

AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER GEORGE NAKANO, CHAIR

**WEDNESDAY, APRIL 21, 1999
STATE CAPITOL, ROOM 437
1:30 P.M.**

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CONSENT CALENDAR

8910 OFFICE OF ADMINISTRATIVE LAW

Pursuant to the March 26, 1999, Finance Letter notification, **“It is requested that Item 8910-001-0001 of the Budget Bill be increased by \$25,000 to provide the resources necessary for the ongoing maintenance and support of the Office of Administrative Law’s office automation project.”**

Note: Finance advises the subcommittee that the Governor’s Executive Order relative to suspending automation projects because of the Y2K issue does not apply to the above described adjustment and associated project. Finance will have staff available to provide a fuller explanation at the hearing should the subcommittee require clarification.

8320 PUBLIC EMPLOYMENT RELATIONS BOARD

As described in the Governor’s Budget, “The objective of the Public Employment Relations Board (PERB) is to promote the improvement of personnel management and employer-employee relations by working to: (1) prevent and remedy unlawful acts and conduct of employers and employee organizations; and (2) determine and implement, through secret ballot elections, the free, democratic choice by employees as to whether they wish to be represented by a union in dealing with public school employers (pre-kindergarten-Community Colleges), the State of California, the University of California, the California State University and Hastings College of Law.

The proposed budget for 1999-00 is \$4,418,000.

2150 DEPARTMENT OF FINANCIAL INSTITUTIONS

As described in the Governor’s Budget, “In addition to the regulation of these depository corporations, the Department of Financial Institutions licenses and regulates issuers of payment instruments, including companies licensed to sell money orders and/or travelers’ checks or licensed to engage in the business of transmitting money abroad, and business and industrial development corporations. The Department also certifies securities as legal investments for the State of California and other government jurisdictions within California. Programs are supported by assessment of the various industries license and application fees and charges for various other services.

The proposed budget for 1999-00 is \$18,128,000. The proposed appropriation is made up of various special funds and reimbursements (Local Agency Deposit Fund, Financial Institutions Fund, Credit Union Fund).

8100 OFFICE OF CRIMINAL JUSTICE PLANNING

The goal of the Office of Criminal Justice Planning (OCJP) is to improve the criminal justice system in California by providing financial and technical assistance to local governments, state agencies, and the private sector. Services provided by OCJP include but are not limited to: development of state-of-the-art approaches for crime prevention and victim services programs; administration of grant funding to local agencies and organizations; development and distribution of information on crime prevention and victim services; and coordination of information exchanges between criminal justice agencies and community organizations.

The budget proposes \$221.8 million for 1999-00.

The best way to consider this department is as a clearinghouse or "conduit" agency for public safety aid packages for cities and counties. The majority of funding the department processes to local government comes from the federal government. In the past, the department's notable contributions to statewide public safety went largely unacknowledged, uncultivated and sometimes unknown. The new budget cycle affords an opportunity to revisit and restructure the relationship between the department and the Assembly so that local government can more fully benefit from the department funding, services and expertise.

1100 CALIFORNIA SCIENCE CENTER

The California Science Center is an educational, scientific and technological center administered by a nine-member board of directors appointed by the Governor. The Center, which includes the California African American Museum, is located in Exposition Park, a 104-acre tract just south of the central part of Los Angeles. The Center is currently endeavoring to change the way children learn about science. The Center is a place where children can explore how science is relevant to their everyday lives. Through hands-on experiences, children are introduced to scientific principles in the context of the world that surrounds them. It is an approach intended to challenge people to think, to question, and to see their world in an entirely new way.

The Governor's proposed budget includes a \$14.4 million (\$12 million, General Fund) for the support of the California Science Center.

ISSUE 1: CAPITAL OUTLAY: REAPPROPRIATION OF FUNDS FOR PARKING LOT

The Budget Act of 1998 provides a total of \$29.5 million (\$10 million, General Funds / \$19.5 million, federal funds) for a new parking lot for the California Science Center. However, it is unlikely that the funds will be encumbered in the current year and would have to be reappropriated in the budget year in order for the parking lot project to be realized.

BACKGROUND:

The California Science Center was recently renovated and reopened. Crowds of over two million people are expected to visit the Center. The parking lot is needed to accommodate the increased number of visitors that currently must park in surrounding neighborhoods and walk great distances to reach the Center.

COMMENTS:

In order for the parking lot to be built money must be borrowed from the State Highway Account for the project to go forward.

Attachment 1 is proposed budget bill language.

Does the committee wish to adopt the proposed budget bill language?

