AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Fran Pavley, Chair

TUESDAY, MAY 18, 2004
STATE CAPITOL, ROOM 444
9:15 A.M.

PROPOSED CONSENT ISSUES

DEPARTMENTS
3340 - CALIFORNIA CONSERVATION CORPS 2
3480 - DEPARTMENT OF CONSERVATION 2
3560 - STATE LANDS COMMISSION 2
3600 - DEPARTMENT OF FISH AND GAME 2
3680 - DEPARTMENT OF BOATING AND WATERWAYS 2
3790 - DEPARTMENT OF PARKS AND RECREATION 2
3820 - S.F. BAY CONSERVATION & DEVELOPMENT COMMISSION 2
3860 - DEPARTMENT OF WATER RESOURCES 2
3870 - CALFED BAY-Delta Authority 2
3900 - AIR RESOURCES BOARD 2
3910 - CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD 2

SCHEDULED HEARING ITEMS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0540</td>
<td>SECRETARY FOR RESOURCES</td>
<td>3</td>
</tr>
<tr>
<td>ISSUE 1</td>
<td>MAY REVISE – REORGANIZATION PROPOSAL</td>
<td>3</td>
</tr>
<tr>
<td>3940</td>
<td>STATE WATER RESOURCES CONTROL BOARD</td>
<td>5</td>
</tr>
<tr>
<td>ISSUE 1</td>
<td>BOND PROPOSALS</td>
<td>5</td>
</tr>
<tr>
<td>ISSUE 2</td>
<td>ADDITIONAL PROPOSALS</td>
<td>6</td>
</tr>
<tr>
<td>8570</td>
<td>DEPARTMENT OF FOOD AND AGRICULTURE</td>
<td>7</td>
</tr>
<tr>
<td>ISSUE 1</td>
<td>DEPARTMENTAL PROPOSALS</td>
<td>7</td>
</tr>
<tr>
<td>ISSUE 2</td>
<td>POSITION MANAGEMENT</td>
<td>7</td>
</tr>
<tr>
<td>ISSUE 3</td>
<td>BORDER STATION FUNDING</td>
<td>8</td>
</tr>
<tr>
<td>ISSUE 4</td>
<td>MEDITERRANEAN FRUIT FLY EXCLUSION PROGRAM</td>
<td>8</td>
</tr>
<tr>
<td>ISSUE 5</td>
<td>REPEAL OF THE ANIMAL ADOPTION MANDATE</td>
<td>9</td>
</tr>
</tbody>
</table>
## Proposed Consent Issues
(dollars in thousands)

<table>
<thead>
<tr>
<th>Agency / Department</th>
<th>Description of Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. California Conservation Corps</td>
<td><strong>May Revise Proposal:</strong> $678,000 (General Fund) reduction (7 personnel years) to Administrative Staff support.</td>
</tr>
<tr>
<td>2. California Conservation Corps</td>
<td><strong>May Revise Proposal:</strong> Cancellation of the closure of the Los Padres Residential Facility through a shift of existing personnel. No funding impact.</td>
</tr>
<tr>
<td>3. Department of Conservation</td>
<td><strong>May Revise Proposal:</strong> $368,000 (various special funds) for maintenance for the Department’s Computer System and software.</td>
</tr>
<tr>
<td>4. Department of Conservation</td>
<td><strong>April Finance Letter.</strong> $3.2 million (Proposition 50) for technical and financial assistance to locals for the CALFED Watershed Program activities.</td>
</tr>
<tr>
<td>5. State Lands Commission</td>
<td><strong>May Revise Proposal:</strong> $244,000 (General Fund) reduction to administration and programmatic staff.</td>
</tr>
<tr>
<td>6. Department of Fish and Game</td>
<td><strong>May Revise Proposal:</strong> $811,000 (General Fund) reduction through a shift to support from the Oil Spill Prevention and Administration Fund.</td>
</tr>
<tr>
<td>7. Department of Fish and Game</td>
<td><strong>May Revise Proposal:</strong> $1.1 million (Proposition 12) increase and 2 limited-term positions for the California Waterfowl Habitat Program and other habitat enhancement activities.</td>
</tr>
<tr>
<td>8. Department of Boating and Waterways</td>
<td><strong>May 1 Technical Letter:</strong> Reappropriation of 2003 funding for the Channel Islands Boating Instruction Safety Center.</td>
</tr>
<tr>
<td>9. Department of Parks and Recreation</td>
<td><strong>May 1 Technical Letter:</strong> Reappropriation of various special funded items of projects authorized prior-years.</td>
</tr>
<tr>
<td>10. SF Bay Conservation &amp; Development Commission</td>
<td><strong>May Revise Proposal:</strong> Budget Control Language directing BCDC to increase permit fees.</td>
</tr>
<tr>
<td>11. Department of Water Resources</td>
<td><strong>May Revise Proposal:</strong> $135,000 (General Fund) reduction to the Dam Safety Program.</td>
</tr>
<tr>
<td>12. Department of Water Resources</td>
<td><strong>May Revise Proposal:</strong> $10.1 million (Proposition 13) increase for DWR's activities of the CALFED Program for Water Quality Improvement Projects.</td>
</tr>
<tr>
<td>13. CALFED Bay–Delta Authority</td>
<td><strong>May Revise Proposal:</strong> $255,000 (General Fund) reduction to eliminate one public affairs officer and conflict resolution contract.</td>
</tr>
<tr>
<td>14. Air Resources Board</td>
<td><strong>May Revise Proposal:</strong> $2.1 million (Motor Vehicle Account and Vehicle Inspection &amp; Repair Fund) to reestablish previously abolished positions to implement the Clean Air Act.</td>
</tr>
</tbody>
</table>

