

SUBCOMMITTEE NO. 4

Agenda

Senator Gloria Negrete McLeod, Chair
Senator Noreen Evans
Senator Doug La Malfa



Monday, May 21, 2012
10 a.m.
Room 112
Consultant: Brady Van Engelen

AGENDA: PART 1

Item Number and Title

0690	California Emergency Management Agency
1760	Department of General Services
8840	California Commission on Uniform State Laws
8940	California Military Department
8955	California Department of Veterans Affairs
C.S. 4.30	Lease-Revenue Payment Adjustments

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AGENDA – VOTE ONLY ITEMS

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	Issue	2012-13 Amount	Fund Source	Staff Recommendation
California Emergency Management Agency (0690)				
1	Proposition 1B Transit and Waterborne Grants	Trailer Bill Language		APPROVE
Department of General Services (1760)				
1	Extend Liquidation Period on Construction Funds	Extension of Liquidation Period		APPROVE
2	Reduce Excess Authority for the Natural Gas Services Program	\$75.0 million dollar reduction in spending authority		APPROVE
California Department of Veterans Affairs (8955)				
1	Enterprise Wide Veterans Home Information System Re-appropriation	Extension of Liquidation Period		APPROVE
2	Retherm Meal Delivery System - Yountville	Extension to re-appropriate funds for one year		APPROVE
3	Yountville Member Services Building Renovation	Re appropriation of 350,000	Federal Trust Fund	APPROVE
4	Central Coast Veterans Cemetery	Re appropriation of \$1.074 million	California Central Coast State Veterans Cemetery at Ford Ord Operations Fund	APPROVE
California Commission on Uniform State Laws (8840)				
1	Net – zero technical adjustment	Conforming technical adjustment		APPROVE
California Military Department (8950)				
1	Starbase Program	10.0 positions	Federal Trust Fund	APPROVE
2	Employment Assistance for California National Guard Veterans	\$350,000 in reimbursement authority for 2012-13	Result of \$500,000 in multi-year funds awarded by Assembly	APPROVE
3	Sunburst Youth Challenge	\$1.2 million	Federal Trust Fund/Grants	APPROVE
Lease Revenue Payment Adjustments (C.S. 4.30)				

Issues Proposed for Vote Only – Issue Descriptions**8840 CALIFORNIA EMERGENCY MANAGEMENT AGENCY****Issue 1 – Proposition 1B Transit and Waterborne Grants**

Governor's Budget Request: The Governor's May Revise included a request that trailer bill language be added in order to increase accountability in the dispensation of Proposition 1B funds dedicated to security improvements.

Background: Proposition 1B, approved by voters in November 2006, allowed the state to sell \$20 billion in general obligation bonds to fund transportation projects to relieve congestion, facilitate goods movement, improve air quality, and enhance the safety and security of the state's transportation system. The proposed trailer language will ensure greater accountability of Proposition 1B expenditures associated with security improvements.

Staff Recommendation: Approve May Revise request.

1760 DEPARTMENT OF GENERAL SERVICES**Issue 1 – Extend Liquidation Period on Construction Funds**

Governor's Budget Request: An April Finance Letter seeks to give DGS additional time to complete minor work on three construction projects.

Background: The following describes the three projects and the funding sought:

- \$250,000 to complete the LEED certification process for the Caltrans Marysville Office Building Replacement. Funds for this project were first provided from the Public Buildings Construction Code in the Fiscal Year 2003-04, then re-appropriated in Fiscal Year 2005-06, for a new Caltrans District 3 headquarters building in Marysville. DGS states that although construction close-out is nearly complete, LEED certification cannot be finalized by the June 30, 2012 deadline for the liquidation of expenditures. The building is seeking a LEED Silver rating from the United States Green Building Council. DGS is requesting an extension of the availability of \$250,000 until June 30, 2013.
- \$1,583 for minor construction work related to the Central Plant Renovation in Sacramento. Funds for the project were first provided from the Public Buildings Construction Fund in Fiscal Year 2003-04, then re-appropriated in 2005-06 and 2007-08, to renovate, modernize and expand the Central Plant to meet the current and planned heating and cooling needs of Sacramento-area state office buildings. While the project is nearly complete, DGS states that three minor issues remain that will not be

finished by the June 30, 2012 deadline for the liquidation of expenditures. DGS is requesting an extension of the availability of \$1,583 until June 30, 2013.

