

3. Resources Building Restoration Design-Build

The budget includes a proposal for \$461 million Public Building Construction Fund funding to renovate the "old" Resources building at 1416 9th St in Sacramento. The building contains approximately 520,000 net usable square feet, and is necessary to fulfill office space needs in the Sacramento Region. This building has a potential capacity of approximately 2,500 staff, and is a prominent state asset in a desirable downtown location.

This project includes critical life safety upgrades, code deficiency corrections, and space modernization that will allow the building to be reutilized. Current tenants will relocate to the New Natural Resources Agency Headquarters Building in the Fall of 2021, at which

time the 1416 9th St. building will be vacant, providing a “once in a building lifetime” opportunity to complete a comprehensive renovation. Proposed backfill tenants include the Employment Development Department (EDD) offices currently occupying 800 Capitol Mall, 750 N Street, and 751 N Street, and other departments within the Labor and Workforce Development Agency.

4. New Building Operations and Support

The department is requesting authority to add 105 positions for Facilities staff to maintain the new Allenby and Resources buildings in Sacramento. The additional positions reflect that fact that these buildings are larger and also include public-facing spaces, like a restaurant and an auditorium at the Resources building, which will necessitate additional cleaning staff. The department will charge the tenant departments for these staff, when needed and based on need. This proposal provides the maximum authority of staff that could be added as these buildings become operational.

5. Fire Alarm System Upgrades

The Department of General Services proposes one-time \$20 million General Fund to upgrade fire alarm systems at three state buildings. Specifically, \$7.6 million of upgrades to the Ronald M. George building in San Francisco, \$7 million for the Reagan building in Los Angeles, and \$5.4 million for the Attorney General building in Sacramento. The department notes in its proposal that these fire alarm and suppression systems are all over two decades old and have various deficiencies that need to be addressed

Progressive Design-Build Trailer Bill

The Governor’s budget includes a statutory change allow for the progressive design-build authority, which is assumed for several of the projects proposed in the budget.

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The shifting to work-from-home for state work during pandemic has caused DGS and the administration to reconsider how to use office space for the state workforce going forward. However, the State was already underway with initiatives to improve state buildings that had decades of deferred maintenance and did not have modern accessibility or life safety systems and increase the amount of downtown Sacramento office space by opening three new state buildings. These multi-year initiatives have been discussed by the Subcommittee as they evolved over the last decade, and the budget includes proposals that reflect a continuation of these projects that were already underway.

The Bateson and Unruh projects reflect the continuations of projects adopted by the Subcommittee in 2018-19 and were proposals that were put forward in January and withdrawn in May Revision in the 2020-21 proposed budget process.

Advocates for historic perseverance have voiced concern that the Unruh building project does not include funding for the restoration of the State Capitol Fountain, which is located in the Capitol circle to the west of the Capitol Building. The advocates note that the department has suggested various alternatives for the fountain, including demolition, as part of the Unruh project. The advocates request the project be augmented by \$2 million to allow for the fountain to be refurbished. The Subcommittee discussed this issue in 2018 and ultimately that adopted budget that year did include an intent statement from the legislature to restore the fountain.

The State Treasurer has provided the Subcommittee with a letter sent to the acting-director of the department citing concerns with the project's costs and the viability of an open-office concept given the pandemic. The letter also notes that the Treasurer staff will be forced to temporarily relocate to a building that is in worse overall condition than the Unruh building.

The proposed trailer bill introduced on February 1, 2021 did not provide sufficient time for staff to fully analyze the request. On the surface, the proposal appears technical.

Staff Recommendation: Staff recommends approval of these proposals when action is taken, although the Subcommittee may wish to consider whether it is appropriate to provide increased funding for the State Capitol Fountain or to mitigate the concerns of the State Treasurer.