**COMMENTS:** Staff has raised no issues with the proposals listed.

**STAFF RECOMMENDATION:** Approve the consent calendar.
0540 — Secretary for Resources

The Resources Agency, through its various departments, boards, commissions, and conservancies, administers programs that conserve, preserve, restore and enhance the rich and diverse natural resources of California. The Secretary for Resources, a member of the Governor's Cabinet, is responsible for administering programs and policies governing the acquisition, development and use of the State’s resources to attain these objectives.

- Department of Conservation
- Wildlife Conservation Board
- Department of Fish and Game
- State Coastal Conservancy
- Department of Forestry and Fire Protection
- San Joaquin River Conservancy
- Department of Parks & Recreation
- California Tahoe Conservancy
- Department of Boating & Waterways
- California Coastal Commission
- Department of Water Resources
- State Lands Commission
- Baldwin Hills Conservancy
- Special Resources Programs
- California Conservation Corps
- San Diego River Conservancy
- California Energy Commission
- Rivers and Mountains Conservancy
- San Francisco Bay Conservation and Development Commission
- Santa Monica Mountains Conservancy
- California Bay-Delta Authority
- Delta Protection Commission
- Coachella Valley Mountains Conservancy
- Department of Boating & Waterways
- California Coastal Commission
- Department of Water Resources
- State Lands Commission
- Baldwin Hills Conservancy
- Special Resources Programs
- California Conservation Corps
- San Diego River Conservancy
- California Energy Commission
- Rivers and Mountains Conservancy
- San Francisco Bay Conservation and Development Commission
- Santa Monica Mountains Conservancy
- California Bay-Delta Authority
- Delta Protection Commission
- Coachella Valley Mountains Conservancy
- Issue 1: May Revise — Reorganization Proposal
The Governor’s January budget indicated there would be additional information relating to a reorganization proposal of the Secretary’s Office. The May Revise proposes continued funding from the Environmental License Plate Fund (ELPF) for core activities, and the elimination of the California Legacy Project (and 2 positions) to provide the necessary ELPF.

Background: In the 2003 Budget Act, the Legislature eliminated all General Fund support for the Secretary for Resources. As a result, the Secretary’s office was forced into internally shifting staff and available funds to maintain its core activities.

Comments: This proposal makes permanent the shift, as was directed by the Legislature when General Fund support was eliminated.

Staff Recommendation: Approve the May Revise letter.

Issue 2: River Parkways / Sierra Nevada Cascades Programs
The Governor’s 2004-05 Budget proposes $48.1 million in funding for the River Parkways and the Sierra Nevada Cascade Grant Programs. Specifically, this proposal includes:

- $38.35 million (Prop. 50 and $7.85 Prop. 40) for River Parkway Program grants; and,
- $9.15 million (Prop. 50) for Sierra Nevada Cascade Program grants.

This request proposes that $27.6 million of the $48.1 million (56 percent) be available to the Secretary for Resources for opportunity grants.

Background: The Budget proposed for the 2003-04 Fiscal Year included $40.3 million from Propositions 40 and 50 for these programs.

