AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 STATE ADMINISTRATION

ASSEMBLYMEMBER JIM COOPER, CHAIR

TUESDAY, MAY 8, 2018
1:30 P.M. - STATE CAPITOL, ROOM 447

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VOTE-ONLY CALENDAR

0890 SECRETARY OF STATE

VOTE-ONLY ISSUE 1: CALIFORNIA BUSINESS CONNECT PROJECT (APRIL FINANCE LETTER)

The Secretary of State (SOS) requests $18.5 million in 2018-19 ($15 million from the Business Fees Fund and $3.5 million from the Business Programs Modernization Fund) to continue implementation of the California Business Connect (CBC) project.

BACKGROUND

The SOS is constitutionally mandated to provide services to businesses in the State including processing and filing commerce and trade documents such as business formations, changes, and terminations. Most business entity documents and information requests are submitted to the SOS via mail or in-person in Sacramento and Los Angeles. The office currently relies on several antiquated electronic and "paper" database systems in order to process more than two million business filings and requests for information submitted annually.

The paper systems have resulted in unacceptable turnaround times, which led to significant budget augmentations to reduce the turnaround times and backlogs. An augmentation of roughly 50 positions has continued since 2013-14 in order to maintain the legislatively recommended average five business day turnaround time. The most recent request was approved for 2016-17 which provided funding for 52.0 limited-term positions, temporary help, and overtime.

California Business Connect is a comprehensive technology solution intended to increase online services for business filings and requests for information and is intended to reduce the reliance on additional staff. The existing paper-based system will be automated for the following lines of business:

- Business Entities including Limited Liability Companies, Limited Partnerships and Corporations.
- Uniform Commercial Code including Financing Statements, Federal and State Tax Lien Notices and other lien notices such as Judgment and Attachment liens.
- Trademarks and Service Marks.

A contract for the project was awarded in January 2014, however this contract was mutually terminated in August 2015. SOS was approved to proceed with a new procurement in April 2016. Complete deployment is anticipated by 2021.

STAFF COMMENTS

This item was previously heard on April 17' 2018. Staff has no concerns with this proposal.

Staff Recommendation: Approve as Proposed

8955 DEPARTMENT OF VETERANS AFFAIRS

VOTE-ONLY ISSUE 2: ANNUAL REPORTING TO THE LEGISLATURE ON THE VETERANS HOMES OF CALIFORNIA (AB 1365)

The Administration requests 2.0 positions, $232,000 General Fund in 2018-19, and $343,000 annually thereafter to satisfy the requirements of AB 1365 (Reyes, Chapter 509, Statutes of 2017). The request also includes ongoing funding for 1.0 Research Program Specialist currently funded through June 30, 2019.

BACKGROUND

AB 1364 requires an annual report to the Legislature, and requires certain information be posted on CalVet's website that includes the budget of the Veterans Homes of California, revenue, cost of care, and deferred maintenance costs. CalVet is also required to review the use restrictions imposed by federal law on the Veterans' Homes. The bill requires CalVet to submit the report by February 1, 2019, and every year thereafter. The Budget Act of 2017 included provisional language requiring CalVet to prepare a master plan for the operation of the veterans' homes system no later than July 1, 2019. The language included two-year limited-term funding for one Research Program Specialist which expires June 30, 2019. This request includes permanent funding for this position.

The data required by AB 1365 is different from the information the Department is required to provide in its Master Plan for the operation of the Veterans Homes system required in the 2017 Budget Act. The information gathered, as required by AB 1365, will help to inform the Master Plan.

STAFF COMMENTS

This item was previously heard on April 17, 2018.