ISSUE 13: OTHER DGS PROPOSAL

The Governor's budget includes six additional proposals relating to DGS workload.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Andrew Sturmfels, Department of General Services
- Ida Clair, Department of General Services
- Nancy Ander, Department of General Services
- Drew Soderborg, Legislative Analyst's Office

- Evelyn Suess, Department of Finance
- Gabi Santoro, Department of Finance
- Barbara Taylor, Department of Finance

BACKGROUND

The Proposed budget includes seven proposals that reflect increased DGS workload:

1. State Architect Detectable Warnings Surfaces

The Department of General Services, Division of the State Architect (DSA) requests a one-time budget authority increase of \$1.3 million in the Disability Access Account for fiscal year 2021-22 to complete a statutorily mandated study of detectable warning surfaces. Detectable warning surfaces are required by the federal Americans with Disabilities Act Accessibility Guidelines (ADAAG) and the California Building Code. These surfaces are applied on pedestrian paths (for example, the raised yellow bumps at a crosswalk) to warn individuals who are blind or visually-impaired that they are approaching or entering hazardous areas like a street, vehicular area or the edge of a transit station boarding platform. In 1999, the California Legislature passed Assembly Bill 685 (Chapter 386, Statutes of 1999), which requires DSA to select an independent entity to development of criteria to ensure that shape, color fastness, confirmation, sound-on-cane acoustic quality, resilience, and attachment of detectable warning surfaces will not degrade significantly for at least five years. The study was delayed as the original funding source for this study was not sufficient. The proposed funding would allow this long-delayed study to move forward.

2. State Architect Oversight Workload Adjustment

The Department of General Services (DGS) Division of the State Architect (DSA) requests an expenditure authority increase of \$11.035 million (\$9.320 million for the Public School Planning, Design, and Construction Review Revolving Fund (Fund 0328) and \$1.715 million for the Disability Access Account (Fund 0006)), and 26.0 permanent positions beginning in fiscal year 2021-22 to provide necessary resources to manage increasing public school construction workload and required oversight.

As mandated by Education Code Section 17280, the Division of the State Architect is responsible for approving design documents and providing oversight for the construction projects of K-12 public schools, community colleges and various other state-owned and state leased facilities throughout the State of California. The Division has a workload backlog, and has been using overtime and consultants to try to meet the demand. Based upon ongoing workload projections, the department is proposing to meet the demand with this ongoing request.

3. Contracted Fiscal Services Workload

The Department of General Services Contracted Fiscal Services requests \$1.146 million (\$567,000 General Fund) and 7.0 positions to provide administrative services for four new client agencies: the California African American Museum, the California Art's Council, the Native American Heritage Commission, and the Delta Protective Commission.

CFS has developed a core group of knowledgeable accounting and budgeting staff with extensive experience in use of the Financial Information System for California (FI\$Cal) over the past several years. With proven success in FI\$Cal, CFS has continued to add client agencies of varying size and complexity. Because of CFS' established track record of successfully providing accounting services, the demand for these services has been steady. This successful track record has sparked increasing requests from client agencies and control agencies for DGS to assist with additional services, including contracted human resources and procurement.

4. Office of Risk and Insurance Management, Emergency Management

The Department of General Services, Office of Risk & Insurance Management requests \$300,000 in ongoing Service Revolving Fund expenditure authority and 2.0 permanent positions to support the increased demand for departmental and statewide emergency management functions, specific to statewide resiliency and emergency planning. These additional resources reflect the additional workload from the department's role in disasters and emergencies.

The department has a larger role in disaster planning and mitigation. In 2016, the department spent 336 hours and \$23,545 on disaster activities. This has grown to 19,287 hours in 2020, covering close to \$2 billion in activities. With these additional positions, this unit will only have six staff in total.