0890 SECRETARY OF STATE

The Secretary of State (SOS), a constitutionally established office, serves as the chief election officer and is responsible for the administration and enforcement of election laws. The SOS also administers and enforces laws regarding security agreements, and the filing of corporate and limited partnership documents. In addition, the Secretary of State appoints notaries public, enforces notary laws, and is responsible for the procurement and preservation of various documents of historical significance. The Governor's budget proposes \$67 million (\$29 million from the General Fund) for the Secretary of State, a seven percent decrease from its current year allocation.

ISSUE 1: CALIFORNIA SESQUICENTENNIAL

The Secretary of State's budget includes \$972,000 and nine positions for the purpose of coordinating and promoting the 150th anniversary celebration of California's Gold Rush and admission into the Union. The Office is seeking authority for one position without an additional expense.

BACKGROUND:

Established by Executive Order W-74-94 in 1994, the California Gold Discovery to Statehood Sesquicentennial Commission acts "to mold and direct the sesquicentennial into a beneficial and financially successful event of global stature."

Originally under the jurisdiction of the State Library, responsibility for the California Sesquicentennial Commission was transferred to the Secretary of State's office by Executive Order W-173-1998. This action resulted from an oversight hearing that exposed questionable expenditures, non-compliance with state and federal reporting requirements, and general mismanagement.

In light of the new authority, the Secretary of State budget was augmented by \$972,000 and nine positions, and a detailed restructuring and reorganization plan was submitted to the Legislature by Secretary Jones.

Thus far however, the full implementation of the revised plan has encountered several obstacles, typified by the cancellation or alteration of several significant events, including the Gold Rush Race (tall ships), the World Gold Panning Championships, and the Sesquicentennial Wagon Train.

COMMENTS:

The Chair has requested an update on the activities of the program over the past year under Secretary Jones' reorganization plan.

ISSUE 2: INTERNATIONAL BUSINESS RELATIONS PROGRAM

The Secretary of State operates the International Business Relations Program through its Executive Division.

BACKGROUND:

Last year, the International Business Relations Program (IBRP) was created with an initial \$247,000 augmentation, and an ongoing appropriation of \$225,000. The intent of the program is to “promote California’s international relations and improve the economic climate for foreign business development by providing specialized services needed to develop stronger connections between California and foreign-based companies.”

COMMENTS:

On March 16, 1999, Secretary Jones provided an update on the activities of the International Business Relations Program. As of that date, one Clerk Typist position had been hired and there appeared to have been no other activity related to the original proposal.

What is the status of IBRP activities?

Should the Legislature maintain funding for this program?

ISSUE 3: CALVOTER PROJECT – INFORMATIONAL ONLY

The CALVOTER Project was created for the purpose of correcting the state's voter registration records and to expedite the document filing process for candidates.

BACKGROUND:

In 1995, the Secretary of State received a \$3.5 million loan, authorized by McPherson (AB 1701) Chapter 913, Statutes of 1995, for the creation of the CALVOTER project. The loan is expected to be repaid by the December 31, 2000, and will be in the form of credits applied towards the loan. The credits are calculated based on cost avoidance's resulting from less printing and mailing costs due to the removal of duplicate and obsolete voter registrations.

One of the predominant tasks of the CALVOTER project is to delete unverifiable, duplicate, and outmoded voters from the state's records through maintenance of a database for, among other purposes, the prevention of fraudulent voting. This effort was to be achieved through the interface between the 58 counties and their interface with the Department of Motor Vehicles and the Bureau of Vital Statistics. Goals were established for implementation by 1998.

COMMENTS:

The Committee has requested an update on the CALVOTER project including an estimate of funds required to complete the project and the election cost savings to date that was generated by the CALVOTER system.

ISSUE 4: MCPHERSON COMMISSION

The Governor's budget proposes \$55,000 for expenses of the McPherson Commission.

BACKGROUND:

McPherson (SB 1737) Chapter 1080, Statutes of 1998 authorized the creation of a bipartisan commission of 14 members aimed at examining the provisions and effects of the Political Reform Act of 1974. The law also directed this commission to report its assessment to the Legislature by October 1, 1999.

Members of the Commission are provided a per diem of \$100 per day, and are allowed to contract for services in support of the Commission's purpose, as specified in the bill. However, funding was not authorized for members costs incurred by their task, and for contracting expenses. The Secretary of State estimates that contracting expenses will amount to \$200,000.

COMMENTS:

Clearly, the McPherson Commission requires additional funding. It is not certain however, whether it intends to pursue the necessary appropriation through a Finance Letter or a Member's Request.

5240 DEPARTMENT OF CORRECTIONS (CAPITAL OUTLAY)**ISSUE 1: CALIFORNIA MEN'S COLONY: WASTEWATER COLLECTION TREATMENT UPGRADE PROJECT, MARCH 30, 1999 FINANCE LETTER**

The department requests \$2,606,000 in 1999-00 for preliminary plans and working drawings.

