# AGENDA

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION**

Assemblymember John Dutra, Chair

**TUESDAY, MARCH 30, 2004**

**STATE CAPITOL, ROOM 447**

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ITEMS ON CONSENT

ITEM 1920 STATE TEACHERS' RETIREMENT SYSTEM

ISSUE 1: OVERVIEW

The State Teachers' Retirement System (STRS) is the largest teachers' retirement system in the country. It has a total membership of 735,000 and assets of $116.7 billion as of March 2004. Faculty members in kindergarten through the community college system receive services from STRS.

The primary objectives of STRS is: to maintain a fiscally sound retirement system; to maintain an efficient operating system for administration of STRS; to continuously improve the delivery of benefits and services to STRS members; and to expand and improve upon benefits while minimizing taxpayer costs.

STRS is administered by a 12-member Teachers' Retirement Board. The board sets the policies and makes rules for the system and is responsible for ensuring benefits are paid by the system in accordance with law.

The Teachers' Retirement Board includes:

- Three member-elected positions representing current educators
- A retired CalSTRS member appointed by the Governor and confirmed by the Senate
- Three public representatives appointed by the Governor and confirmed by the Senate
- A school board representative appointed by the Governor and confirmed by the Senate
- Four board members who serve in an ex-officio capacity by virtue of their office: Director of Finance, State Controller, State Superintendent of Public Instruction, and State Treasurer.

The board members, excluding the ex-officio members, serve four-year terms.

COMMENTS:

No issues were raised related to this agency's budget. It is proposed for approval on consent.
ITEM 8830 CALIFORNIA LAW REVISION COMMISSION

ISSUE 1: OVERVIEW

The California Law Revision Commission was created in 1953 as a successor to the Code Commission and was given responsibility for a substantive review of California statutory and decisional law. The Commission studies the law and discovers defects and anachronisms and recommends legislation to make needed reforms.

The Commission assists the Legislature in keeping the law current by: intensively studying complex and controversial legal issues; identifying major policy issue for legislative attention; gathering the views of interested stakeholders; and drafting recommended legislation for consideration.

The Commission efforts are directed toward enabling the Legislature to focus on significant policy questions in recommendation rather on technical issues that can be resolved in the process of preparing background studies, working out intricate legal problems and drafting implementing solutions. The Commission is therefore able to assist the Legislature accomplish reforms that otherwise may not be able to be possible due to the heavy demands on legislative time. In some instances, the Commission's work may demonstrate that no new legislation is required, thus relieving the Legislature of the need to further pursue any solutions.

Membership in the commission consists of: one member of the Senate appointed by the Rules Committee; one member of the Assembly appointed by the Speaker; seven members appointed by the Governor; and the Legislative Counsel as an ex-officio member.

The Commission may only study those topics authorized by the Legislature. In the 2003-04 Annual Report, (33Cal. L. Review Comm'n Reports 569(2003)) the Commission had identified 21 topics under consideration.

To date the Commission has submitted 352 recommendations to the Legislature. From that 328 have been enacted into legislation affecting 21,716 section of California law.

COMMENTS:

During 2004, the Commission proposes to submit recommendations on a number of subjects, including support of legislation to clean out codes of a number of obsolete reporting requirements imposed upon state agencies.

In 2003-04 the Administration reduced funding by $67,000 and .9 positions pursuant to the statewide Section 4.10 reduction plan. This represents a 10.3 percent reduction in the Commission's budget and a 17 percent reduction in staffing. The proposed level of staffing for the Commission would lower than the amount authorized for the 1992-93 fiscal year.

As part of the Commission's 2004 workload it proposed to develop recommendations to enhance efficiencies in civil procedures include that of small claims in a post-unified trial court environment. Due to limited resources, this study has been delayed.

