

California State Assembly



Agenda

Assembly Budget Subcommittee No. 5 on State Administration

Assemblymember Sharon Quirk-Silva, Chair

Tuesday, March 24, 2026

1:30 P.M. – State Capitol, Room 447

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Chair of the Subcommittee or request presentation by the Administration at the discretion of the Chair of the Subcommittee. Members of the public are encouraged to provide public comment on these items at the designated time.

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Items To Be Heard

8955 Department of Veterans Affairs

The California Department of Veterans Affairs (CalVet) honors and serves California's veterans and their families by ensuring our veterans have access to the benefits they have earned to enable them to meet their needs. CalVet promotes and delivers innovative services through efficient, cost-effective programs and collaboration with key stakeholders and partners.

More specifically, CalVet:

- Communicates with California's veterans and their families at all pivotal moments throughout their post-military lives to educate them and connect them to their federal, state, and local benefits.
- Provides California Veterans and their families with direct representation in presenting their claims and appeals for benefits before the U.S. Department of Veterans Affairs and the federal Board of Veteran Appeals.
- Provides California veterans the opportunity to achieve the American dream of homeownership through direct low-cost loans to acquire farms and homes.
- Provides the state's aged and disabled veterans with premier rehabilitative, residential, and medical care and services in a home-like environment at the California Veterans Homes.

California is home to roughly 1.8 million veterans which represents eight percent of the total veterans in the United States. In addition, the Department anticipates it will receive an additional 30,000 discharged members of the armed services each year for the next several years.

Issue 1: Southern California Veterans Cemetery

The State of California has been exploring various sites in Orange County for a new state-owned and operated veterans cemetery for over ten years and has now found a suitable location in Gypsum Canyon in Anaheim, California. A few more recent key actions:

- January 2024, the California Department of General Services, in consultation with the California Department of Veterans Affairs, completed a feasibility study confirming the suitability of Gypsum Canyon for a state veterans cemetery.
- July 2024, the Anaheim City Council unanimously approved an application for environmental entitlements for the Gypsum Canyon cemetery project.
- October 2024, the U.S. Department of Veterans Affairs includes Gypsum Canyon on its pre-application list of non-conforming state, territory, and tribal government cemeteries.

This designation is a critical step toward achieving federally recognized veteran cemetery status.

- June 2025, CalVet submits updated pre-application materials to the U.S. Department of Veterans Affairs. The federal VA confirms receipt of updated materials and continues evaluating the Gypsum Canyon site.
- October 2025, the U.S. Department of Veterans Affairs updates its national Priority List and moves Gypsum Canyon from “Non-Conforming” section to the “Conforming List,” confirming that the revised CalVet pre-application meets all federal specification required for eligibility in the federal Veterans Cemetery Grants Program.
- February 2026, the U.S. Department of Veterans Affairs accepts CalVet’s pre-application and offers \$10 million in project funding, which CalVet accepts. The U.S. “VA will provide the funds by the end of fiscal year 2026 upon receiving CalVet’s completed grant application.”

Panel

- Lindsey Sin, Secretary, California Department of Veterans Affairs
- Coby Petersen, Deputy Secretary, Veterans Homes, CalVet
- Trisha Smith, Deputy Secretary, Administration, CalVet
- John Spangler, Deputy Secretary, Legislation and Government Relations, CalVet
- Jason Kenney, Chief Deputy Director, California Department of General Services
- Department of Finance
- Department of Finance
- Nick Schroeder, Legislative Analyst’s Office

Staff Comments

The Committee may wish to discuss budget trailer bill language authorizing the Department of Veterans Affairs to expend funds from the Southern California Veterans Cemetery Master Development Fund for at least the first stage of project development (Preliminary Plans) and possibly the second stage (Working Drawings).

The Committee should discuss the specific necessary steps required before the State will take ownership of the Gypsum Canyon property from Orange County.

Staff Recommendation: This is an informational item.

Issue 2: Veterans Home of California, Yountville – Skilled Nursing Facility

The California Department of Veterans Affairs (CalVet) is requesting \$209,342,000 Federal Funds authority to receive a federal grant award for allowable costs for the Veteran Home of California, Yountville: Skilled Nursing Facility (SNF) Project. The United States Department of Veterans Affairs, by way of the State Home Construction Grant Program, executed a Memorandum of Agreement, approving funding for this project. A like amount of Public Buildings Construction Fund bonds (lease revenue bonds) will be offset once the federal funds are received.