BACKGROUND:

As the Finance Letter notice describes it, "The institution has been served with a Cleanup or Abatement Order to rectify various problems with the sewage collection system. Also, the institution's wastewater treatment facility is in violation of Title 22 requirements. These replacements and renovations will enable the wastewater system to comply with current standards."

The Senate has heard this project in subcommittee. The Senate action was:

- Approve preliminary plans only \$950,000
- Adopt Supplemental Report Language (SRL) that addresses cost sharing issues between the institution, Cuesta College and the County, all of which are users of the wastewater treatment facility.

The LAO points out that this project is very complex and will likely require significant time and resources to complete. Hence, the recommendation for plans only and the SRL.

COMMENTS:

Budget Committee staff recommends conforming to the Senate action. Therefore the recommendation to this subcommittee is:

- Approve preliminary plans only \$950,000
- Adopt Supplemental Report Language that addresses cost sharing issues between the institution, Cuesta College and the County, all of which are users of the wastewater treatment facility.

**ISSUE 2: SIERRA CONSERVATION CENTER: EFFLUENT DISPOSAL
PIPELINE PROJECT, AS PROPOSED JANUARY 8, 1999 AND
MARCH 30, 1999 FINANCE LETTER**

In the January 8, 1999, Governor's budget the department requests \$347,000 in working drawings. In the above referenced Finance Letter an additional \$475,000 is requested for acquisition costs and architectural and consulting fees.

BACKGROUND:

Through the 1998-99 Budget Act, the legislature approved this project for preliminary plans and associated funding of \$592,000.

LAO will have to confirm this but it is Budget Committee staff's understanding that preliminary plans are not complete to date. Again staff could be mistaken but plans are not just without approval by the Public Works Board, they really are not completed to date.

The Governor's budget proposes that working drawings be funded in 1999-00 at a cost of \$347,000.

The March 30, 1999, Finance Letter requests an additional \$475,000 in acquisition funding as, **"The initial study (performed in 1995) assumed existing state highway, county road, and utility rights-of-way would provide easements to facilitate the placement of the pipeline on adjacent non-State property. It has now been determined that acquisition authority is necessary to secure permits to enter into such easements."**

COMMENTS:

Budget Committee staff advises the subcommittee to adopt the LAO recommendation to:

- Deny the request for working drawings and associated funding.
- Approve acquisition funding at \$350,000.

The development relative to easements will impact the eventual preliminary plans and in turn will delay the working drawings. Consequently, the LAO recommends acquisition funding in lieu of the working drawing authorization. The acquisition costs is based on the department's estimate for acquisition funding only.

**ISSUE 3: COST INCREASES FOR SELECTED PROJECTS AS SET FORTH IN THE
MARCH 30, 1999, FINANCE LETTER**

Pursuant to the March 30, 1999, Finance Letter notification the following cost estimate increases are proposed for the projects specified below.

BACKGROUND:

Page nine and ten of the March 30, 1999, Finance Letter notification requests increases for several projects. Under Item 5240-301-0001 **a net total increase of \$7,749,000 (General Fund)** is requested over and above the project costs included in the Governor's budget as proposed January 8, 1999.

Specific cost increase requests that the subcommittee will specifically consider at the April 21, 1999 hearing include:

3. Increase funding for the Folsom State Prison, Represa: Renovate Branch Circuit Wiring, Building No. 5 project (\$47,000). The increase reflects the most recent cost estimate.
4. Increase funding for the Folsom State Prison, Represa: Renovate Branch Circuit Wiring, Maintenance Shops project (\$75,000). The increase reflects the most recent cost estimate.
7. Increase funding for the California Medical Facility, Vacaville: Cell Window Modifications project (\$449,000). The increase reflects the most recent cost estimate.

COMMENTS:

Budget Committee Staff recommends:

- Deny the selected cost increases as set forth above and in said Finance Letter notification.

Although the department has provided descriptions of the cost increases there hasn't been much in the way of supporting explanations for the jumps and additions. Discussions with the department about these increases and some others have not provided staff with much more basis to recommend approval to the subcommittee.

ISSUE 4: RECOMMENDATION TO DELETE CONSTRUCTION FUNDING FOR SPECIFIED PROJECTS
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Pursuant to the April 7, 1999, subcommittee agenda issue and associated discussion, Budget Committee staff and the LAO continue their combined review of the Capital Outlay Program. What follows is the second set of recommendations to delete construction funding. Before more recommendations are presented to the subcommittee, Budget Committee staff and the LAO will meet with the department and Finance in an effort to allow the administration every opportunity to further its case for proceeding with construction funding, cost increases and reappropriations as necessary.