No issues have been raised related to this budget. It is proposed for approval on consent.
ITEMS TO BE HEARD

ITEM 1705  FAIR EMPLOYMENT AND HOUSING COMMISSION

The Fair Employment and Housing Commission is a quasi-judicial body responsible for the enforcement of State civil rights laws against discrimination in employment, housing, public accommodations, and against hate violence. The Commission also enforces state laws providing family and medical leave. The seven members of the Commission are appointed by the Governor. The Commission holds hearings and issues decisions on accusations prosecuted before it by the Department of Fair Employment and Housing, interprets civil rights statutes through regulations and provides a forum for civil rights concerns.

The objective of the Commission is to reduce social tensions and ensure equal opportunity in employment, housing, and public accommodations by preventing and eliminating discrimination based on race, religious creed, color, national origin, ancestry, sex, marital status, physical and mental disability, medical condition and age over 40, and to address issues of hate violence.

The Governor’s Budget proposed funding for the Commission is $1.21 million. This includes $1.09 million General Fund and $101,000 in Reimbursements. The proposed budget maintains funding at the 2003-04 level.

ISSUE 1: 2003-04 LAO OPTION TO ELIMINATE COMMISSION

For the 2003-04 budget, the LAO identified the option of eliminating the Fair Employment and Housing Commission for an additional General Fund savings of $1.24 million. The Governor’s Budget proposes to maintain funding levels at $1.24 million for the Commission.

Staff Comments: This option was presented to the Legislature in the 2003-04 budget year and included the option to eliminate the Department of Fair Employment Housing as well. The LAO did not present this option for the 2003-05 budget.
ITEM 7100       EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (EDD) is the primary catalyst for building and sustaining a high quality workforce. The EDD serves the people of California by matching job seekers and employers. The EDD pays benefits to eligible workers who become unemployed or disabled, collects payroll taxes, and assists disadvantaged and welfare-to-work job seekers by providing employment and training programs. In addition, EDD collects and provides economic, occupational, and sociodemographic labor market information concerning California’s workforce.

The Governor proposes $12.62 billion ($18.8 million General Fund), a decrease of $836.7 million (6.2 percent) from the current-year budget.

ISSUE 1: USE OF EDD CONTINGENT FUNDS

Restoration of Job Services Program
The Governor’s Budget proposes the restoration of budget authority for $16.1 million in EDD Contingent Funds in order to replace expiring, one-time Reed Act funds for the Job Service 90 percent program. Under the proposal, the Job Service 90 percent program will decrease by $12.9 million in the budget year or 11 percent. Without this proposal, the program would take a 27 percent reduction of services.

BACKGROUND

The Job Service program works to facilitate the match between employers and qualified workers. It supports Cal JOBS, an Internet based job search system where employers post job listings. It also assists unemployed workers with job search activities.

In the 2003-04 budget, one-time Federal Reed Act funds were used to fund the Job Service program in order to allow the transfer of EDD contingent funds to the General Fund.

According to the department, failure to restore the expiring federal funds would result in the following: (1) 360,000 fewer job listings in CalJOBS; (2) 202,000 fewer job seekers would find employment using CalJOBS; (3) 422,000 fewer job seekers would receive staff assisted services due to staffing shortages; (4) 14,000 fewer employers will receive services to register their job listings.
ISSUE 2: UNEMPLOYMENT INSURANCE FUND STATUS - INFORMATIONAL

The Unemployment Insurance (UI) Fund may become insolvent in the first quarter of 2004. Absent corrective action, the UI fund will develop a shortfall of $1.2 billion by the end of calendar 2004, rising to $2.3 billion by the end of 2005. Despite the estimated deficit, a recently approved federal loan will enable the fund to make required benefit payments without interruption to UI claimants in the near term. The deficit resulted from a combination of recently enacted benefit increases and higher levels of unemployment associated with the recession. We recap recent changes in the UI program and present alternatives for restoring the UI fund to solvency.

Options for Restoring Solvency. In order to return the UI fund to solvency and repay the federal loan, the state essentially has four choices: (1) increase the taxable wage base; (2) increase the rate schedules (3) reduce benefit payments, or (4) some combination of the previous three options. Unemployment insurance benefit levels and tax rates are policy decisions for the Legislature.

Staff Comments: The Department should be prepared to report to the Subcommittee on the progress that has been achieved in addressing this issue.