Under the recommendation of the Legislative Analyst’s Office (LAO), the Legislature sought legislation to provide direction and guidelines for the allocation of grants under these...
programs. Ultimately, no agreement was reached between the two houses of the Legislature and the Administration regarding funding and criteria for these programs, and therefore no appropriation was made for the 2003-04 Fiscal Year.

Comments: Staff has been working with the Agency to develop trailer bill language that would provide the necessary direction and guidance of the Legislature for the implementation of this program. Additionally, discussions have taken place to evaluate the appropriate mix of opportunity grants and competitive grants. The following proposal is recommended by Committee staff:

1. Adopt trailer bill language creating the River Parkways Program, to provide a framework for the award of grants under this program (trailer bill language provided).

2. Specify (in budget control language) the distribution of River Parkway grant funds as $24.9 million (Propositions 40 and 50) for competitive grants, and as much as $13.5 million (Propositions 40 and 50) for opportunity grants, consistent with the River Parkways Act. This would distribute these grants at approximately 65% competitive, 35% opportunity.

3. Specify (in budget control language) the distribution of Sierra Nevada Cascade grant funds at approximately 65% competitive ($5.95 million) / 35% opportunity ($3.2 million).

Staff Recommendation: Approve the trailer bill language and budget actions as recommended.
3940 – STATE WATER RESOURCES CONTROL BOARD

The State Water Resources Control Board (SWRCB) and the nine Regional Water Quality Control Boards (Regional Boards) preserve and enhance the quality of California’s water resources and assure their proper allocation and effective use. These objectives are achieved through two programs: Water Quality and Water Rights.

ISSUE 1: BOND PROPOSALS

The Water Board’s budget includes $20.9 million in state operations and local assistance funding from Proposition 50, and $27.7 million from Proposition 13.

Proposition 50 Funding
- $1.4 million for State Operations.
- $10.0 million for Local Assistance activities of the Groundwater Monitoring Program.
- $9.5 million reappropriation of 2003 funds for the Agricultural Water Quality Grant Program.

Proposition 13 Funding
- $574,000 in State Operations in support of local assistance activities.
- $21.7 million for the Water Recycling Program.
- $1.4 million for Watershed Protection Programs.
- $1.0 million for the Non-Point Source Pollution Control Program.
- $2.9 million for the Coastal Non-Point Source Pollution Control Program.

BACKGROUND: Proposition 13 provided $695.0 million for ten specific programs administered by the Water Board. Through Fiscal Year 2003-04, approximately $610.0 million will have been expended for the purposes of the programs.

The $9.5 million reappropriation of Proposition 50 funds is necessary to implement the program. Legislation enacted in 2003 placed additional requirements on the Board for this program, and delays necessitate the reappropriation.

Water Recycling Construction Program. The Legislature augmented the Board’s budget by $16.5 million in the Current Year to expedite the Water Recycling Program. However, the Board has been unable to expedite their activities to meet this demand. As currently proposed, draft regulations will be made public in July 2004, and awards may not be disbursed until later this fall.

As a result of the delay, several of the applicants for Water Recycling Grants have been forced to either delay their projects, or proceed without any grant funding.

Currently, grants are not awarded by the Board to reimburse costs incurred prior to an award of the grant. The Board indicates that the funds are intended to provide financial assistance to projects that otherwise could not be completed, therefore a project willing to begin construction prior to the award of a grant obviously had sufficient funds without additional State assistance.
COMMENTS: At the current estimate for the timing award of these grants, a minimum of 13 months will have passed since the date of the original appropriation. The Subcommittee may wish to consider providing some flexibility to the Board to award, this one Fiscal Year only, grants to partially reimburse costs of otherwise eligible projects that submitted applications, but began construction before the process was closed.
If the Subcommittee wishes to provide this flexibility, the following budget control language is recommended:

\textit{Item 3940-101-6031}

Provisions:

\textit{X. Grants made pursuant the Water Recycling Grant Program, funded in this Item, and Item 3940-101-6031 of the Budget Act of 2003 (Ch. 157, Stats. Of 2003), shall, upon award of a grant by the State Water Resources Control Board, be available for reimbursement of costs incurred after January 1, 2004.}

\textbf{STAFF RECOMMENDATION:} Approve the requested bond funding and the recommended budget control language.

\section*{ISSUE 2: ADDITIONAL PROPOSALS}

The Water Board's budget includes four additional proposals for consideration by the Subcommittee. These proposals include:

1. \textbf{General Fund Reduction.} $202,000 reduction to the Septic Tank Standards Program activities.