Upon completion in early 2026, Veterans Home of California, Yountville will open a new 285,000 square foot skilled nursing facility with 240 beds. The current SNF at Yountville was constructed in 1932.

In 2013, the Yountville Facilities Master Plan Evaluation called for the construction of a new SNF as a top priority for the Yountville Home. CalVet once again recommended the construction of a new SNF as a top departmental priority in the 2020 Veterans Home Master Plan. In fiscal year 2020-21, the Governor and the Legislature approved construction funding for a new SNF. In June 2020, the United States Department of Veterans Affairs also approved a construction grant to build a new SNF facility on the Yountville Campus. Once completed, the SNF will need to be certified by the Center for Medicare and Medical Services, and the U.S. Department of Veterans Affairs. Once licensed, CalVet will relocate the residents from the existing facility to the new SNF facility.

Panel

- Lindsey Sin, Secretary, California Department of Veterans Affairs
- Coby Petersen, Deputy Secretary, Veterans Homes, CalVet
- Trisha Smith, Deputy Secretary, Administration, CalVet
- John Spangler, Deputy Secretary, Legislation and Government Relations, CalVet
- Department of Finance
- Department of Finance
- Nick Schroeder, Legislative Analyst's Office

Staff Comments

1. After all the residents are moved from older facilities to the new SNF, how does CalVet plan on using the empty facilities?
2. Yountville currently has over 200 veterans on a resident waiting list, could empty facilities be retrofitted and updated as new housing units?

Staff Recommendation: This item will be held open.

Issue 3: Elimination of Vacant Positions – Control Section 4.12 of the 2025 Budget Act

The Governor's budget assumes on-going savings associated with the permanent elimination of vacant positions across all state agencies and departments, pursuant to Control Section 4.12 of the 2025 Budget Act. The budget proposes to eliminate 6,002.4 vacant positions among various state agencies. Of this total, 178.4 positions are within the Department of Veterans Affairs, accounting for savings of \$15.1 million General Fund.

The majority of eliminated vacant positions are for certified nursing assistants (CNA), 62 positions at the Veterans Home of California at Yountville (Yountville)n and 86.7 positions at the Veterans Home of California-Greater Los Angeles Ventura County (GLAVC). After the elimination of these positions, the two homes will still maintain the full-time equivalent (FTE) number of CAN positions as follows:

- Yountville: 133.5 FTEs
- GLAVC: 161.7 FTEs

It is important to note that these two homes have very high vacancy rates.

The Department of Veterans Affairs notes that the Veterans Home of California Master Plan 2025 emphasizes rebuilding and stabilizing the existing workforce to meet future demands. Chapter 10 directly recommends "strategic workforce alignment," including modernizing staffing structures to reflect actual recruitment capacity, eliminating or repurposing long-term vacancies, and focusing resources on positions that can be successfully hired and retained.

The Department believes eliminating long-vacant positions aligns funding with real workforce availability, improves fiscal accountability, and improves sustainability, and supports a more stable and effective care model. According to the Department, this action does not reduce services; it ensures staffing structures match operational realities and advances the Master Plan's vision for a resilient, high-quality Veterans Home system.

Panel

- Lindsey Sin, Secretary, California Department of Veterans Affairs
- Coby Petersen, Deputy Secretary, Veterans Homes, CalVet
- Trisha Smith, Deputy Secretary, Administration, CalVet
- John Spangler, Deputy Secretary, Legislation and Government Relations, CalVet
- Department of Finance
- Department of Finance
- Nick Schroeder, Legislative Analyst's Office

Staff Comments

Given the significant reduction in CNAs and the high vacancy rate for CNAs, how has the Department been able minimize any negative impact to the delivery of care. And what efforts have been successful in recruiting new staff?

Staff Recommendation: This is an informational item.

1115 Department of Cannabis Control

The Department of Cannabis Control (DCC) licenses and regulates cannabis businesses. This includes the growing of cannabis plants, manufacturing of cannabis products, transportation and tracking of cannabis goods throughout the state, sales of cannabis goods, events where cannabis is sold or used, and the labeling of good sold at retail.