ISSUE 3: LAO OPTION: EXPENDITURE PLAN FOR DISCRETIONARY WORKFORCE INVESTMENT ACT FUNDS

The federal Workforce Investment Act of 1998 seeks to strengthen coordination among various employment, education, and training programs, and support the delivery of employment and training services. The 63 member Workforce Investment Board (WIB) advises the Governor on the operations of the state workforce investment system; however, the board's actions are not binding on the Governor. Pursuant to federal law, 85 percent of WIA funds (an estimated $449 million in 2004-05) are allocated to local WIBs, formerly known as Private Industry Councils. The remaining 15 percent of WIA funds ($67 million) is available for discretionary purposes such as administration, statewide initiatives, current employment service programs, or competitive grants.

The Governor's budget does not include an expenditure plan for the federal Workforce Investment Act (WIA) discretionary funds. In order to ensure that the WIA discretionary spending is consistent with legislative priorities, the Legislative Analyst Office (LAO) recommends the subcommittee deny the expenditure authority for these federal funds until an expenditure plan is submitted to the Legislature. (Reduce Item 7100-001-0869 by $16.8 million.)
ITEM 7350
DEPARTMENT OF INDUSTRIAL RELATIONS

The objective of the Department of Industrial Relations is to protect the workforce in California, improve working conditions, and advance opportunities for profitable employment. The Department is continually working toward this objective by enforcing workers’ compensation insurance laws and adjudicating workers’ compensation insurance claims, working to prevent industrial injuries and deaths, promulgating and enforcing laws relating to wages, hours, and conditions of employment, promoting apprenticeship and other on-the-job training, assisting in negotiations with parties in dispute when a work stoppage is threatened, and by analyzing and disseminating statistics which measure the condition of labor in the State.

ISSUE 1: IMPLEMENTATION OF AB 1688 – CAR WASHES (VOTE ONLY)

The Governor’s Budget transfers $160,000 from the General Fund to the Car Wash Worker Fund in order to fund the implementation of AB 1688 (Goldberg), Chapter 825, Statutes of 2003. This proposal also includes an appropriation of $80,000 from the payment of wages, penalties, and other related damages to workers from the Car Wash Worker Restitution Fund.

AB 1688 (Goldberg) requires any employer that operates a car washing and polishing business to register with the Labor Commissioner and comply with other applicable statutory and regulatory provisions. In addition, the bill creates a Car Wash Worker Restitution Fund for the purpose of remunerating car wash workers who are damaged by the failure of car washing and polishing employers to pay wages earned by their workers.

ISSUE 2: INDUSTRIAL WELFARE COMMISSION

The five-member Industrial Welfare Commission was established in 1913 to investigate the safety and welfare of women workers and child workers in California. It was expanded in 1976 to encompass all workers. Its statutorily established duties include the investigation of labor conditions and promulgation of regulations that promote the health and welfare of the California labor force. The Commission is also required to examine the adequacy of the minimum wage every two years.

Governor’s Budget: The budget provides $235,000 General Fund for the Commission.

Staff Comments: Due to concerns that the commission was not fulfilling its statutory requirements, the legislature reduced the commission’s budget by 50 percent in Budget Year 2003-04. The Commission, citing budgetary constraints, reports that it has not accepted new petitions for amendments to wage orders nor has it begun a review of the minimum wage that should have begun in November of 2003. The Industrial Welfare Commission should be prepared to provide an update on its activities and the extent to which it is meeting its statutory requirements.
ITEM 2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Department of Housing and Community Development (HCD) promotes and expands housing opportunities for all Californians. The department implements and enforces building standards. It also administers a variety of housing finance, economic development, and rehabilitation programs. In addition, the department provides policy advice and statewide guidance on housing issues.