Last fall, legislative staff requested information about the leases at the Yountville Veterans Home. However, the information CalVet provided was incomplete and raised some concerns. Specifically, concerns were raised about the appropriateness of some of the leases and if the State was receiving fair market value for the leases. In order to better ensure that the State's assets are put to the highest and most appropriate use, the Subcommittee may wish to adopt placeholder trailer bill language that would add to the annual reporting requirements a requirement that CalVet provide information on all of the leases and other third party uses of state property at CalVets' eight veterans homes. The report would provide a summary of each agreement, the financial or "in lieu" terms of the agreement, and the length of the agreement. Agreements that are intended to be disclosed would include, but not be limited to, agreements with local entities, such as counties, private parties, businesses, water agencies, and other state agencies about the use of state property that might include buildings, outdoor grounds, parking lots, and dams and reservoirs.

Staff Recommendation: Approve as Budgeted and adopt placeholder trailer bill language.

VOTE-ONLY ISSUE 3: BREEZE SYSTEM

The Governor's budget requests $16.8 million in 2018-19 and $13.0 million in 2019-20 for the support of BreEZe Maintenance & Operations (M&O). The total costs are based on system support costs and projected workload pertaining to the BreEZe M&O activities for 2018-19 and 2019-20. The request includes funding for 43.0 positions and software licensing for the next two years.

This request also includes $3.3 million in funding for 2018-19 and 2019-20 for all Boards and Bureaus to fund credit card processing fees on behalf of users of credit card payments through the BreEZe system.

BACKGROUND

Project History. When first initiated, the BreEZe project was proposed to be an integrated, web-enabled enforcement and licensing system that would replace various systems that have been in place at all of the boards and bureaus within DCA. It was proposed to be completed in three releases, with roughly half of the boards and bureaus in the third release. In November 2009, the BreEZe project was approved with a budget of $28 million and an expected completion date of June 2014.

DCA selected Accenture as the vendor for the project in September 2011. The first release was launched in October 2013, but experienced various implementation challenges. Notably, according to a report by the State Auditor, most Release 1 Executive Officers reported that BreEZe decreased their regulatory entity's operational efficiency. In January 2015, the Administration informed the Legislature of its intent to cancel the contract with Accenture after Release 2 due in large part to rising project costs, which had grown to $96 million for Releases 1 and 2 alone. The Legislature concurred with the Administration's proposed approach in March 2015, but expressed a desire for closer oversight over the project and for a plan for Release 3 boards and bureaus. The 2015-16 budget provided roughly $23 million for two years of funding.

Currently, 18 of DCAs board and bureaus use BreEZe. The requested augmentation is as follows with 2017-18's funding shown as a reference (all dollars are in thousands):

	BreEZe System	Credit Card Convenience Fee	Total
2017-18	$22,456*	$3,033	$25,489
2018-19	$16,783	$3,345	$20,128
2019-20	$13,047	$3,345	$16,392

*2017-18 BreEZe System funding included $16,762 in approved funding via a 2017-18 BCP that augmented $5,694,000 in previously approved funding for 2017-18.

STAFF COMMENTS

This issue was previously heard on April 17, 2018.

The LAO raised no concerns with the Administration's proposal. The Subcommittee may wish to ask DCA for an update on its plans for the remaining boards and bureaus that are not using BreEZe at this time.

Staff Recommendation: Approve as Budgeted

7730 FRANCHISE TAX BOARD

VOTE-ONLY ISSUE 4: INFORMATION TECHNOLOGY CLASSIFICATION CONSOLIDATION

This proposal includes funding of $1.76 million (General Fund) in 2018-19, and $2.33 million (General Fund) in 2019-20, and ongoing to cover the costs of transitioning from the outdated Information Technology (IT) classification series to the new IT Classification series. The State Personnel Board (SPB) and Department of Human Resources (CalHR) collaborated to create a plan that modernizes IT classifications to attract and retain competitive and knowledgeable staff.

BACKGROUND

The SPB and CalHR completed a report addressing over 4,200 separate IT classifications and found that 1,000 were vacant. The vision for the plan was to update the outdated IT classification descriptions that were put in place, in some cases, more than 40 years ago. Because of the finding, the SPB began the Information Technology Classification Plan, which would lead to consolidation of IT classifications into broader, usable occupational categories. On January 11, 2018, the SPB unanimously approved California's IT Classification Plan.