DCC is responsible for various enforcement activities on the cannabis market. This includes investigating complaints of unlicensed or illegal cannabis activity and preventing unsafe products from entering the legal cannabis market.

Issue 4: Enforcement and Legal Affairs Adjustment

The Department is requesting \$6.4 million Cannabis Tax Fund and 12.0 positions and \$1.2 million Cannabis Control Fund and 4.0 positions in 2026-27, and \$3.9 million Cannabis Tax fund and 12.0 positions and \$2.1 million Cannabis Control Fund and 8.0 positions in 2027-28 and ongoing to establish a sworn officer presence in Northern California and increase DCC's legal professional staff to combat the illegal cannabis market.

This proposal actually represents two proposals. One proposal is to establish a new enforcement field office in Northern California. The second proposal is to increase the Legal Affairs Division.

Northern California Enforcement Field Office. The DCC Enforcement Division, which is responsible for disrupting illicit operations and leveling the playing field, now operates in an environment where both the volume and complexity of work have outgrown the current staffing model. Since 2021, complaints related to unlicensed cultivation, manufacturing, retail, and distribution have increased by approximately 187 percent, and a larger share of Enforcement Division cases involved organized criminal networks, multi-jurisdictional activity, and protracted financial and conspiracy investigations. With existing sworn and professional staff, resources have reached a plateau, leaving key regions under covered and limiting the state's ability to reduce the size, profitability, and influence of the illegal market.

Legal Affairs Division Expansion. The DCC Legal Affairs Division is unable to keep pace with a rapidly evolving and expanding workload which have grown exponentially. Legal services encompass a broad spectrum, including analysis of personnel matter, licensing and compliance actions, administrative policies, legislation, record requests, and internal auditing. The dramatic increase in the volume and complexity of record requests, coupled with an exponential rise in compliance actions such as recalls, citations, and revocations over the past two years, has stretched current staffing levels to a point where meeting numerous deadlines is difficult, if not impossible. Without additional resources, the Legal Affairs Division faces challenges in maintaining staff retention and the level of services critical to maintaining a well-regulated industry.

Panel

- Clint Kellum, Director, DCC
- Kevin McInerney, Deputy Director of the Law Enforcement Division, DCC
- Christina Dempsey, Deputy Director of Governmental Affairs, DCC
- Natalie Sheeran, Budget Officer, DCC
- Charlene Manning, Department of Finance
- John Parsons, Department of Finance
- Heather Gonzalez, Legislative Analyst's Office
- Drew Soderborg, Legislative Analyst's Office

Staff Comments

Today, there are several entities that also investigate illicit cannabis grows, such as the California Department of Justice (EPIC), the Department of Fish and Wildlife, and the Department of Water Resources, in addition to federal and local law enforcement. If the goal is to support the legal cannabis industry, is establishing a Northern California enforcement field office to combat illicit cannabis grows the best use of limited funding?

Staff Recommendation: This item will be held open.

Issue 5: Hemp Enforcement and Regulation (Implementation of AB 8)

The Department is requesting \$5.6 million Cannabis Control Fund and 18.0 positions and \$1.7 million Cannabis Tax Fund and 4.0 positions in 2026-27, and \$4.1 million Cannabis Control Fund and 18.0 positions and \$852,000 Cannabis Tax Fund and 4.0 positions in 2027-28 and ongoing to integrate hemp into the cannabis regulatory framework beginning in January 2028. DCC expects increased revenue, primarily licensing fees, to offset costs beginning in 2028-29.

In December 2018, the federal government adopted the Agricultural Improvement Act of 2018 ("2018 Farm Bill"). The Farm Bill removed industrial hemp from scheduling under the Controlled Substances Act and created regulatory oversight for hemp farming primarily under the U.S. Department of Agriculture.

The Farm Bill requires consumable products containing hemp to comply with the Food, Drug, and Cosmetic Act, which generally prohibits the inclusion of hemp extracts in products. Despite this, product manufacturers across the nation exploit perceived regulatory gaps to produce and sell intoxicating hemp products. The adoption and codification of Assembly Bill 8 (Aguire-Curry) last year close any regulatory gap and missing oversight of intoxicating hemp products.