5. Electric Vehicle Infrastructure

The Department of General Services (DGS) Office of Sustainability (OS) requests a one-time budget augmentation of \$51.3 million (\$50 million General Fund). This request is to fund year five of the DGS Zero Emission Vehicles (ZEV) Five-Year Infrastructure Investment Plan (2017-18 through 2021-22) to continue performing installations of Electric Vehicle Service Equipment (EVSE) at state-owned and leased facilities, to meet California's transportation and greenhouse gas goals

STAFF COMMENTS

Most of the above proposals reflect continuations of programmatic spending that has been considered in previous years by the Subcommittee. The increase funding for Contracted Fiscal Services and in Emergency Response reflect the changing role of the department and the state architect funds reflect an increase investment in public buildings at the state and local level.

The zero-emission vehicle infrastructure funding is the fifth year of a 5-year plan, the Subcommittee may wish to inquire as to what to expect in 2022 and beyond, given that the governor is proposing a \$1 billion multi-year proposal for future investments in other departments. Subcommittee 3 will be considering the entire zero-emissions proposal, including this small department of General Services request, at its March 17th hearing.

Staff Recommendation: Absent member questions or input from the public relating to these issues at this hearing, Staff recommends these items be considered as for a vote-only calendar whenever the Committee takes action.

7502 DEPARTMENT OF TECHNOLOGY

OVERVIEW

The Department of Technology has two budget proposals that will be discussed together in one issue. In addition, department will provide an update of its strategic plan and current IT projects underway in the State.

ISSUE 14: DEPARTMENT OF TECHNOLOGY UPDATE AND BUDGET REQUESTS

The Department has two proposals that reflect the impact of the COVID-19 pandemic and enhanced cybersecurity threats on departmental workload. Since this is the only issue being heard for the Department of Technology, this panel will also be asked to discuss general technology challenges faced by the State of California.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Amy Tong, Department of Technology
- Justin Cohan-Shapiro, Department of Technology

- Andrea Spears, Department of Technology
- Andrew Wertin, Department of Technology
- Brian Metzger, Legislative Analyst's Office
- Evelyn Suess, Department of Finance
- Ryan Weinberg, Department of Finance

BACKGROUND**Budget Proposals**

The Department has two budget proposals:

1. Increase Technology Resources Due to Crisis Response

The California Department of Technology (CDT) requests 17.0 positions and \$11,430,000 General Fund in Fiscal Year (FY) 2021-22, \$9,430,000 in 2022-23, and \$6,430,000 ongoing to invest in proactive measures to stabilize critical services and enhance performance statewide, particularly in light of the challenges faced during COVID-19. Additionally, CDT will augment resources to support the State's Broadband for All initiative (two positions). CDT requires a mix of additional staff (\$2.9 million Personal Services), and external support to help pivot its operating model accordingly, including \$8.5 million for external consulting or contracted specialized expertise.

2. Changing Funding Source for Existing Security Staff

The California Department of Technology requests a \$20.965 million General Fund augmentation in Fiscal Year 2021-22 and ongoing to convert 49.0 existing Office of Information Security positions currently funded through the Technology Services Revolving Fund. The requested funding will ensure that the department's Security Operations Center and the Information Security Program Audit can continue to provide critical statewide security benefits to state entities while enabling those state entities to focus their limited resources on remediating identified security vulnerabilities. This request will be accompanied by a trailer bill to allow for CDT to receive General Funds for audits.

This proposal includes a small technical trailer bill provision, which conforms to the funding shift.



















Vision 2023




The California Department of Technology released its Vision 2023 strategic plan on January 15, 2021. The Summary of the document provides a picture of the proposal:

Our plan lays out how technology can power not just more efficient and effective government, but a compassionate and fair government. Our vision is of a government that is accessible and reliable, and works without surprises or hidden traps. The Department will provide some brief comments on this plan and the next steps.