The budget proposes expenditures of $619 million for budget year 2004-05. Spending from the Proposition 46 housing bond accounts for more than $400 million of this amount. The proposed General Fund expenditures of $14 million—largely for emergency shelter assistance and the operation of migrant farmworker housing—is a 9 percent decrease from the current year. Federal funds account for $147 million of the proposed budget-year expenditures, primarily for the Community Development Block Grant and Home Investment Partnership Act programs. Special funds provide the remainder of the department's expenditures. The department's staffing level of 481 personnel-years is the same as in the current year.

ISSUE 1: REGIONAL HOUSING NEEDS ASSESSMENT MANDATE

As with other state-mandated local programs, the 2003 Budget Act appropriated only $1,000 for the regional planning mandate—in effect deferring (with interest) cost reimbursements to local governments. For 2004-05, the Governor proposes to again defer mandate cost payments throughout the budget. During this deferment, local governments are still required to follow the statutory requirements, and the state continues to accumulate a financial liability for the mandated costs. According to LAO, the deferred liability for this mandate is about $4 million annually.

LAO Recommends Repeal of the Mandate. The LAO recommends repeal of this mandate on the basis that it costs much more than the Legislature expected and does not ensure the construction of affordable housing.

BACKGROUND

Mandate for Regional Housing Assessments. Chapter 1143, Statutes of 1980 (AB 2853, Roos), significantly expanded the requirements of local housing elements by requiring additional analysis of local housing needs, particularly in relation to housing by income group. Each community is assigned numeric housing development goals by income (that community's "fair share" of housing) through a process administered by regional councils of government (COGs).

Chapter 1143 was passed after the constitutional amendment requiring mandate reimbursements for state-required activities. The state, therefore, is required to reimburse local governments for the cost of the implementation of this regional planning mandate. (The state does not pay for other portions of the housing element process in place prior to Chapter 1143.) Specifically, the state is required to pay COGs, cities, and counties for the following expenses:

- **Regional COGs.** Reimbursable costs include expenses related to the administrative costs of distributing the region's total housing goals to individual communities, including public meetings and any necessary revisions.
Cities and Counties. Reimbursable costs include expenses related to reviewing the COGs' allocation and examining a variety of specialized housing factors in their housing element, such as housing availability for the disabled, farmworkers and energy conservation.

LAO Findings

Mandate Ineffective. The LAO cites the following shortfalls in the regional housing assessment process:

- **Tremendous Variation in Claim Costs.** The amounts of the claims from local governments vary tremendously—even for claims from similarly sized jurisdictions—and local governments have broad discretion as to what level of effort is appropriate under the mandate.

- **High Claims Do Not Lead to Compliance.** Some jurisdictions achieved HCD approval while seeking very little in reimbursements. Other jurisdictions submitted sizable claims but never obtained state approval.

- **Planning Exercise Not Tied to Results.** The current process has few incentives to encourage local government compliance and accountability.

Study Questions Mandate's Effectiveness. Last year, the Public Policy Institute of California (PPIC) released a comprehensive review of the state's housing element law. The study found that there was no significant difference in housing production between those cities in and out of compliance.

Working Group Has Not Focused on Costs. In the summer of 2003, the department convened a working group of local government, housing, and business representatives in order to address ongoing problems with the overall housing element process. As a result of the working group’s meetings, the department has begun implementing changes in its review process for housing elements to improve consistency. However, LAO argues that the department and the working group have not dedicated much effort to addressing the rising costs of the mandate.

COMMENTS:

The department, as the LAO indicates, is engaged in an effort to improve the housing planning process and is working with the Legislature to accomplish this. Staff suggests that HCD address the following points:

- Will the COGs continue to carry out their mandate to compile data and allocate housing need in the absence of reimbursement?

- Would a suspension of the COG efforts have any lasting detrimental effect?

- Could the cost of the city and county portion of the mandate be reduced by tightening the claiming guidelines and/or eliminating unnecessary or low-priority tasks?
ISSUE 2: TRANSFER SCHOOL FACILITIES FEE FUND BALANCE

The state's school facility fees reimbursement program has available bond funds that will meet the program's needs throughout the decade. We recommend that the Legislature transfer to the General Fund the available $5.6 million in non-bond funding. (Transfer $5.6 million from Item 2240-115-0101.)