Beginning in 2028, hemp plant material will be allowed to enter the legal cannabis supply chain; hemp extraction and production of intoxicating hemp products in California will require a DCC cannabis manufacturing license, and all sales of product to Californians will be limited to licensed cannabis retailers. This budget proposal funds that transition.

Panel

- Clint Kellum, Director, DCC
- Kevin McNerney, Deputy Director of the Law Enforcement Division, DCC
- Christina Dempsey, Deputy Director of Governmental Affairs, DCC
- Natalie Sheeran, Budget Officer, DCC
- Charlene Manning, Department of Finance
- John Parsons, Department of Finance
- Heather Gonzalez, Legislative Analyst's Office
- Drew Soderborg, Legislative Analyst's Office

Staff Comments

Some issues the Subcommittee may wish to consider:

1. If the Department has not already cover this in their presentation, please provide a timeline for AB 8 implementation.

2. In conversations with the Department, it is the Committee's understanding that the Department plans on limiting its enforcement to online retailers only. What is the rationale for that?
3. Can the Department please explain the interplay between AB 8 implementation and federal action closing the intoxicating hemp loophole.
4. The budget proposal assumes these initial costs will be offset by new hemp operators obtaining DCC licenses. How many new operators does the Department expect to come online? If unknown, should some of the requested funding be limited term until it is known if hemp will be integrated into products by existing licensees or new licensees?

Staff Recommendation: This item will be held open.

1045 Cannabis Control Appeals Panel

As authorized by Proposition 64, the Cannabis Control Appeals Panel hears and adjudicate appeals from licensees and applicants challenging disciplinary and licensing decisions issued by the Department of Cannabis Control.

Issue 6: Establish Ongoing Funding for the Cannabis Control Appeals Panel

The Cannabis Control Appeals Panel is requesting an increase in expenditure authority of \$3.4 million Cannabis Control Fund in 2026-27 and ongoing to support 12 existing limited-term staff positions and operational expenses. However, this proposal is requesting to make these limited-term positions permanent. This Panel is also requesting ongoing reimbursement authority to recoup shared facility costs with the Alcoholic Beverage Control Appeals Board.

Since 2019, the Panel has received appeals, but most cases involved provisional licenses and were not appropriate for adjudication. Under current law, only annual license holders can appeal final disciplinary actions. With the statutory phase-out of provisional licenses effective January 1, 2026, the number of eligible appeals will increase. As more licensees transition to annual licensure, the Panel projects a rise in workload and continued demand for legal and administrative resources.

The resources to support the Panel have been on a limited-term basis as the cannabis regulatory framework has been evolving, as follow:

- The 2017 Budget Act included \$1.1 million Cannabis Tax Fund and 8.0 positions through 2019-2020.
- The 2020 Budget Act included \$3 million Cannabis Tax Fund through 2022-23 to support 13 positions.
- The 2023 Budget Act included \$3 million Cannabis Tax Fund through 2025-26 to support 11 existing positions.

According to the Panel, establishing a stable, continuous funding source - rather than approving another limited-term extension - will enable the Panel to sustain operational continuity, maintain staffing capacity, and fully execute its quasi-judicial mandate as appeal volumes increase.

Panel

Anne Hawley, Executive Director, Cannabis Control Appeals Panel
Christopher Phillips, Chief Counsel, Cannabis Control Appeals Panel
Charlene Manning, Department of Finance
John Parsons, Department of Finance
Drew Soderborg, Legislative Analyst's Office
Heather Gonzalez, Legislative Analyst's Office

LAO Comments

According to the LAO, it is still too early to determine the workload impact of provisional licensees transiting to annual licenses. LAO recommends that the Legislature approve the proposed funding on only a three-year limited term basis, as it has done in past years when the panel's resource needs were not known. The LAO further recommends that the Panel provide an updated workload justification for each Panel position at the end of the three-year period. The report should also include a comparative analysis showing how the Panel's caseload, tasks, positions, salaries, and budget compares to similar entities in state government, including the Alcoholic Beverage Control Appeals Board and any other state entities the Panel considers appropriate.

Staff Recommendation: This item will be held open.