IT Projects Oversight

The Department of Technology is currently tracking 23 projects costing \$2.66 billion in total cost. According to the latest update, 4 of these projects are in “Red” rating status and 5 are in “Yellow” denoting delays and/or cost overruns. One project was not rated. These projects are noted in the table below for discussion purposes:

| Department | Project Number | Project Name | Total Cost | Criticality Level | Overall Rating |
|---|----------------|---|---------------|-------------------|--|
| Air Resources Board, State | 3900-071 | AB 617 Community Air Quality Monitoring (CAQM) Database and Web Portal | \$5,793,264 | Medium |  Green |
| Air Resources Board, State | 3900-069 | AB 617 Integrated Multi-Pollutant Emissions Inventory (IMPEI) | \$9,154,947 | Medium |  Green |
| Air Resources Board, State | 3900-068 | Freight Regulations Reporting System (FRRS) | \$3,566,733 | Medium |  Red |
| Alcoholic Beverage Control, Department of | 2100-013 | Business Modernization and Responsible Beverage Service (BizMod/RBS) | \$13,245,508 | Medium |  Green |
| California Highway Patrol, Department of the | 2720-114 | Wireless Mobile Video/Audio Recording System (WMVARS) Upgrade | \$69,573,541 | Medium |  Yellow |
| Consumer Affairs, Department of | 1111-007 | Business Modernization Cohort 1 (BMC1) | \$18,813,514 | Medium | NA |
| Corrections and Rehabilitation, Department of | 5225-170 | Statewide Correctional Video Surveillance (SCVS) Project | \$385,896,040 | Medium |  Red |
| Finance, Department of | 8860-030 | Financial Information System for California (FI \$Cal) | \$965,529,192 | High |  Yellow |
| Health Care Services, Department of | 4260-241 | Federal Draw and Reporting | \$56,753,642 | Medium |  Red |
| Pesticide Regulation, Department of | 3930-012 | California Pesticide Electronic Submission Tracking (CalPEST) (Formerly Known as PRDMS) | \$22,705,505 | Medium |  Yellow |
| Public Health, Department of | 4265-067 | CA Covid Reporting System | \$41,456,123 | High |  Green |
| Public Health, Department of | 4265-068 | California Confidential Network for Contact Tracing (CalCONNECT) | \$72,775,286 | High |  Green |
| Public Health, Department of | 4265-070 | California Vaccine Management System (CalVax) | \$6,912,752 | High | No Report Available |
| Public Health, Department of | 4265-028 | Women, Infants and Children Management Information System (eWIC-MIS) | \$112,965,333 | High |  Green |
| Public Utilities Commission | 8660-068 | Transportation Carrier Application and Equipment e-Filing Portal (TCP) | \$7,158,070 | Medium |  Yellow |
| Secretary for Business, Consumer Services, and Housing Agency | 0515-001 | California Homeless Data Integration System (HDIS) | \$7,667,357 | High |  Green |
| Secretary for California Health and Human Services Agency | 0530-211 | Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) (Formerly known as CWS-NS) | \$420,744,069 | High |  Red |
| Secretary of State | 0890-047 | California Business Connect | \$68,349,013 | Medium |  Green |
| Social Services, Department of | 5180-153 | County Expense Claim Reporting Information System (CECRIS) | \$23,983,135 | Medium |  Green |
| Student Aid Commission, California | 6980-069 | Grant Delivery System Modernization (GDSM) | \$30,561,619 | High |  Yellow |

| Department | Project Number | Project Name | Total Cost | Criticality Level | Overall Rating |
|--|----------------|---|-------------------------------------|-------------------|---|
| Tax and Fee Administration, California Department of | 0860-094 | Centralized Revenue Opportunity System (CROS) | \$279,018,405 | High |  Green |
| Toxic Substances Control, Department of | 3960-025 | Cost Recovery Management System (CRMS) | \$13,226,929 | Medium |  Green |
| Veterans Affairs, Department of | 8950-059 | CalVet Electronic Health Record (CEHR) | \$20,835,666 | Medium |  Green |
| Total Count : 23 | | | Total Cost : \$2,656,685,643 | | |

STAFF COMMENTS

The budget proposals for the California Department of Technology reflect the ongoing involvement of the department in disaster response activities. The department is one of the nimblest entities in State government right now, playing a key role in troubleshooting and fixing technology barriers ranging from creating power shutoffs alerts in less than a day to fixing the disruption to the CalREDIE system for public health reporting in less than a week.