BACKGROUND:

The School Facility Fee Affordable Housing Assistance Program reimburses the purchasers of new homes for some or all of the school facility fees paid on their homes. Although the funds are in HCD's budget, the California Housing Finance Agency administers the program. From 1998-99 through 2001-02, the Legislature appropriated $27 million for this program (net of various transfers).

Due to low demand for the program, concerns about the program's design, and the state's worsening fiscal condition, Chapter 114, Statutes of 2001 (AB 445, Cardenas), sunset the program at the end of calendar year 2001. Chapter 114 returned the remaining program dollars to the General Fund but left any subsequent recoveries from homebuyers (for instance, if they sold their home before the required five years of residence) to remain with the program.

Program Now Funded with Bond Funds. In 2002, the Proposition 46 housing bond provided $50 million to the program. In its first year of bond funds, the program spent or committed about $6 million. At a similar level of spending, the bond funds should last the program throughout the decade.

LAO Recommends Transferring Available Dollars. Given the programs' available bond funds, the LAO recommends transferring the balance of other funding back to the General Fund along with any future recoveries of non-bond funds.

COMMENTS:

The California Housing Finance Agency now indicates that $7.3 million is available for transfer to the General Fund. This amount is $1.7 million more than the $5.6 million balance that the LAO had originally identified.
ISSUE 3: TRANSFER DORMANT CHILD CARE FACILITIES FINANCING PROGRAM FUNDS

BACKGROUND:

The Child Care Facilities Financing Program provided both direct loans and loan guarantees for childcare facility purchases, expansions, or renovations. General Fund appropriations have provided the program with its previous funding. The program has a complicated administrative structure and low demand. In recognition of these problems and as a result of the state's worsening budget situation, the Legislature returned to the General Fund much of the program's original funding.

With the recent shutdown of the Technology, Trade, and Commerce Agency (TTCA), HCD reacquired full management of the program. The program is currently dormant in terms of making new loans and guarantees. Instead, the only function of the program is servicing the existing 19 loans (with a value of $7.7 million) and 2 guarantees (with a value of $730,000) for as long as the next 30 years. The program's accounts are projected to have a fund balance of roughly $1 million at the end of the current year.

LAO Recommends Shutdown. For TTCA's other programs that were ended, the fund balances were transferred back to the General Fund. The revenues from any loan repayments will now come to the General Fund (as well as the responsibility for administering any outstanding loans). Given its inactivity, LAO finds this approach appropriate for the child care facilities program as well. Consequently, LAO recommends that the Legislature shut down the program and transfer the remaining funds to the General Fund. This would provide an immediate benefit of $1 million, with future benefits as loans are repaid. Given the program's small portfolio, LAO believes that the department should be able to absorb any further administrative costs.

COMMENTS:

The department agrees that some of the money can be transferred but argues that it needs to retain $183,000 as security for the loan guarantees, and $425,000 to fund ongoing staff loan administration costs ($9,600/yr plus inflation) for 33 years.
ISSUE 4: LAO OPTION—REDUCE EMERGENCY HOUSING ASSISTANCE

As an option, the LAO suggests that the Legislature consider reducing homeless shelter assistance from $4 million proposed in the budget to $2 million ($2 million General Fund savings).

BACKGROUND:

The budget proposes to reduce funding for EHAP from $5.3 million in the current year to $4 million in 2003-04 (General Fund). This program provides grants to local governments and nonprofit organizations that operate homeless shelters. Proposition 46 includes bond funding for capital costs of homeless shelters. EHAP provides operating funds.

The department indicates that EHAP generally provides less than 15 percent of the total operating budgets of homeless shelters—federal and local funds, foundation grants, and donations provide the bulk of operating costs. HCD allocates EHAP money on a county basis.

Funding History. EHAP was funded at $2 million annually in 1998-99 and 1999-00, then increased to $14 million and $13.3 million in 2000-01 and 2001-02, respectively. Funding in 2002-03 and the current-year funding is $5.3 million. The LAO option would return the program to its 1999-00 level. This option would reduce the number of shelter bed nights funded by the state. Last year, the Governor's Budget also proposed reducing program funding to $4 million, but the Legislature restored the amount to $5.3 million.