1111 Department of Consumer Affairs

The Department of Consumer Affairs (DCA) is an umbrella Department responsible for 36 different boards, bureaus, committees, commissions, and programs that license and regulate various occupations and vocations. The DCA entities regulate 280 license types including certificates, registrations, and permits. In general, the Department's Boards and Bureaus provide exams and licensing, enforcement, complaint resolution, and education for consumers. More than three million professionals are impacted by the DCA's oversight and regulation.

Issue 7: Budget Change Proposals

Budget change proposals for the Department of Consumer Affairs and its entities are typically funded through special funds. Revenues for these funds come from various fees levied on licensees or candidates for a license. These fees can include examination fees, license application fees, renewal fees, and more.

Budget Change Proposal: Contractors State License board – Expenditure Authority for Information Technology

The Contractors State License Board (Board) requests an increase in expenditure authority of \$2 million Contractors License Fund in 2026-27 and ongoing authority to address an Information Technology funding shortfall, which is essential to support the mission of the Board.

The Contractors State License Board (Board) protects consumers by regulating the construction industry through licensing contractors, enforcing contractor laws and regulations, providing mediation and arbitration to consumer disputes over construction activities, and educating consumers. The Board oversees approximately 316,000 current licensees and registrants in the state, providing them and the public with vital online services and licensing functions through its internal Information Technology (IT) Division.

The Board independently develops, maintains, and secures its own licensing and enforcement IT systems. It does not participate in the BreZE system, nor does it receive direct support from the DCA Office of Information Services. While the Board leverages statewide initiatives, such as DCA's Business Modernization efforts and the State of California's Project Approval Lifecycle (PAL) for shared services, it is solely responsible for the security, modernization, and operational reliability of its critical IT infrastructure.

Growing demand for online services, improved customer service, and compliance with evolving cybersecurity regulations has significantly increased the cost of maintaining and upgrading the Board's IT infrastructure.

The Board currently operates with an IT budget of \$497,000, which is insufficient to meet its operational needs in supporting current and ongoing maintenance and upgrades to the Board's IT network and security infrastructure. Over the past several years, the actual IT costs, including hardware, software, maintenance, and cybersecurity have consistently increased by an average of 28 percent annually. This consistent growth is driven by inflation, transition to cloud-based platforms, replacement of critical systems and infrastructure, and heightened security requirements. These expenditures are for IT services, including hardware, software licensing, and cybersecurity contracts. The chart below shows the growing gap between budgeted and actual IT costs:

Information Technology (Dollars in thousands) Operating Expenses and Equipment	2020-21	2021-22	2022-23	2023-24	2024-25
Information Technology Budget	\$497	\$497	\$497	\$497	\$497
Actual Information Technology Expenditures	\$1,093	\$1,151	\$1,045	\$1,338	\$2,161
Budget Shortfall	(\$596)	(\$654)	(\$548)	(\$841)	(\$1,664)

To sustain essential IT operations and meet its strategic objectives and cybersecurity requirements, the Board is requesting an increase in expenditure authority of \$2 million in 2026-27 and ongoing. According to the board this funding will address the persistent shortfall between actual and budgeted IT expenditures, fund critical software subscriptions and contract renewals, support hardware refresh cycles to meet modern security and performance standards and ensure compliance with cybersecurity requirements and reduce exposure to risk. Most of these expenditures are service-related, including hardware, software licensing, and cybersecurity contracts.

Budget Change Proposal: Board of Pharmacy – Chief of Licensing

The California State Board of Pharmacy is requesting \$251,000 Pharmacy Board Contingent Fund, Professions and Vocations Fund in 2026-27 and \$243,000 in 2027-28 for 1.0 Career Executive Assignment, to serve as the Chief of Licensing overseeing the Board's licensing program.

The Board of Pharmacy regulates the pharmacy practice of pharmacists, interns, pharmacy technicians, and exemptees (those who are involved with the wholesale or manufacturer of drugs and medical devices but not required to hold a pharmacist license).

The Board also regulates all types of firms that distribute prescription drugs and devices in California, including community pharmacies and those located in hospitals, clinics, home and community support services facilities, and out-of-state mail order pharmacies that fill prescriptions and deliver them in California.