The shift of existing security staff to the General Fund reflect a different accounting approach for existing staff, which eliminates a cumbersome claiming process that would have ultimately resulted in the same General Fund costs being absorbed by other state departments.

Staff Recommendation: Staff recommend approval of these proposal when actions is taken on budget items.

0650 OFFICE OF PLANNING AND RESEARCH

The Office of Planning and Research has five budget proposals. Four of these are discussed in this hearing. The fifth proposal, for a \$3 million forest market study, is part of the \$1 billion wildfire and forest resiliency strategy, will be heard in Subcommittee 3 on March 3, 2021.

ISSUE 15: OFFICE OF PLANNING AND RESEARCH BUDGET PROPOSALS

The Office of Planning and Research has four budget proposal that are discussed in this one issue. The proposal themselves appear reasonable, but staff has concerns about the general direction of the Office.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Kate Gordon, Office of Planning and Research
- Scott Morgan, Office of Planning and Research
- Brian Weatherford, LAO
- Emma Jungwirth, Department of Finance

BACKGROUND

The Office of Planning and Research has four budget proposals:

1. Just Transition Roadmap

The Office of Planning and Research (OPR) requests \$406,000 General Fund in ongoing funding to develop and implement a Just Transition Roadmap to implement Executive Order (EO) N-79-20, issued on September 23, 2020. EO N-79-20 charges the Office of Planning and Research and the Labor Workforce Development Agency, in consultation with the Department of Finance and other state agencies, with developing a plan to manage the economic changes that will follow the implementation of the EO's carbon neutrality strategies.

2. Regional Climate Collaborative Program Implementation

The Office of Planning and Research requests 3 positions and \$508,000 General Fund in 2021-22 and ongoing to continue establishing the Regional Climate Collaborative (RCC) program and continue developing and implementing technical assistance guidelines for state agencies. This investment would build and continue existing efforts to assist applicants, especially from disadvantaged and lowest-income communities, in applying for various California Climate Investment programs, including the Affordable Housing and Community Services program.

3. Volunteer and Donation Management Planning Guidance (Implementation of AB 2213)

The California Volunteers, within the Office of Planning and Research, and the Governor's Office of Emergency Services request \$348,000 General Fund to develop planning guidance for jurisdictions to leverage volunteer and donation resources during disasters per the mandates of AB 2213 (Chapter 98, Statutes 2020, Limon).

4. Administrative Staff Augmentation

The Office of Planning and Research requests 7 positions and \$1.1 million General Fund ongoing for administrative positions for budgets, contracting, human resources, and the State Clearinghouse.

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| STAFF COMMENTS |
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Is the Office of Planning and Research too big?

Staff recommends the Subcommittee consider the continued growth and scope creep of the Office of Planning and Research. The proposed budget includes seven administrative positions that appear justified in terms of workload but set-in motion an infrastructure that allows this Office to continue to grow.

For the administrative staff augmentation proposal, the budget proposal itself notes:

From 2011-12 to 2020-21, OPR's budget has grown from \$36 million to \$615 million and OPR's staffing levels have grown from 60 to 94.

For comparison purposes, ten years ago the Office of Planning and Research was a small affiliate of the Governor's office that was roughly the same size in budget as today's State Treasurer with the staffing level of the California Tax Allocation Committee. At the time, over 94 percent of the funding for the Office as affiliated with its administration of the CalVolunteer/AmeriCorp program.

Today the Office of Planning and Research has grown to be on par with some large state departments. The proposed budget for the Office would put in among some very large entities such as the Department of Technology, the Department of Consumer Affairs, and the Department of Toxic Substances Control. The growth has primarily been due to the Strategic Growth Council, which helps facilitate and coordinate state environmental policy and administers the Affordable Housing and Sustainable Communities program. The budget proposes \$427 million for the Council in the budget year, now the largest component of the Office's budget.