- \$4,000 to correct minor deficiencies related to renovation work on Office Building 8 and 9, 714 P St., Sacramento. Funds for the project were first provided from the Public Buildings Construction Fund in Fiscal Year 2002-03, then re-appropriated in 2005-06. Approval to extend the liquidation period through June 30, 2012 was provided in 2010-11. The building renovation was completed in September 2011, but deficiencies in the foundation drain pumping system and the domestic water pumping system have been discovered, and repairs will not be complete by the June 30, 2012 liquidation date. DGS is requesting an extension of the availability of \$4,000 until June 30, 2013.

Staff Recommendation: Approve April Finance Letter.

Issue 2 – Reduce Excess Authority for the Natural Gas Services Program

Governor’s Budget Request: The Governor’s May Revise includes a request to reduce the Natural Gas Services (NGS) Program by \$75.0 million in order to re-align the NGS program budget closer to the current operating level.

Background: The Natural Gas Program, which is within the Energy Contract Services division of the Department of General Services, was originally developed to purchase natural gas needed to operate state and other public facilities at a more economical price. The program was started when changing state and federal regulations gave rise to the option for large gas uses, such as the state, to purchase gas directly from the supplier versus purchasing from the local gas utility companies (e.g., Pacific Gas & Electric, Southern California Gas). The program serves as the state interface between public agencies and the gas suppliers, ensuring that the state and other public sector facilities get the best rate available based on economies of scale and in-depth knowledge of the opportunities available from the natural gas market.

Staff Comment: In Fiscal Year 2008-09 an augmentation of \$75.0 million was authorized for the purchase of natural gas. Currently, natural gas prices are substantially lower than the previous four fiscal years, allowing for a reduction of \$75.0 million leaving a total budget of \$287.98 million.

Staff Recommendation: Approve May Revise request.

Issue 1 – Extension of the Liquidation Period for the Enterprise Wide Veterans Homes Information System

Governor’s Budget Request: An April Finance Letter requests re-appropriation of \$2.6 million in expenditure authority to complete an information technology project that will track and manage medical, financial, and demographic information for residents of the department’s Veterans Homes. The Legislature previously appropriated \$6.5 million General Fund for the project, but due to procurement delays, the department expects to have expended \$3.7 million by the end of Fiscal Year 2011-12, when the expenditure authority expires. The department is requesting a re-appropriation of \$2.6 million for Fiscal Year 2012-13 to finish the project. The project will end up costing \$200,000 less than anticipated.

Background: The Enterprise-wide Veterans Homes Information System (Ew-VHIS) will provide the Veterans Homes with a system-wide healthcare and financial information system that should help the department improve its ability to collect revenue through improved billing systems. The project was first approved by the Legislature in the 2010 Budget Act, with expenditure authority expiring on June 30, 2012.

Staff Comment: The project experienced procurement delays due in part to a decision to discontinue the acute level of care at the Yountville Home, which changed the scope of the project. After a lengthy procurement process, a contract was signed on January 3, 2011. The new system includes a clinical and financial system, an inventory system, materials management, a pharmacy management system, a dietary system, and a procurement system. This system is compatible with the state’s current budgeting system and will be capable of interfacing with the FISCAL system. The selected vendor has similar products in use in more than 200 nursing home facilities and in veterans homes in six other states.

The new system will be implemented in all Veterans Homes, including the Fresno and Redding facilities. Originally expected to cost \$6.5 million, the department now expects the system to cost \$6.3 million, or \$200,000 under budget.

Staff Recommendation: Approve April Finance Letter.

Issue 2 – Retherm Meal Delivery System - Yountville

Governor’s Budget Request: An April Finance Letter requests re-appropriation of \$900,643 General Fund to complete a project aimed at replacing an obsolete food heating system at the Veterans Home of California, Yountville. The 2009 Budget Act appropriated the funding for this project but requires all money to be expended by June 30, 2012. Due to delays in procurement, the department is seeking a one-year extension to re-appropriate the unspent funding.

Background: The Yountville home currently uses a system to heat food that has become obsolete. A new industry-standard system allows food to be heated on one side of a tray and should improve food quality at reduced maintenance costs.