The FTB administers programs that are responsible for over 70 percent of California's General Fund revenues through the personal income and business entity tax programs. A primary and critical factor to collecting that revenue are its technology systems. FTB houses a Tier III Equivalent Data Center. FTB is authorized to house the data center to support operations. Qualified IT staff are needed to manage FTB's data center and IT components. FTB has over 1,000 staff in IT classifications and estimates increased costs for many of these staff.

FTB estimates that, as of January 31, 2018, up to 30 percent of the entire staff were eligible for a raise. Based on the above information, FTB assumes a similar percentage of employees moving into the new classifications will continue to progress, receive salary increases, and ultimately reach the maximum salary for the classification creating the identified funding need.

STAFF COMMENTS

The resources included in this proposal allows FTB to implement the new IT classifications consistent with the CalHR plan.

Staff Recommendation: Approve the Spring Finance Letter.

VOTE-ONLY ISSUE 5: OFFICE OF EXPOSITION PARK MANAGEMENT AUTOMATED PARKING SERVICES

The Office of Exposition Park Management (OEPM) requests $700,000 (Exposition Park Improvement Fund) one-time in 2018-19, for parking infrastructure installations and $100,000 ongoing starting in 2018-19, for debit/credit card acceptance onsite. These upgrades will modernize and improve parking operations by upgrading from a cash-only operation to an automated cash and credit/debit operation.

BACKGROUND

The OEPM is responsible for managing leases with public and private entities, public safety operations, overall park beautification and parking operations. Parking operations are an integral part of generating revenue to sustain the Exposition Park Improvement Fund (EPIF). On average, parking revenue from daily and special event operations constitute approximately 74 percent of the EPIF total annual revenue.

The request to move away from the cash-only operations has been expressed by all the park entities and their patrons. Furthermore, the Los Angeles Football Club's (LAFC) stadium project and Lucas Museum of Narrative project will develop certain parking areas within the park that include newer technology.

OEPM will continue managing all parking areas within the park, with the exception of the Natural History Museum's Car-Park, LAFC's visitor parking lot and the perimeter of the EXPO Center. In an effort to effect a seamless operation, it is necessary to transition to cohesive transactional parking system throughout all of the parking areas to protect and augment state revenue.

The OEPM anticipates an increase in overall parking revenue in the years to come. With lots being automated 24/7 we are able to capture more of the parking revenue. Kiosks are staffed normally from 8:00 AM to 5:00 PM and they are augmented for special events outside of those hours. Kiosk cashier hours average at 12,000 per year. Projected spending for kiosk cashiers in 2018-19 is $280,000. The OEPM anticipates reducing these costs by $210,000. Some kiosk cashiers will still be needed for special events and to serve as parking loaders outside the NDA parameters.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Approve the Spring Finance Letter.

VOTE-ONLY ISSUE 6: PORTABLE LIGHT TOWER RENTALS

The Office of Exposition Park Management (OEPM) requests a one-time appropriation of $100,000 for portable light tower rentals to reduce the liability of pedestrian and vehicular traffic along poorly illuminated areas of Exposition Park.

BACKGROUND

The OEPM is responsible for managing leases with public and private entities, public safety operations, overall park beautification and parking operations within Exposition Park. The OEPM, through its awarded parking contractor, manages parking operations for both daily and special events. Such events include National Football League (NFL) games and the National College Athletic Association (NCAA) college football games at the Los Angeles Memorial Coliseum (Memorial Coliseum). Beginning April 29, 2018, with the Los Angeles Football Club's (LAFC) inaugural game, the Banc of California Stadium will begin hosting 17 Major League Soccer (MLS) games. Both the Memorial Coliseum and Banc of California Stadium will conduct other non-sport/athletic major events.

Such events produce an increase in pedestrian activity in and around the park as patrons park on offsite lots, use rideshares/taxis, and use public transportation including the light rail that is immediately located between Exposition Park and the University of Southern California campus. The OEPM, along with the Memorial Coliseum (respectively in their jurisdiction and on permitted areas), provides additional lighting via portable light towers in poorly lit areas for pedestrian and vehicular traffic during events.