While staff believes the administrative positions are justified, the Subcommittee may wish to signal its position, if any, on the growth of the Office going forward.

Regional Climate Collaborative Success.

The Regional Climate Collaborative staffing reflects the furtherance of an effort first put forward and championed by the Assembly in the state's climate investment plan. The

current proposal builds on efforts that have shown observable results in helping applicants articulate their need for climate funding. This has helped mitigate the reality that better-funded jurisdictions and entities are often the ones that can afford to have experienced grant writers and analysts, which gives these areas a competitive advantage in applying for funds.

Staff Recommendation: Staff withholds recommendation pending the discussion of the Subcommittee on this item.

0650 GOVERNMENT OPERATIONS AGENCY

The Government Operations Agency has two budget proposals, with one provision of related trailer bill language. The Subcommittee will consider these the Agency's role in responding to state administrative challenges in the first issue and then discuss the budget proposals in the second issue.

ISSUE 16: GOVERNMENTAL OPERATIONS AGENCY ROLE IN CRISIS

The Governmental Operations Agency has been placed in a leadership role in two of the biggest administrative challenges currently facing the state: the issuance of Unemployment Insurance by the Employment Development Department and the plan to distribute COVID-19 vaccinations. The Subcommittee will discuss how the Agency is positioned to move forward and how to best consider oversight of these critical initiatives.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Justyn Howard, Government Operations Agency
- Chas Alamo, Legislative Analyst Office
- Evelyn Suess, Department of Finance
- Ryan Weinberg, Department of Finance

BACKGROUND

The Newsom Administration has looked to the head of the Governmental Operations Agency as a leader to fix major statewide governance problems. Since the Governmental Operations Agency oversees three major control agencies—Department of General Service, the California Department of Technology, and the California Department of

Human Resources, the agency is well suited to leverage expertise at procurement, facilities, technology and staffing to assist with any problem. However, this agency has only existed since 2013, and the Secretary was not used for this role prior to 2019.

This leadership began with the challenges faced by the Department of Motor Vehicles issuance of REAL ID Driver's licenses in 2019, which was resulting in hours long lines at DMV field offices. Then-Secretary Marybel Batjer was appointed as head of a "DMV Strike Team" which issued a report in July of that year, accompanying a change in leadership at the DMV. This effort was considered to be successful in reducing wait times at DMV field offices and generally eliminating the wait times.

On July 29, 2020, the Governor announce the formation of the Employment Development Strike Team to intervene in the State's Unemployment Insurance caseload backlog. On Saturday, September 19, 2020, the EDD Strike Team released Recommendations to Set Path for Reform at the Employment Development Department. The Strike Team report included more than 100 recommendations, with short, medium, and long-term solutions to improve customer experience in applying for and receiving UI benefits. As of January 21, 2021, EDD has completed 50 recommendations and has 27 in progress. Of the 50 recommendations that have been completed, 21 have to do with EDD's operations and 29 are technology-related. Some of the major recommendations that have been completed are implementing a new fraud detection system (ID.me), tracking claims, document upload, a new case management system to track cases coming from Legislative offices, and allowing experienced claims staff to call claimants directly without a supervisor's approval.

On January 26, 2021, the Administration announced the Secretary of Government Operations would lead the COVID-19 vaccine distribution and operations efforts for the State.

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| STAFF COMMENTS |
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Overall, the involvement of the Governmental Operations Agency Secretary seems to have helped focus, coordinate, and improve the State's response to major administrative challenges. However, if the Agency is going to be assuming this type of role going forward, the Subcommittee may wish to consider articulating the expectations for this leadership.

For example, the first two "strike teams" seemed to have different approaches to the problems. The first DMV strike team lasted for nearly a year and the Agency remained participating in the implementation of the solutions after the initial report was completed and well into the onboarding of new leadership for that department. However, for the EDD strike team, as discussed at the January 26th Subcommittee hearing, it appears the

Agency's role appears to be concluded well before the new EDD director was chosen and brought onboard. Since that time, EDD has only implemented half of the Strike Team recommendation, while the issuance backlog has worsened, and major fraud concerns have materialized.