Staff Comment: The procurement process has been delayed, in part because it was decided the project should go through the information technology procurement process, which is

different from other procurement processes. CalVet is now in the bidding process but is unsure it will complete the project before the end of the fiscal year, thus prompting this request to extend the expenditure authority into Fiscal Year 2012-13.

Staff Recommendation: Approve April Finance Letter.

Issue 3 – Yountville Member Services Building Renovation

Governor’s Budget Request: The Governor’s May Revise includes a request to reappropriate \$350,000 in Federal Trust Fund for the purchase of equipment for the Veterans Home of California – Yountville Member Services Building Renovation project.

Background: The renovation project was agreed to as part of the Budget Act of 2006. Construction on the Member Services Building is complete and the building is partially occupied; however, the ability to finalize the procurement of major pieces of equipment for certain operations remains outstanding. The lengthy state procurement process has required that additional time be needed to ensure that the procurement of the equipment necessary for the building’s operation is complete.

The purpose of the project is to correct Critical Infrastructure Deficiencies at the Veterans Home by renovating and recapitalizing the Recreation Building to improve its functionality, correct material deficiencies, comply with ADA requirements, and Fire/Life/Safety code changes, that have accumulated since the building was constructed in 1954. In addition to electrical, data cabling, and plumbing renovations, the project will resolve mandated handicap accessibility issues. The project will also provide for installation of a new heating, ventilating, and cooling system (HVAC), the installation of fire alarm and fire suppression systems, room restructuring based on member/activity needs, and a building management control system.

Staff Recommendation: Adopt May Revise request.

Issue 4 – Central Coast Veterans Cemetery

Governor’s Budget Request: The Governor’s May Revise includes a request to reappropriate \$1.074 million from the California Central Coast State Veterans Cemetery at Fort Ord Operations Fund for the preliminary plans phase of the Construction of the California Central Coast Veterans Cemetery.

Background: The Cemetery will be constructed at the former Fort Ord Army base and will serve the need of veterans in six counties: Alameda, Monterey, San Mateo, Santa Cruz, San Benito, and Santa Clara for a final resting place that honors and respects their service. The United States Department of Veterans Affairs (USDVA), through its National Cemetery Administration State Cemetery Grants program will provide 100% of the funds for construction of the Cemetery. Funds for completion of design of the project will be paid by the Fort Ord Operations Fund.

Staff Comment: Legislation enacted in 2006 (AB 3553) authorized the facility along with the creation of the Endowment Fund to fund the ongoing operation of the Cemetery. The County of Monterey and City of Seaside have designated a land parcel to be sold to fully fund the Endowment Fund and are currently in negotiations with developers for the sale of the parcel. The pre-application for federal assistance to construct has been submitted, approved, and meets current consideration for 100 percent grant funding through the U.S. Department of Veterans Affairs National Cemetery Administration, State Cemetery Grant program.

Staff Recommendation: Adopt May Revise request.

8840 CALIFORNIA COMMISSION ON UNIFORM STATE LAWS

Commission on Uniform State Laws: The California Commission on Uniform State Laws presents to the Legislature uniform laws recommended by the National Conference of Commissioners on Uniform State Laws and then promotes passage of these uniform acts.

The Commission consists of one Senator, one Assembly Member, six gubernatorial appointees, the Legislative Counsel, and life members based on service as a member of the Commission.

Issue 1 – Consolidation of California Commission on Uniform State Laws within the Legislative Counsel Bureau

Governor's Budget Request: The Governor's May Revise includes a request to conform to trailer bill language implementing the action to consolidate the California Commission on Uniform State Laws into the Legislative Counsel Bureau.

Background: Senate Budget Subcommittee No. 4 took previous action, upon request of the Governor, to consolidate the California Commission on Uniform State Laws within the Legislative Counsel Bureau. This technical change would require that Control Section 13.00 be revised to reflect the consolidation. Additionally, the specific budget item related to the California Commission on Uniform State Laws, Item 8840-001-0001, be eliminated.

Staff Recommendation: Adopt May Revise Request.

8940 CALIFORNIA MILITARY DEPARTMENT

Issue 1 – Starbase Program

Governor's Budget Request: The Governor's January Budget requested 10.0 new positions to support the establishment of three new Science and Technology Academies Reinforcing Basic Aviation and Science Exploration (STARBASE) program facilities. Funding is being provided by the Department of Defense to begin program operations in 2012-13 and the program will continue to be funded with federal dollars.