Prior to the increase in events due to a newly constructed venue (Banc of California Stadium) and the temporary housing of an NFL team at the Memorial Coliseum, the OEPM was able to carry the costs of portable light tower rentals within existing budgetary authority. These costs averaged $10,000 prior to 2016-17, increased to $50,000 in 2016-17, and are on track to exceed $50,000 in the current fiscal year. OEPM is requesting this augmentation as a one-time authorization as a new parking operations contract will be solicited in 2018-19 for a start date of July 1, 2019, which will require the contractor to provide portable lighting for these areas.

STAFF COMMENTS

This one-time augmentation will help increase pedestrian safety.

Staff Recommendation: Approve the Spring Finance Letter.

VOTE-ONLY ISSUE 7: SOUTH LAWN VEHICULAR PROTECTION

The Office of Exposition Park Management (OEPM) requests a one-time appropriation of $60,000 for the installation of approximately 100-110 boulders across approximately 710 linear feet of the South Lawn to protect against vehicular assault. This request comes from a series of recommendations made by the United States Department of Homeland Security's (DHS) risk assessment report for major events (more than 25,000 in attendance) that take place at Exposition Park.

BACKGROUND

The OEPM is responsible for managing leases with public and private entities, public safety operations, overall park beautification and parking operations within Exposition Park. The OEPM executes its public safety operations through its 24/7-365-day Department of Public Safety composed of 29 positions and managed by command staff from the California Highway Patrol. In addition to personnel, other elements are used to execute public safety in Exposition Park including vehicular protections.

With the return of National Football League at the Los Angeles Memorial Coliseum, DHS conducted a risk assessment. The risk assessment noted various vulnerabilities, including the possibility of a vehicular assault on the Memorial Coliseum. The South Lawn, a green space with a 710-foot linear south perimeter located north of the Memorial Coliseum, was specifically identified as vulnerable to vehicular assault. The recommendation to mitigate such vulnerability was to install an obstruction.

The OEPM and the Memorial Coliseum have weighed various options based on effectiveness, aesthetic, price, and longevity. The most comprehensive and cost effective option is to install approximately 100 - 110 boulders across approximately 710 linear feet of the South Lawn to serve as a vehicular obstruction.

STAFF COMMENTS

Staff has no concerns with the proposal.

Staff Recommendation: Approve the Spring Finance Letter.

0950 STATE TREASURER'S OFFICE

VOTE-ONLY ISSUE 8: DEBT MANAGEMENT SYSTEM II PROJECT

The State Treasurer's Office (STO) is nearing the completion of the Debt Management System (DMS) II Project, with an effective project ending date of 3/3/2019. As such STO seeks expenditure and reimbursement authority for 2018-19, in the amount of $6,130,000, and ongoing funding of $1,171,000. This request is consistent with Special Project Report (SPR) 3.

BACKGROUND

STO authored a legacy replacement Feasibility Study Report (FSR) in May 2013. This marked the beginning of the DMS II Modernization project. The FSR forecast a project completion of October 2018, at a total project cost of $17.6 million (special funds). On January 15, 2016, STO released SPR 2, detailing the change in project structure, forecasting the project completion date of December 2018, 15 months earlier than SPR 1. The total project cost increased 5 percent to $20.8 million. SPR 3 was submitted in January 2018 to communicate a re-planning efforts for the DMS II project resulting from lessons learned in SPR 2.

In March 2017, the DMS II technical optimization objectives were successfully deployed into production. In September and November 2017, two aggregated bundles of business objectives were successfully deployed. However, with both fall releases, it had become clear that due to the unforeseen lengthy discussions that were critical to the analysis of proposed business objectives, the full scope of the project could not delivered in the desired timeframe, as originally proposed in the roadmap.