COMMENTS:

The department indicates that the current funding level ($5.3 million) only provides enough money to fund 43 percent of the qualifying grant applications.
ISSUE 5: LAO OPTION--SHIFT MULTIFAMILY HOUSING LOANS TO BOND FUNDS

As an option, the LAO suggests that the Legislature consider shifting multifamily housing loans to bond funds. This would result in a $36.8 million GF gain.

BACKGROUND:

In past years, the state awarded several hundreds of millions of dollars from the General Fund for multifamily housing projects. These dollars are not disbursed until the construction of a project is completed. Consequently, the 2002-03 and 2003-04 budgets loaned $59 million in project funds back to the GF—with the loans to be repaid from the General Fund as needed. Instead of this approach, the LAO suggests that the Legislature could replace the GF dollars with Proposition 46 bond funds and eliminate the need to repay the loans. Of the original loans, $36.8 million would be available for this approach. This would be similar to actions taken in the 2003-04 budget package for other housing programs. Since the multifamily housing program still has more than $580 million in bond funds available, this action would not affect scheduled bond allocations until at least 2007-08, according to the LAO.

COMMENTS:

The department indicates that it believes that the existing multifamily housing loans cannot be legally shifted to bond funds.

The funding shift—if it were legally possible—would reduce the total amount of funding available for multifamily housing projects.
ITEM 8690  SEISMIC SAFETY COMMISSION

The Seismic Safety Commission was established to improve earthquake preparedness and safety in California. Specifically, the 17 appointed Commissioners provide state government with policy guidance, topical expertise, and perspectives from the private sector, academia, and local government. The Commission (1) advises the Legislature and the Administration on seismic safety policies and issues; (2) maintains and encourages the implementation of the state’s five-year Earthquake Loss Reduction Plan; (3) reviews the adequacy of earthquake safety policies and programs; (4) develops and publish information to improve the performance of state-owned buildings; (5) publishes guides to identifying earthquake weaknesses and other issues related to residential and commercial buildings; (6) implements the Unreinforced Masonry Building Law; and (7) prepares a five-year earthquake research plan.

The budget proposes total expenditures of $957,000 (entirely from fee revenue and reimbursements) for support of the commission in 2004-05, a decrease of $90,000 from estimated current-year spending. Proposed commission staffing of 6.8 personnel years is the same as in the current year.

COMMENTS

LAO has not raised any issues regarding the commission.

The commission's support was shifted from the General Fund to revenue from a surcharge on property insurance premium revenue in the 2003-04 Budget.
ITEM 8780 MILTON MARKS "LITTLE HOOVER" COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

The Milton Marks “Little Hoover” Commission on California State Government Organization and Economy is composed of two members of the Senate, two members of the Assembly and nine citizen members—five appointed by the Governor and four appointed by the Legislature. The Commission conducts studies and makes recommendations to the Governor and the Legislature concerning the organization, operation and performance of state agencies. Chapter 12, Statutes of 1993 (SB 37), created the Bureau of State Audits and placed it under the general direction of the Commission. By law, the Little Hoover Commission must review proposed Governor's Reorganization Plans.

The budget proposes $791,000 ($789,000 General Fund) for support of the commission in 2004-05. Both proposed funding and staffing (8.8 personnel-years) are essentially the same as in the current year.

ISSUE 1: WORKLOAD

The commission currently is in the process of a staff layoff to meet funding reductions that the Department of Finance has allocated to it under Section 4.10 of the 2003 Budget Act. However, the commission anticipates that it will receive a number of significant Governor's Reorganization Plans for review as a result of the administration's California Performance Review effort.