With this new role in vaccine distribution, the Agency is tasked with one of California's most important logistical challenges. While this cross-departmental approach helps marshal California's resources and staff across departments, it also can diffuse accountability and responsibility.

The Subcommittee may wish to consider asking for clarification on the role of the Secretary and the agency on both the vaccine and EDD initiatives going forward. Specifically, what is the role of the Agency versus the other departments, like public health, and how can the Legislature monitor progress? Additionally, the Agency could articulate the outcomes it anticipates being accountable for in both efforts, to shape expectations regarding the future oversight of these important initiatives.

Finally, the Subcommittee may want to question if the Government Operations Agency has the resources and capacity to staff these types of ad hoc efforts going forward without distracting from the important core responsibilities that this agency must fulfill.

Subcommittee 6 will revisit the vaccine distribution issue when discussing the COVID response budget proposal, on March 18th.

Staff Recommendation: No Action Required, this issue is for oversight discussion purposes.

ISSUE 17: GOVERNMENTAL OPERATIONS BUDGET PROPOSALS

The Governmental Operations Budget includes two budget change proposal, including one trailer bill provision.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Alana Troutt, Government Operations Agency
- Joy Bonoguro, Government Operations Agency
- Justyn Howard, Government Operations Agency

- Chas Alamo, Legislative Analyst Office
- Evelyn Suess, Department of Finance
- Ryan Weinberg, Department of Finance

BACKGROUND

The Governmental Operations Agency has two budget proposals:

1. Workload Increase/Equity and Inclusion

The Government Operations Agency is requesting 4.0 positions, and \$1,011,000—(\$649,000 General Fund), \$836,000 ongoing, to fund and manage existing and new workload associated with oversight and management of state government operations. This proposal includes adding one exempt “Chief Equity Officer” position. The other three positions: a general support analysts for the Agency Secretary, a lawyer, an office technician.

2. Statewide Data Strategy

The Government Operations Agency is requesting 3.0 positions and \$558,000 General Fund ongoing to for their Statewide Data Strategy and conduct evaluations for GovOps’ Center of Government Excellence. The goal of the Statewide Data Strategy is to improve state department’s access to data, standardize data management and governance practices, and increase department’s abilities to use data analytics, to better decision-making and resource allocations by service providers and policy-makers in the future.

STAFF COMMENTS

California’s government is not immune to the history and legacy of systematic racism that permeates our laws and governmental structures. This theme has been reinforced at every hearing this Subcommittee has held in 2021: At the January 26th hearing on Unemployment Insurance issuance, the Subcommittee heard from advocates that the current system imposed cultural and language access barriers that prevented vulnerable communities from accessing funding they were owed during this crisis. At the February 2nd hearing on small business assistance and stimulus funding, the Subcommittee discussed how certain populations were disproportionately impacted by the pandemic, yet also receiving less assistance from both the state and federal government in the response.

While the message that establishing such a prominent Chief Equity Officer position would send may be meaningful, there is no way that one position is sufficient to root out bias and unfairness in both the complex world of government procurement AND the system

for attracting, retaining, disciplining, promoting, and compensating public workers. The Subcommittee may wish to consider what outcome a single position, no matter how skilled, could make from an agency perch, without dedicated resources closer to the day-to-day work at the Department of General Services and CalHR. If this position is established, the Subcommittee may wish to consider additional resources for the agency and these departments to make meaningful changes in practice. Additionally, expectations must be set for the state to gather data and critically audit our own practices to insure that this initiative is making meaningful, measurable progress to address a gap in meeting our promises to all Californians.

Staff recommends approving additional support resources for the Governmental Operations Agency and that data initiative, which mirror the expansion of reliance the State has placed on this agency in this time of crisis.

Staff Recommendation: Staff withholds recommendation on these items pending the outcome of discussions between the Subcommittee members.

PUBLIC COMMENT