As of December 2017, the project has delivered just over 50 percent of the original objectives. Although these deployments were very successful, the additional time needed for analysis and design of future optimization objectives means the project must address scope reduction to complete the project within the terms of the contract end date of March 3, 2019, and the fixed contract award amount. Consequently, the team revisited the prioritization of the remaining optimization objectives.

As of February 2018, the project team will have completed in-depth analysis, design and documentation of the next highest-priority optimization initiatives. The corresponding code development will begin in the spring of 2018 and conclude with a deployment in the fall of 2018.

It has been the project's goal for STO staff to take over the operations and maintenance of the DMS II system following the conclusion of the project. The project built-in knowledge transfer activities from the beginning of the project. As a result, the state staff will be prepared to complete any remaining optimization objectives after the project ends, in addition to new and emerging business or legislative requirements that were previously not yet identified. Thus, the formal end of the project on March 3, 2019, will not be the end the maintenance component of the project.

STAFF COMMENTS

The resources requested for 2018-19 are consistent with SPR 3. The ongoing resources will provide STO with resources to prepare state staff to maintain the project over the long term.

Staff Recommendation: Approve the Spring Finance Letter.

8860 DEPARTMENT OF FINANCE

VOTE-ONLY ISSUE 9: TRAILER BILL: DEPARTMENT OF FINANCE AUDIT AUTHORITY

The Governor's budget includes language to give the Department of Finance's Office of State Audits and Evaluations (OSEA) the same authority to request information as the State Auditor and also clarifies the need for department's to comply with corrective action to audit findings.

STAFF COMMENT

In 2017, the Department of Finance conducted an extensive and consequential audit of the Board of Equalization (Board), as directed by the 2016 Budget Act. The proposed language clarifies the role of the OSEA in response to some questions that were raised about Department of Finance's authority during the audit of the Board.

Staff Recommendation: Adopt Trailer Bill Language.

0515 SECRETARY FOR BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY

VOTE-ONLY ISSUE 10: INCREASED LEGAL AND PROGRAMMATIC WORKLOAD

The Business, Consumer Services and Housing Agency requests $524,000 and 4 positions in 2018-19 and ongoing to accommodate an increase in Agency workload relating to the addition of two departments, housing initiatives, and involvement with special projects including, but not limited to, cannabis banking and statewide emergency issues.

BACKGROUND

The Agency initially had nine departments under its oversight and 15.0 employees to manage its workload. Beginning July 1, 2018, the Agency will grow to 11 departments with the same number of authorized positions. The Agency has added oversight for the Bureau of Cannabis Control, the Cannabis Control Appeals Panel, the Department of Real Estate, and the Home Mover's Program to the Agency's portfolio. In addition, housing initiatives are underway which have required additional oversight and administration including the Housing Package of 2017. The Agency also is involved with statewide emergency issues, such as the recent wildfires in the northern and southern regions of the state, which have required a dedication of Agency resources.

The Medical Marijuana Regulation and Safety Act enacted in 2015 created a regulatory framework for the licensing and enforcement of medical marijuana and a voter initiative in November 2016, Proposition 64, authorized the recreational use of marijuana. As a new area of licensing and enforcement in California, complex issues arise daily related to areas such as regulation of a previously unregulated industry, banking of cannabis funds, development of a statewide licensing system, state and local interrelationships, and coordination between state agencies. In addition, the Cannabis Control Appeals Panel is a new entity within the state requiring the development of regulations, fiscal systems, facilities, and hiring procedures.

The Agency has not received additional resources to address this new workload. The request is for 4.0 additional permanent positions.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Approve the Spring Finance Letter.

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

VOTE-ONLY ISSUE 11: AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES – EXTENSION OF LIQUIDATION DEADLINE

The Department of Housing and Community Development (HCD) requests a two-year extension of the liquidation period for the first round of Affordable Housing and Sustainable Communities (AHSC) funding until June 30, 2022 to provide sufficient time for the completion of three remaining projects. This item includes Budget Bill Language for a reappropriation.