2. \textbf{Waste Discharge Waiver Program Implementation.} $3.2 million (Waste Discharge Permit Fund) to implement requirements Chapter 801, Statutes of 2003 (SB 923).

3. \textbf{Reappropriation of Lake Tahoe EIP Funding.} Reappropriation to allow the Board to complete studies in support of the Lake Tahoe Environmental Improvement Program.

4. \textbf{Position Shift for THP Review.} Redirection of position authority for 5 PYs from the North Coast Regional Board to the Central Valley and Lahontan Regional Boards.

\textbf{STAFF RECOMMENDATION:} Staff recommends approval of items 1 through 3 and the denial of item 4. Staff is investigating options for increased THP support that will be addressed at a later hearing.
8570 – DEPARTMENT OF FOOD AND AGRICULTURE

The California Department of Food and Agriculture (CDFA) provides services to both producers and consumers of California's agricultural products in the areas of agricultural protection, agricultural marketing, and support to local fairs.

The Governor's 2004–05 budget proposes expenditures of $267 million and 1,655 positions in 2004–05 for the department, including $111 million from the Agriculture Fund and $73 million from the General Fund. The proposed expenditures are $28 million (10 percent) below estimated current-year expenditures due to a variety of proposed program reductions.

ISSUE 1: DEPARTMENTAL PROPOSALS

The Governor's January budget and subsequent revisions propose three additional proposals in support of the Department.

1. Truckee Agricultural Inspection Station. $19.2 million ($6.4 million State Highway Account and $12.8 million lease revenue bond) for continuing efforts to relocate the inspection station.

2. Technical Items. $416,000 (Food & Agriculture Fund) for the Medfly rearing facility, and a reappropriation of two prior-year capital outlay items.

3. Facility Relocation. The Governor’s budget includes a request for $2.4 million ($912,000 General Fund, various other funds) for final relocation costs associated with the renovation of the Department’s N Street building.

BACKGROUND: The Department's headquarters building has been undergoing significant structural renovations and hazardous materials cleanup. Renovation of the building is scheduled to be completed in early 2005. This proposal would provide funding to re-relocate staff to the headquarters.

The Subcommittee had withheld action on this proposal previously.

COMMENTS: Staff has raised no issue with this proposal. The Department has not been able to identify alternate funding that could reduce the General Fund request. There does not appear to be an acceptable alternative. Denial of this proposal due to the $912,000 General Fund request would likely result in significant State costs to stop the relocation and continue providing space for staff in their current locations.

STAFF RECOMMENDATION: Approve the requested funding to complete the relocation.

ISSUE 2: POSITION MANAGEMENT

In the Legislative Analyst's (LAO) Analysis of the 2004–05 Budget Bill, the LAO has noted that the department's management of its budgeted positions deviates from standard state procedures. According to the LAO, about half of CDFA's positions have been created at the discretion of the department – without approval of either the Legislature or the Department of Finance.

As a result of these practices, the SCO, DOF, and the Legislature have a diminished ability to review departmental programs, activities, and vacancies at CDFA.
The LAO has noted that in addition to the seasonal, temporary positions for which CDFA indicates the flexibility of this practice is needed, the Department funds a wide variety of positions, outside the expertise of any emergency response or seasonal personnel.

**COMMENTS:** The Department has submitted additional information to the Legislature relating to the details of these positions; however it remains uncertain how this one department differs so greatly from every other department with unforeseen needs relating to staffing, that it would warrant a separate process by which it manages its position authority.

The Department has expressed a willingness to provide greater oversight of the positions; however they would still prefer to retain flexibility.

**STAFF RECOMMENDATION:** Adopt trailer bill language requiring these positions to be established with the Controller’s Office.

---

**ISSUE 3: BORDER STATION FUNDING**

The Governor's budget proposes $4.5 million (General Fund) to restore funding to 11 of the 16 Agricultural Inspection Stations.

**BACKGROUND:** Funding for the Agricultural Inspection Stations was reduced by $1.4 million in the 2003–04 Budget Act, eliminating individual auto inspections, allowing only for commercial inspections. Section 4.10 of the Budget Act provided the Director of Finance with the authority to make further statewide reductions to ensure an additional $1.07 billion in savings. As a result, in November 2003, CDFA realized an additional reduction of $8.6 million, including $4.5 million that would require the closure of 11 Inspection Stations.