According to the Board, effective January 1, 2025, the Board inherited a brand-new regulatory mandate it did not previously have:

- Establishing annual reporting requirements for PDPMs (existing pharmacy/clinic licensees participating in the 340B federal drug discount program)
- Requiring detailed revenue accounting — both statewide and nationwide, gross and net
- Requiring reporting on how those net revenues were spent
- Issuing independent written compliance determinations within specified timeframes
- Coordinating with the AG, DMHC, and CDPH

The board notes that none of this existed before. It requires someone who can serve as subject matter expert, build the reporting framework from scratch, and navigate relationships with multiple state agencies simultaneously. The Board's argument is that this work requires executive-level expertise, not just staff-level administration.

In addition, the Board oversees 48 license types — many operating under separate provisions of law — across a supply chain that includes wholesale drug distributors, third-party logistics providers, pharmacies, and clinics. By its own admission, the current structure does not allow for comprehensive review and evaluation of all these programs.

The CEA would conduct four or more comprehensive program evaluations per year, which the Board says is currently not happening at an adequate frequency. Given how rapidly pharmacy practice is evolving — technology, compounding, new care models — leaving licensing programs unevaluated is framed as a patient safety risk.

Beyond Prop. 34, the Board points to a cluster of responsibilities that need senior-level coordination but currently have no dedicated executive lead:

- Subject matter expert for Pharmacy Benefit Managers (PBMs) in coordination with DMHC
- Executive staff lead for the newly created Pharmacy Technician Advisory Committee
- Strategic and policy direction for the Licensing Committee
- Monitoring and analyzing emerging pharmacy practice models for regulatory and patient safety implications

The Board's core argument is that the combination of a new statutory mandate (Prop. 34), an already-overstretched licensing oversight function, and a set of high-complexity coordination responsibilities that have no current executive owner creates a genuine gap.

Panel

- Christine Lally, Acting Director, Department of Consumer of Affairs
- Taylor Schick, Chief Fiscal Officer, Department of Consumer of Affairs
- David Fogt, Registrar, Contractors State Licensing Board
- Jason Piccione, Chief Information Officer, Department of Consumer of Affairs
- Raju Sah, IT Manager, Contractors State Licensing Board
- Julia Ansel, Assistant Executive Officer, Board of Pharmacy
- Taylor McRho, Finance Budget Analyst, Department of Finance
- Charlene Manning Principal Program Budget Analyst, Department of Finance
- Heather Gonzalez, Legislative Analysts' Office

Staff Comments

The Subcommittee may wish to ask the following:

Regarding the Contractors State Licensing Board:

1. What is the source of the current IT funding?
2. Will the CSLB need to increase fees because of this BCP?
3. How long will this increase in funding meet the needs of the board until another increase is required?
4. Does this increase capacity and response times?
5. What is the board's timeline to complete the transition of paper-based applications to an electronic-based application system?

Regarding the Board of Pharmacy:

1. What are the Board of Pharmacy responsibilities under Prop. 34?
2. Are these existing licensees?

3. How will this be funded?
4. Please explain the purpose of the re-organization.
5. When are the comprehensive program evaluations expected to be completed?
6. Why weren't these issues brought up during last year's sunset review of the board?

Staff Recommendation: This item will be held open.

Non-Presentation Items

Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Chair of the Subcommittee or request a presentation by the Administration at the discretion of the Chair of the Subcommittee. Members of the public are encouraged to provide public comment on these items at the designated time.

8955 Department of Veterans Affairs

1: Administrative Services Division Staffing

The Department of Veterans Affairs is requesting \$303,000 General Fund and two positions in 2026-27, and \$292,000 General Fund in 2027-28 and ongoing to augment staffing resources in the Administrative Services Division to meet the increase demand of the budget office. These positions will address the increase in workload that resulted from the addition of the Redding and Fresno veterans homes.

2: CalVet Electronic Health Record (CEHR) Project: Phase 3 Continued and Maintenance & Operations

The Department of Veterans Affairs is requesting \$1.6 million General Fund in 2026-27 and \$590,000 General Fund in 2027-28 and ongoing for the final implementation of Phase 3 of a new long-term care electronic health record system in the Veterans Homes of California and Headquarters. This includes funding for partial system handover – Maintenance & Operations (M&O) for Homes in Production costs, and for M&O, once all Homes go-live in October 2026.