Background: The Governor's 2012-13 Budget request includes 10.0 new positions for the establishment of three new STARBASE academies located at Joint Forces Training Base in Los Alamitos, the Fresno Air National Guard Base and the Defense Language Institute in Monterey. There is no federal requirement for state matching funds and the program will continue to be fully federally funded.

California's existing STARBASE program is located in Sacramento, California and serves more than 3,000 students annually from the nine surrounding school districts. The program targets minority and/or low socio-economic students and utilizes instruction platforms that conform with federal Department of Defense standards. STARBASE participants are provided with hands-on learning opportunities and mathematics plays an integral role in the program.

Staff Recommendation: Approve Budget Request.

Issue 2 – Employment Assistance for California National Guard Veterans

Governor's Budget Request: An April Finance Letter requested an additional \$350,000 dollars in reimbursement authority for Fiscal Year 2012-13 in order to accept funds provided by the Assembly to fund an employment assistance program designed to assist returning service members.

Background: In February 2012, The California State Assembly provided the CMD with a \$500,000, multiyear, grant to help establish the new National Guard employment pilot program called "Work for Warriors." The program is intended to match up the skills of unemployed and underemployed National Guard members with the hiring needs of employers. The goal of the program is to reduce unemployment and underemployment among California National Guard members by 25 percent within a year and below five percent in the long-run.

Several employers have committed to supporting the Work for Warriors program including the California Chamber of Commerce, Comcast, Granite Construction, Dollar General, Lawrence Berkeley National Laboratory, JP Morgan Chase, Solar City, and the California Conservation Corps.

California is home to the largest and most frequently deployed National Guard force in the country, deploying more than 37,000 times to countries worldwide since September 11, 2001. In many cases, these deployments have resulted in unstable employment and underemployment for serving veterans. It is estimated that the unemployment rate among traditional Guardsmen in California is roughly twenty percent, with an additional fourteen percent of the force only working part-time.

Staff Recommendation: Approve request and adopt budget bill language requiring the Department to provide data on program outcomes.

Issue 3 – Sunburst Youth Challenge Program

Governor's Budget Request: An April Finance Letter request for \$900,000 in ongoing Federal Trust Fund authority, \$300,000 in reimbursement authority and ten permanent positions to support an expansion of the Youth Challenge Program.

Background: The existing Youth Challenge program at Joint Forces Training Base, Los Alamitos, is funded to serve 170 students per class. However, the academy receives more than 800 applications annually and must turn away more than fifty percent of the eligible candidates due to the lack of available funding. The youth that are turned away from the program have no other viable alternatives to preventing the continuing degradation of their lives.

This expansion is expected to result in \$1.2 million in new ongoing costs. The proposal addresses 2012-13 costs with an ongoing \$900,000 federal fund increase and a one-time \$300,000 grant from the Clark Foundation (a private entity). For 2013-14 and ongoing, the CMD has indicated an ability to absorb the \$300,000 cost.

Staff Comment: This proposal does not present a future cost burden to the state. However, after exhausting the \$300,000 dollar grant from the Clark Foundation, the Military Department will have to absorb the additional costs required to run the Sunburst Youth Academy.

Staff Recommendation: Approve April Finance Letter.

CONTROL SECTION 4.30 - LEASE REVENUE PAYMENT ADJUSTMENTS

Governor's Budget Request: The Governor's May Revise includes a request to make technical corrections to the amounts budgeted for lease-revenue debt service payments in fiscal years 2011-12 and 2012-13.

Background: The requested change reflects a decrease of \$18.43 million (\$4.45 million in General Fund for 2012-13, \$13.59 million in General Fund and \$391,000 in other funds for 2011-12). The decrease to the budgeted debt service amounts are a result of a bond refunding to take advantage of lower interest rates and the identification of surplus funds to offset debt service payments.

Staff Recommendation: Approve May Revise.