COMMENTS

The commission should inform the subcommittee of its current staffing situation, its ability to absorb anticipated reorganization plan workload, and the impact of reorganization workload on the commission's ability to perform studies and make recommendations to the Legislature.
ITEM 9620  PAYMENT OF INTEREST ON GENERAL FUND LOANS

BACKGROUND

This portion of the budget accounts for GF interest costs for short-term, cash-flow borrowing. The Budget Bill appropriates $30 million for interest payments on internal borrowing from special funds within the State Treasury. Costs for external borrowing on the open market (by issuing Revenue Anticipation Notes, RANs, or Revenue Anticipation Warrants, RAWs) are continuously appropriated. The budget anticipates issuance of a $4 billion RAN in 2004-05 and includes $137.5 million for interest and other costs associated with that borrowing.

Cash-flow borrowing (whether internal or external) has no effect on revenues or expenditures as shown in the budget, other than the interest costs. In addition, the previous budgets have included longer-term budgetary loans to the GF from various special funds. These "on-budget" loans are included in GF resources as shown in the budget. The 2004-05 Governor's Budget proposes a GF appropriation of $2.361 million for interest payments for these budgetary special fund loans.

The item also includes language allowing the Director of Finance to augment the amounts for internal borrowing or for the cost of issuing RAWs (although none are currently proposed) including any credit enhancements, subject to legislative notification.

COMMENTS

Generally, the Department of Finance will reevaluate the state's borrowing needs and estimated interest costs and provide an update for the May Revision.

ITEM 0690  OFFICE OF EMERGENCY SERVICES

The Office of Emergency Services (OES) was established as part of the Governor's Office in 1950 as the State Office of Civil Defense. In 1956, the agency became more involved in natural disaster operations, and the name was changed to the California Disaster Office. Adoption of the state's Emergency Services Act in 1970 changed the agency's name to the Office of Emergency Services.

The Governor's Office of Emergency Services coordinates overall state agency response to major disasters in support of local government. The office is responsible for assuring the state's readiness to respond to and recover from natural, manmade, and war-caused emergencies, and for assisting local governments in their emergency preparedness, response and recovery efforts.
During major emergencies, OES can call upon all state agencies to help provide support. Due to their specialized capabilities and expertise, the California National Guard, Highway Patrol, Department of Forestry and Fire Protection, Conservation Corps, Department of Social Services, Department of Health Services and the Department of Transportation are the agencies most often asked to respond and assist in emergency response activities. OES may also call on its own response resources to assist local government. These resources include four communications vans that are available to send to disaster sites, and portable satellite units available to provide voice and data transmission from remote locations. OES also maintains caches of specialized equipment, principally for use by local law enforcement agencies. One hundred and twenty OES fire engines ("pumpers") are stationed with fire districts at strategic locations throughout the state and can be dispatched when needed. OES staff members are on call 24 hours a day to respond to any state or local emergency needs.

The OES Warning Center is staffed 24 hours a day, 365 days a year. From this center, warning controllers speak with county OESs and the National Warning Center in Berryville, Virginia on a daily basis. OES also maintains a 24-hour toll-free toxic release hotline, and relays spill reports to a number of other state and federal response and regulatory agencies, as well as local governments.

OES coordinates the statewide Fire, Law Enforcement, and Telecommunications Mutual Aid Systems based on the "neighbor helping neighbor" concept. OES also coordinates the state's Urban Search and Rescue and Safety Assessment Volunteer programs.

During emergencies, OES activates the State Operations Center (SOC) in Sacramento and the Regional Emergency Operations Centers (REOCs) in impacted areas to receive and process local requests for assistance. OES and other state agency public information officers staff the OES Emergency News Center to provide emergency information to the public through the news media.

OES is the "grantee" for federal disaster assistance, principally from the Federal Emergency Management Agency (FEMA). During the recovery phase of a disaster, OES helps local governments assess damages and assists them with federal and state grant and loan applications to repair damaged public property. Individuals and families suffering losses may apply for federal and state assistance through a toll-free, tele-registration phone line. Individuals may also apply for other assistance programs administered by local and volunteer agencies such as the American Red Cross. The OES public information effort continues in this phase in cooperation with other state and federal agencies.