BACKGROUND

The AHSC program was established through the enactment of SB 862 (Chapter 36, Statutes of 2014), which sought to further the purposes of AB 32 (Chapter 488, Statutes of 2006), the Global Warming Solutions Act of 2006, and SB 375 (Chapter 728, Statutes of 2008), the Sustainable Communities and Climate Protection Act of 2008. The program provides funding for land-use, housing, transportation, and land projects to support in fill and compact development and reduce greenhouse gas emissions.

Funding for the AHSC program is provided by the Greenhouse Gas Reduction Fund, an account established to receive cap-and-trade auction proceeds. Beginning in 2015, the AHSC program receives a continuous appropriation from the fund based on 20 percent of annual revenues.

Twenty-eight projects were funded in Round one, effective June 29, 2015. Three projects have not finalized construction loans and begun construction. Two of the projects faced delays due to the extremely competitive nature of the 9 percent Low Income Housing Tax Credit program. The third project had a unique challenge of litigation including the local jurisdiction and the contractor. These at-risk Round one projects represent $18 million out of the $122 million awarded to 28 total projects.

The three projects include Camino 23 in the City of Oakland, MacArthur Park Apartment in the City of Los Angeles, and Truckee Railyard Downtown Corridor Improvements in the City of Truckee.

AHSC projects are typically complex and require several years to complete, even after all financing is secured. A review of the project schedules indicates that funds for these projects may not be disbursed by the June 30, 2020, liquidation deadline thereby necessitating an extension.

STAFF COMMENTS

Extending the liquidation deadline will allow these three projects to complete construction and the associated 209 units of affordable housing. Additional benefits of the at-risk projects include reducing housing and transportation costs, improving the proximity of transportation to housing, and improving pedestrian safety. Due to the Budget Act deadline to encumber the Round one funds, these funds will not be available for housing and transportation projects under the AHSC program without the extension, as any disencumbered funds would be remitted to the general Greenhouse Gas Reduction Fund rather than the AHSC program.

Staff Recommendation: Approve the Spring Finance Letter.

0855 CALIFORNIA GAMBLING CONTROL COMMISSION

VOTE-ONLY ISSUE 12: SPECIAL DISTRIBUTION FUND TRAILER BILL LANGUAGE

The budget provides trailer bill language that would require the California Gambling Control Commission, upon approval by the Department of Finance, to apply any funds in excess of estimated expenditures, transfers, reasonable reserves, or other adjustments from the Indian Gaming Special Distribution Fund to reduce or eliminate the pro rata share payments required to be made to the fund by limited gaming tribes. Limited gaming tribes are generally defined as compact tribes that operate fewer than a total of 350 gaming devices in any location.

BACKGROUND

The 1988 federal Indian Gaming Regulatory Act (IGRA) authorizes Indian gaming through compacts between the state and federally recognized Indian tribes. Beginning in 1999, the state entered into 61 tribal compacts with provisions requiring tribes to pay into the Indian Gaming Special Distribution Fund (distribution fund). Since then, the state has entered into new compacts and amended others, each requiring varying levels of deposits by the tribes into the distribution fund. State law authorizes the Legislature to appropriate money from the distribution fund to address four needs. Those four needs are:

- Funding shortfalls in the Indian Gaming Revenue Sharing Trust Fund to ensure that it can distribute $1.1 million annually to each tribe that does not have a compact or that has a compact and operates fewer than 350 gaming devices.
- Funding problem-gambling prevention programs managed by the California Department of Public Health.
- Funding the Indian gaming regulatory functions of the California Gambling Control Commission and the California Department of Justice.
- Funding the support of local governments affected by tribal gaming.

The proposed TBL would use excess moneys in the distribution fund to pay down the pro rata payments of limited gaming tribes. These pro rata payments are based on an equitable formula that considers the number of gaming devices operated by a tribe and the state costs for regulating the activities under the compacts. While the pro rata payments are an equitable way to cover regulatory costs associated with the compacts, these payments could result in a regulatory burden on the smaller limited gaming tribes that may not be able to afford these payments, which could jeopardize the ability of a tribe to become self-sufficient.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Adopt placeholder trailer bill language.