Issues Proposed for Discussion / Vote**8840 CALIFORNIA EMERGENCY MANAGEMENT AGENCY**

Department Overview: The principal objective of the California Emergency Management Agency (CalEMA) is to reduce vulnerability to hazards and crimes through emergency management and criminal justice to ensure a safe and resilient California. The Cal EMA coordinates emergency activities to save lives and reduce property loss during disasters and to expedite recovery from the effects of disasters. On a day-to-day basis, the Cal EMA provides leadership, assistance, and support to state and local agencies in planning and preparing for the most effective use of federal, state, local, and private sector resources in emergencies. This emergency planning is based upon a system of mutual aid whereby a jurisdiction relies first on its own resources, and then requests assistance from its neighbors. The Cal EMA's plans and programs are coordinated with those of the federal government, other states, and state and local agencies within California.

During an emergency, the Cal EMA functions as the Governor's immediate staff to coordinate the state's responsibilities under the Emergency Services Act and applicable federal statutes. It also acts as the conduit for federal assistance through natural disaster grants and federal agency support. Additionally, the Cal EMA is responsible for the development and coordination of a comprehensive state strategy related to all hazards that includes prevention, preparedness, and response and recovery.

Issue 1 – Restore California Specialized Training Institute

Governor's Budget Request: In January, the Governor's Budget included a proposal to eliminate the California Specialized Training Institute (CSTI). Subsequently, the Governor's May Revise included a request to withdraw the January request to eliminate the California Specialized Training Institute and restore the CSTI and reduce the General Fund contribution towards the agency by \$225,000.

Background: The CSTI coordinates CalEMA's emergency management training programs. More specifically, CSTI provides training to state, local, federal, private sector, and foreign partners. The curriculum at the facility includes the state's standardized emergency management system, hazardous material response, and contingency planning amongst a variety of other disaster mitigation related activities.

Approximately 30 percent of its training is provided by state instructors on-site at the CSTI training center in San Luis Obispo, often utilizing the center's specialty facilities and equipment (including prop tanker railcars, big-rig trucks, a firing range, and a mock courtroom). Most of the courses (about 70 percent) are taught by instructors who travel to trainees' local areas. According to the administration, funding for CSTI comes from a combination of federal grant funds (\$2.1 million), reimbursements from local authorities (\$3.8 million), and the state General Fund (\$1 million) and supports 26 authorized positions. Local authorities are currently

responsible for the costs associated with their employees traveling to the San Luis Obispo center to receive training, including overtime, subsistence, and backfilling necessary positions while trainees are away.

The request to withdraw the January Budget Change Proposal is accompanied by a reduction of \$225,000 in General Fund contributions towards the agency. It is the administration's belief that the reduction can be absorbed via operational efficiencies as its functions transition to the Governor's office.

Staff Comment: Minimal savings were expected to be achieved from the proposed relocation, and it was uncertain if the projected savings had accounted for the full cost of relocation that included environmental cleanup.

Staff Recommendation: Approve May Revise request to withdraw January Budget Change Proposal to relocate the California Specialized Training Institute and reduce item 0690-001-0001 by \$225,000 as proposed in the May Revise Letter.

Issue 2 – Victim Identification and Notification Everyday Network

Governor's Budget Request: The Governor's May Revise included a request of \$1.8 million dollars from the Victim-Witness Assistance Fund to continue the Victim Identification Notification Everyday Network to bridge funding for two years until the California Department of Corrections and Rehabilitation and California State Sherriff's Association identify a long-term funding solution.

Background: The Victim Identification and Notification Everyday Network affords crime victims and other concerned citizens the opportunity to call a toll-free number or log onto a secure web-portal to receive real-time information regarding the custody status of offenders held in jail or prison. In 2010, the California State Sherriff's Association received \$1.5 million dollars in ARRA funds to implement the VINE program from May 1, 2010 through March 31, 2012.

Staff Recommendation: Approve May Revise Request.

1760 DEPARTMENT OF GENERAL SERVICES

Department of General Services: The Department of General Services (DGS) is responsible for the management, review control and support of state agencies as assigned by the Governor and specified by statute. The department consists of 6 divisions, 23 operational offices, 4,000 employees and a budget of over a half of a billion dollars. Its diverse functions include e-commerce and telecommunication; acquisition, development, leasing, disposal and management of state properties; architectural approval of local schools and other state buildings; printing services provided by the second largest government printing plant in the U.S.; procurement of supplies needed by other state agencies; and maintenance of the vast fleet of state vehicles.