OES maintains the State Emergency Plan, which outlines the organizational structure for state management of the response to natural and manmade disasters. OES assists local governments and other state agencies in developing their own emergency preparedness and response plans, in accordance with the Standardized Emergency Management System and the State Emergency Plan, for earthquakes, floods, fires, hazardous material incidents, nuclear power plant emergencies, and dam breaks.

The OES Earthquake Program provides specialized earthquake preparedness planning and technical assistance to local governments, business, schools, hospitals, the public and other groups.

In addition, OES manages the state's annual public awareness campaigns to help California residents become better prepared for emergencies. Each winter, a Winter Weather and Flood
Preparedness campaign is held. Also, the California Earthquake Preparedness Month Campaign is conducted each April and includes related events throughout the year.

OES coordinates search and rescue missions through its Law Enforcement Branch’s Search and Rescue program to locate individuals lost in the mountains or wilderness. Through its Fire and Rescue Branch’s Urban Search and Rescue Task Force program, OES coordinates missions for those trapped by collapsed structures or in other high risk situations. OES also provides search and rescue task force training for local fire personnel, governments and volunteers.

OES’ training arm, the California Specialized Training Institute in San Luis Obispo, provides training programs for city, county, and state emergency services personnel on the latest techniques in disaster planning, response, recovery and management.

**ISSUE 1: TRANSFER OF AUTHORITY**

The Budget Act of 2003 abolished the Office of Criminal Justice Planning (OCJP) effective January 1, 2004. Juvenile justice programs previously administered by OCJP were transferred to the Board of Corrections. Public safety and victims’ programs previously administered by OCJP were transferred to the Office of Emergency Services (OES). As part of the transfer of authority, the State has to designate a new cognizant agency to administer federally funded programs in this area.

**COMMENTS:**

With regards to the transition of program authority to OES, the subcommittee may want to ask the department:

1. Has OES been recognized as the cognizant agency for public safety and victim's programs by the federal government. When did that recognition occur?
2. Has the State been able to apply for its federal grants in a timely manner during the transition of public safety and victims’ programs? Have there been any delays in the grant acceptance process as compared with prior years?
3. Have there been any delays in the allocation of grants to any program participants?
4. Have there been any delays in the payment to the grantees of public safety or victim programs in the current fiscal year?
5. Have there been any changes in the grant administration that would affect the cash flow of the grantees?
6. Are there any factors that have come to the attention of OES that would affect the long-term stability of federal funding to the grantees in the public safety or victims’ programs?
ISSUE 2: CONSOLIDATION OF VICTIMS’ PROGRAMS (INFORMATIONAL)

AB 2435 (Jackson, Statutes of 2002) makes the finding that victims of violent crime require timely, and coordinated responses to their physical and mental injuries. Therefore this bill requires the Secretary of State and Consumer Services to report to the Legislature no later than January 1, 2004, on the status of victims’ services in the state.

In November 2003, the Secretary issued a report *Strengthening Victims Services in California: A Proposal for Consolidation, Coordination, and Victim-Centered Leadership.* This report recommended the establishment of an Office of Victim Services that would consolidate the administration of three major victims’ programs: the Victim Service Division of Office of Criminal Justice Planning (that has been subsequently moved to the Office of Emergency Services pursuant to Section 25.00 of the Budget Act of 2003); the victim compensation functions of the Victim Compensation and Government Claims Board; and the Battered Women’s Shelter Program within the Department of Health Services. It also recommends the consideration of the consolidation of 11 other victims programs and the moving of the government claims function at the Victims Board to the Office of Administrative Hearings within the Department of General Services. A consolidation of grant and compensation programs would be consistent with the operations in 28 other states. The report concludes that there is a lack of coordination between government agencies concerning victims programs that result in “conflicting and duplicative policies”, as well as causing additional fiscal pressures on grant recipients due to uncertainty of year to year funding.

The Governor’s Budget does not propose a consolidation of victims’ programs in Budget Year 2004-05.

COMMENTS

The subcommittee may want to ask the Administration about any plans to consolidate victim services at the State level consistent with the intent of AB 2435 and the findings of the November 2003 report.