0860 STATE BOARD OF EQUALIZATION

VOTE-ONLY ISSUE 13: AUTHORIZATION TO COOPERATE

The Governor's budget includes trailer bill language that would authorize the California Department of Tax and Fee Administration and the Board of Equalization to delegate, share, and provide assistance for, or transfer between themselves administrative responsibilities for tax and fee programs within the Department's and Board's respective duties, powers, and responsibilities pursuant to an agreement. The bill prohibits the agreement between the Department and the Board from transferring jurisdiction over any tax and fee program that is the subject of the agreement.

BACKGROUND

This trailer bill language provides authority for the Department and the Board to have an agreement for administrative responsibilities. Last year, the Board of Equalization had its duties narrowed to its constitutional duties and two new entities, the Department of Tax and Fee Administration, and the Office of Taxpayer Appeals, were created to carry out the remaining responsibility of the Board.

STAFF COMMENTS

This is trailer bill language is consistent with action taken by the Legislature last year.

Staff Recommendation: Approve as budgeted.

ITEMS TO BE HEARD

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

ISSUE 1: HOMELESSNESS –A LOCAL GOVERNMENT PERSPECTIVE

The following panel will discuss the impact of homelessness in their communities, how local governments are combatting homelessness, and the need for additional resources.

- Darrell Steinberg, Mayor of Sacramento
- Brenda Shockley, Deputy Mayor for Economic Opportunity, Office of Los Angeles Mayor Eric Garcetti
- Jeff Kositsky, Director of the San Francisco Department of Homelessness & Supportive Housing

BACKGROUND

On February 5, 2018, the Mayors of the 11 largest cities in California wrote to the Legislature describing the homeless crisis that has grown over the last two years and the need for additional resources to complement the work begin down at the local level. Local communities throughout the state have been ravaged by the societal and fiscal effects of exploding homelessness.

According to the latest U.S. Department of Housing and Urban Development report, California has experienced year-to-year increases in the homeless population by 13 percent in 2016, and nearly 14 percent in 2017. The overall statewide count has ballooned to 134,278 as of 2017. California accounted for nearly half of all unsheltered people in the country in 2017 (49 percent or 91,642 people). The City and County of Los Angeles have the highest number of homeless people in the state with 55,188 people. Nearly one of every four people experiencing homelessness did so in New York City or Los Angeles. Of those experiencing homelessness in Los Angeles, only 25% were sheltered in 2017.

State Investment. Last year, the State passed a comprehensive Housing Package aimed at providing a permanent source of housing funding in future years. Collectively, these bills shorten the housing development approval process, provide incentives to streamline development, promote local accountability to adequately plan for needed housing, and invest in affordable housing production through dedicated real estate transaction fee revenues and an anticipated $4 billion voter-approved housing bond. The housing package addresses the state's housing shortage and affordability pressures by streamlining barriers to development, enabling greater enforcement and accountability of housing laws, and dedicating additional investment to housing.

Local Investment. Locals have invested significant local resources to address the homeless crisis. The resources are bridging the gap in service needs and focus on preventing chronic homelessness and positioning those in need on a path to a permanent solution. In 2016, cities and counties saw an increase in the voter initiative process to pass revenue measures devoted to homelessness services. It is anticipated that 2018 will include additional measures.

Request. The Big 11 Mayors have requested the creation of the Local Homelessness Solutions Program, which will provide matching funds to cities with programs to combat homelessness. The proposal would require funds to be matched by the recipient city and may be spent on a range of homelessness activities, including shelter diversion, rapid re-housing, rental assistance, emergency shelter, navigation centers, bridge housing, and permanent supportive housing. The Big 11 have requested $1.5 billion in one-time state funding for this program.

STAFF COMMENTS

The Subcommittee may wish to ask the panelists to explain where and how funding would be used? What sort of immediate actions would take place? How any strategies would lower the homeless population?

Staff Recommendation: Hold Open.