BACKGROUND:

Delete the following construction funding for projects in Item 5240-301-0001:

- (5) 61.07.102 – Folsom State Prison, Represa: Renovate Branch Circuit—Wiring, Building 1—Construction..... 2,182,000
- (6) 61.07.103 – Folsom State Prison, Represa: Renovate Supply Heating, and Ventilation, Building 1-- Construction...1,611,000
- (7) 61.07.103 – Folsom State Prison, Represa: Renovate Branch Circuit--Wiring, Building 2--Construction.....1,271,000

COMMENTS:

Budget Committee staff and the LAO applied a variety of criteria to review the project schedules. Here the overriding concern is that while the schedule(s) indicate the need for construction funding availability in late third quarter\early fourth quarter of 1999-00, it would seem conceivable that even one or two contingencies could slip these projects to a point where construction funding could sit idle. Additional construction funding reductions are considered but will not be agendized until Budget Committee staff, the LAO, Finance and the department discuss said pending recommendations.

**ISSUE 5: RECOMMENDATION TO REAPPROPRIATE SELECTED PROJECTS PER THE
MARCH 30, 1999, FINANCE LETTER**

The department requests that the Legislature grant authority to reappropriate funding for various projects that are delayed.

BACKGROUND:

The March 30, 1999 Finance Letter requests reappropriation authority for several projects. This includes 19 mental health and reception center projects for which working drawing reappropriation authority is requested. Acquisition and construction funding reappropriation authority is requested for a Habitat Conservation Plan project due to delays due to a project scope change. And delays in the Pregnant and Parenting Women's Alternative Sentencing Program project necessitates reappropriation of construction funds.

COMMENTS:

Budget Committee staff recommends approval of:

- Reappropriation of items #1 through #21 on pages 12 through 14 of said Finance Letter.

This recommendation\action expressly excludes the Administrative Segregation reappropriation request as well as the proposed cost increases for the mental health and reception center projects requested in another section of the Finance Letter notice. These issues will be addressed in the next subcommittee hearing.

The proposed cost increases associated with the mental health and reception center projects that this recommendation\action reappropriates working drawings for (due to delays in preliminary plans) exceed \$6 million over previously budgeted totals.

5460 DEPARTMENT OF YOUTH AUTHORITY (CAPITAL OUTLAY)**ISSUE 1: CORRECTIONAL TREATMENT CENTER PROJECTS**

The department requests \$3,327,000 in construction funding for its two Correctional Treatment Center projects at "Stark" and "Ventura."

BACKGROUND:

In the 1998-99 Budget Act these projects were approved for preliminary plans and working drawings and associated funding totaling \$462,000.

The projected completion date for the preliminary plans (both projects) was December 1998. Plans for both projects will not be approved by the Public Works Board (PWB) until June 1999.

The projected completion date for the working drawings (both projects) was May 1999. Drawings (according to the Department of General Services) will not be completed until February 2000. The department estimate is October 1999. The difference can be **partially** explained by the finding that the General Services schedule is to some extent a reflection of billing, budgeting and approval process practices whereas the department's schedule is more of a building schedule in the purer sense.

Staff stresses that the differences in schedules (in the way of purposes, actual dates etc.) are neither significant enough to lead to a reversal of previous recommendations nor frequent enough to discount or dismiss one schedule for the other. In fact the numerous ways that the two schedules are consistent easily outweigh the differences. Indeed, staff has begun to see the few differences as complimentary as they are revealing subtleties and practices that without such discrepancies would be unknown or unrevealed. Some of these findings will no doubt be raised by the LAO in next year's ANALYSIS.

COMMENTS:

Budget Committee staff recommends:

- Approve construction funding for both projects.

Although the projected start and finish dates do not allow much room for contingencies, the department and General Services have stressed their commitment to pursuing these projects in a manner that will ensure that construction funding can be used in budget year. In an effort to demonstrate its intent to be supportive, the subcommittee should consider approving the projects as budgeted.

ISSUE 2: RECOMMENDATION TO DELETE CONSTRUCTION FUNDING FOR SPECIFIED PROJECTS
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BACKGROUND:

Delete the following construction funding from the specified project below in Item 5460-301-0660:

- (2) 60.56.030 – Southern Youth Correctional Reception Center/
Clinic: Visiting Facility [Sic]—Construction.....1,215,000

COMMENTS:

Budget Committee staff and the LAO applied a variety of criteria to review the project schedules. Here the overriding concern is that while the schedule(s) indicate the need for construction funding availability in late third quarter\early fourth quarter of 1999-00, it would seem conceivable that even one or two contingencies could slip this project to a point where construction funding could sit idle.

Additional construction funding reductions are considered but will not be agendized until Budget Committee staff, the LAO, Finance and the department discuss said pending recommendations.