The Department's clinical, financial, and administrative aspects of the Homes have historically relied heavily on paper records. Completing Phase 3 of the CEHR Project will provide the Department with a modern data system that will enable the Homes to maintain all health records and personal health information within one system. Finishing Phase 3 will eliminate the need for paper records. And the digitization of all active health records will provide the Department with the ability to track and report, have complete comprehensive audit logs, and maximize the technical safeguards as they per to HIPAA compliance.

1115 Department of Cannabis Control**3: Cannabis Systems Integration (CSI) Project**

The Department of Cannabis Control (DCC) is requesting one-time funding of \$7.2 million Cannabis Control Fund in 2026-27 for the implementation of the CSI Project which will consolidate two cannabis systems into one single system. This will allow DCC staff to consolidate licensing, compliance, and laboratory data into a single solution. Centralized workflows will reduce duplicative data entry, improve the accuracy of license and compliance records, and make it easier to detect non-compliance, helping DCC fulfill its compliance and enforcement responsibilities.

0855 California Gambling Control Commission**4: Tribal Nation Grant Fund – Implementation of AB 221 (Ramos)**

The California Gambling Control Commission is requesting an increase in the Tribal Nation Grant Fund (TNGF) expenditure authority of \$117 million in 2026-27 and \$40 million in 2027-28 and ongoing in accordance with AB 221 (Chapter 129, Statutes of 2025). Pursuant to AB 221, beginning in 2026-27, the TNGF Panel must now distribute annual grants of \$600,000 or 85% of available funds, whichever is great, to eligible nongaming and limited-gaming tribes that apply. Under the current expenditure authority, the mandated grant distributions cannot be made.

5: Information Technology Program Support

The California Gambling Control Commission is requesting \$467,000 Special Funds and 2.0 positions in 2026-27, and \$462,000 in 2027-28 and ongoing, to address increased technical workload and to support recommendations by the California Department of Technology and the California Military Department.

2100 Department of Alcoholic Beverage Control**6: Relocation of Palm Desert District Office**

The Department of Alcoholic Beverage Control is requesting an increase of \$397,000 Alcohol Beverage Control Fund expenditure authority in 2026-27, and \$268,000 in 2027-28 and ongoing, to support the relocation of the Palm Desert field office. The facility that currently houses the Palm Desert field office was sold and the department must vacate the building by December 31, 2026.

1111 Department of Consumer Affairs**7: California State Athletic Commission - Expenditure Authority**

The California State Athletic Commission (Commission) is requesting a budget augmentation of \$162,000 Athletic Commission Fund in 2026-27 and ongoing for personal service and travel costs. Additionally, the Commission requests to amend provision two of its budget act item for a current year budget augmentation not to exceed \$300,000 to support increased athletic inspector pay, training costs, and Attorney General expenses.

8: Board of Registered Nursing – Investigations

The Board of Registered Nursing is requesting \$1.43 million Board of Registered Nursing Fund, Professions and Vocations Fund in 2026-27 and \$1.36 million in 2027-28 and ongoing to support 8.0 Special Investigators within its Investigations Division to address increasing complaint workload

9: California Veterinary Medical Board – Enforcement

The California Veterinary Medical Board requests an increase in expenditure authority of \$876,000 Veterinary Medical Board Contingent Fund in 2026-27 and ongoing to continue funding for 4.0 existing Analyst IIs and 1.0 Supervisor II, to address investigation and complaint workload in the Enforcement Unit.

10: Osteopathic Medical Board – Enforcement

The Osteopathic Medical Board of California is requesting an increase in expenditure authority of \$338,000 Osteopathic Medical Board of California Contingent Fund in 2026-27 and ongoing to support investigative services provided by the Division of Investigation's Health Quality Investigation Unit.

11: Physician Assistant Board - Enforcement

The Physician Assistant Board (Board) requests an increase in expenditure authority of \$836,000 Physician Assistant Fund in 2026-27 and \$828,000 in 2027-28 and ongoing and 1.0 Special Investigator to support the Board's enforcement operations, increased Attorney General costs, and investigative services provided by the Division of Investigation's Health Quality Investigation Unit.