**COMMENTS:** This proposal redirects $4.5 million (General Fund) from the County Agricultural Commissioners' (CACs) Pest Exclusion activities in order to restore funding for the inspection stations. The Department indicates that, in addition to direct inspections and enforcement of quarantine laws, these stations notify County Agricultural Commissioners of shipments requiring more detailed inspections.

This proposal would, however, reduce local assistance funding to CACs and reduce their ability to respond to potential risks when notified by the inspection stations.

**STAFF RECOMMENDATION:** Approve the requested shift. See related recommendation in Issue 4 on the subsequent pages.

---

**ISSUE 4: MEDITERRANEAN FRUIT FLY EXCLUSION PROGRAM**

The Governor’s January budget proposal included no funding for the Medfly Program. This April Finance Letter is requesting $8.0 million (General Fund), a level approximately $900,000 below the current year amount. The federal government provides a dollar-for-dollar match of state funds. The Administration and Legislature have consistently supported this funding arrangement for nearly a decade.
BACKGROUND: Over the years, there has been some discussion as to whether the release of sterile Medflies constitutes exclusion, eradication, or control. Exclusion programs work by preventing a pest not found within a particular jurisdiction from establishing itself. Eradication programs, on the other hand, are meant to eliminate infestations of new pests that have already penetrated an exclusion barrier.
According to the Department, historically in California, exclusion and eradication of pests have been considered General Fund responsibilities. Control programs, which are efforts to deal with well-established and ongoing pest infestations, in recent years have tended to be industry funded.

**COMMENTS:** The Legislature and the LAO have previously expressed concerns over the State costs of this program. As a result, the Legislature requested, in the *Supplemental Report of the Budget Act of 2002*, that the Department provided a report, *Preventing Biological Pollution: Mediterranean Fruit Fly Exclusion Program* that included seven potential funding option of the program. The Department's 2003–04 Fiscal Year request was for $8.9 million in General Fund support of the Program, seeking no change in fund support. The options provided in the report included:

1) Continued Full General Fund Support  
2) Support from the Food and Agriculture Fund  
3) Assessments on Domestic Producers  
4) Assessments on the Agri-food System  
5) Assessments on Consumers  
6) Assessments on International Travelers and Commerce  
7) Seeking Full Federal Funding of the Program.

Again, in the *Supplemental Report of the 2003–04 Budget Act*, the Legislature requested information relating to the pest exclusion activities of the Department. Specifically, the Department was requested to provide a report that focuses on the following:

1) Assessment on parties with greater potential for introducing biological hazards.  
2) Greater federal funding for the program.  
3) A balance of funding from the above two, combined with a continued General Fund commitment.

The Department's January 2004 report, *Protecting California from Biological Pollution*, again recommends General Fund support, noting that increased federal funds would require more leverage at the Congressional level than California currently possesses, and any assessment on travel or commerce would be problematic.

While acknowledging the importance of this program, the fact cannot be ignored that, for three years the Legislature has directed the Department to seek funding, at least in part, from other-than General Fund sources, yet each year only General Fund has been offered.

**STAFF RECOMMENDATION:**

1) **Approve $4.0 million (General Fund) increase in support for Agricultural Plant Health and Pest Prevention Program, providing $46.4 million in GF support without specifying how the funds are to be distributed within the Program.**
2) **Approve $4.0 million to backfill the local assistance funding to the CACs that was reduced in order to restore border inspection stations.**
3) **Approve $550,000 (General Fund) in local assistance funding, for activities of the LA CAC required in Section 486 of the Food and Agriculture Code.**

The Department should develop a proposal to provide a like amount of additional funding.
**ISSUE 5: REPEAL OF THE ANIMAL ADOPTION MANDATE**

The Administration proposes the repeal of the requirements of local governments to hold stray animals for six business days, limiting that to three days.

**BACKGROUND:** Local government animal control agencies care for stray and surrendered animals in California communities. These agencies also pursue the successful adoptions of the animals in their care and euthanize those animals that are not placed. Existing law requires that animals be held between four to six business days, as specified, prior to being euthanized, as well as other notification actions.

In 2001, the Commission on State Mandates (CSM) determined that Chapter 752 imposed a reimbursable mandate by requiring, among other activities, that certain animals be cared for longer than the three days previously required by law.

**COMMENTS:** The Assembly Special committee on State Mandates has held hearing relating to all state mandates.

**STAFF RECOMMENDATION:** Staff recommends denial of the requested trailer bill language and referral of this issue to the Special Committee on State Mandates.

**Attachment:** Food and Agriculture TBL

**Food and Agriculture Code**

221. The "Department of Food and Agriculture Fund," which is a special fund, is continued in existence. Any money that is directed by law to be paid into the fund shall be paid into it and, unless otherwise specifically provided, shall be expended solely for the enforcement of the law under which the money was derived. The expenditure from the fund for the enforcement of any law shall not, unless otherwise specifically provided, exceed the amount of money that is credited to the fund pursuant to the law.

221.1 Notwithstanding Section 13340 of the Government Code, all money deposited in the fund under the provisions enumerated below is hereby continuously appropriated to the department without regard to fiscal years for expenditure in carrying out the purposes for which the money was deposited and for making the refunds authorized by Section 302.

221.2 All money deposited in the fund under the provisions enumerated below is hereby exempted from Sections 13320 to 13324, inclusive, of the Government Code:

(a) Article 7 (commencing with Section 5821) and Article 7.5 (commencing with Section 5850) of Chapter 8 of Part 1 of Division 4, Chapter 1 (commencing with Section 6701) of Part 3 of Division 4, and Chapter 5 (commencing with Section 53301) of Division 18.

(b) Article 5 (commencing with Section 6001) of Chapter 9 of Part 1 of Division 4.

(c) Article 8.5 (commencing with Section 6047.1) of Chapter 9 of Part 1 of Division 4.

(d) Article 4.5 (commencing with Section 6971) and Article 5 (commencing with Section 6981) of Chapter 2 of Part 3 of Division 4.

(e) Chapter 4 (commencing with Section 14200), Chapter 5 (commencing with Section 14501), and Chapter 6 (commencing with Section 14901) of Division 7.

(f) Part 1 (commencing with Section 16301) and Part 2 (commencing with Section 17401) of Division 9.

(g) Sections 19225, 19227, 19312, and 19315.

(h) Division 10 (commencing with Section 20001).

(i) Division 11 (commencing with Section 23001).
(j) Part 4 (commencing with Section 27501) of Division 12.
(k) Division 16 (commencing with Section 40501).
(l) Chapter 9 (commencing with Section 44971) of Division 17.
(m) Chapter 1 (commencing with Section 52001) of Division 18.
(n) Chapter 2 (commencing with Section 52251) of Division 18.
(o) Chapter 3 (commencing with Section 52651) of Division 18.
(p) Chapter 4 (commencing with Section 52851) of Division 18.
(q) Chapter 6 (commencing with Section 55401), Chapter 7 (commencing with Section 56101), and Chapter 7.5 (commencing with Section 56701) of Division 20.
(r) Section 58582.
(s) Chapter 1 (commencing with Section 61301), Chapter 2 (commencing with Section 61801), and Chapter 3 (commencing with Section 62700) of Part 3 of Division 21.
(t) Chapter 5.5 (commencing with Section 12531) of Division 5 of the Business and Professions Code.
(u) Chapter 7 (commencing with Section 12700) of Division 5 of the Business and Professions Code.
(v) Chapter 14 (commencing with Section 13400) and Chapter 15 (commencing with Section 13700) of Division 5 of the Business and Professions Code.

221.3 **Notwithstanding Section 221, 221.1, and 221.2,** (a) the Department of Food and Agriculture shall establish all permanent positions with the State Controller’s Office, pursuant to standard state administrative practices.

(b) The department shall report to the Chairs of the fiscal committees of the Legislature and the Legislative Analyst’s Office, not later than January 10, 2005, on the positions established pursuant to subdivision (a) that have been funded from the department's blanket authority. The report shall include a description of the positions by program, classification, and fund source, as well as a complete description of the workload for the positions.

**Government Code Section 12439.** (c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods.

1. The position is necessary for directly providing 24-hour care in an institution operated by the state.
2. The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.
3. The position is directly involved in services for public health, public safety, or homeland security.
4. The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.
5. The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.
6. Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.

7. **The position is (i) funded entirely from monies appropriated pursuant to Section 221.1 of the Food and Agriculture Code, (ii) was established with the State Controller pursuant to Section 221.3 of the Food and Agriculture Code, and (iii) directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.**

(d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).
(e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.

(f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.

(g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of Finance a final report on all positions that were abolished effective on the preceding July 1.

(h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.

(i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.

(j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.

(k) This section shall become operative July 1, 2002.