Issue 1 – Program Reductions

Governor’s Budget Request: The Governor’s May Revise includes a request to schedule a portion of the unallocated reductions that were identified in the Governor’s Budget for the Department of General Services. The request has identified a total of \$33.39 million and 45.5 positions that can be reduced in the 2012-13 budget.

Background: As noted above, the Governor’s January Budget had identified \$59.08 million in reductions that would be made to the Department of General Services in order to achieve greater savings and reduce the overall cost of the budget. The reductions remained unallocated until the submission of the May Revise, where the Department of General Services provided a partial solution of the reduction. The Department of General Services has identified \$33.39 million dollars in reductions that can be made in the 2012-13 budget. The reductions include the following:

- \$15.4 million and 7 positions from the Office of State Publishing. Utilization of increased technology and automation will allow the Office of State Publishing to offset some of the reductions.
- \$6.7 million and 28.5 positions in various Real Estate Services Division programs by reprioritizing workload, reducing travel by increasing use of videoconference capabilities, and other operational measures will be utilized to offset these reductions.
- \$6.3 million and 3.0 positions in various Building Regulations programs. Reductions will be achieved by greater use of operational efficiencies and reductions in consulting and contracting costs.
- \$5 million and 7.0 positions within the administrative support will be achieved by streamlining processes, and enhancing operational efficiencies.

Staff Comment: The Department of General Services has noted that they plan to achieve the balance of the reduction, which is \$25.68 million through future efficiencies.

Staff Recommendation: Approve May Revise request.

Issue 2 – Statewide Consolidation of Underutilized Office Space

Governor’s Budget Request: The Governor’s May Revise proposal included a request to amend budget bill language in order to expand the use of the Service Revolving Fund, Tenant Improvement Reserve Account.

Background: This request is to amend current budget bill language in order to better utilize office space owned by the state. The provisional language related to this request (Item 1760-001-0666) is amended as follows:

“The Director of Finance is authorized to increase this item for purposes of funding ~~tenant improvement projects to facilitate~~ the backfill of vacant space, necessary restack studies, and other required building improvements within Department of General Services (DGS) office buildings related to the Governor’s Office Space Utilization Initiative. This provision shall only be used to augment expenditure authority for DGS office buildings where a \$0.03 tenant

improvement surcharge for DGS Individual Rate Buildings or a \$0.02 tenant improvement surcharge for DGS Building Rental Account Buildings has been approved by the Director of Finance and is included in the monthly rental rate. Director of Finance approval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Director of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.”

Staff Comment: Approximately 90,000 square feet of contiguous space is currently vacant and unassigned out of a total of 16 million square feet of office space in more than 50 state-owned office buildings statewide. However, most of this available space is located in 11 buildings. Additionally, approximately 40,500 square feet of contiguous space is currently available for backfill by another state tenant, out of a total of 15.6 million square feet of leased office space in privately owned buildings throughout the state.

Staff Recommendation: Approve May Revise request.

Issue 3 – Office of Administrative Hearings

Governor’s Budget Request: Included in the Governor’s May Revise is a request to increase the reimbursement authority of the Office of Administrative Hearings by \$961,000.

Background: AB 366 (Chapter 654, Statutes of 2011) revised the procedures governing the involuntary administration of antipsychotic medication to state hospital patients. The Office of Administrative Hearings has reached an Interagency Agreement with the Department of Mental Health to facilitate the hearing process for the involuntary medication of individuals incompetent to stand trial.

Currently, the Office of Administrative Hearings lacks the requisite expenditure authority to handle the estimated 1,000 administrative hearings per year that this new law will generate. The provisions of law impacting the Office of Administrative Hearing in AB 366 will take effect on July 1, 2012.

The Office of Administrative Hearings has determined that it will require a Staff Counsel III; an Associate Governmental Program Analyst, and 2 Senior Legal Typists. Additionally, the Office of Administrative Hearings will require an increase to its OE & E expenditure authority to support these positions and to permit the Office of Administrative Hearing to enter into personal service contracts for Pro Tem Administrative Law Judges and counsel for patients.

As the law was enacted, if the defendant originally consented to antipsychotic medication but subsequently withdraws his or her consent, or if involuntary antipsychotic medication was not ordered and the treating psychiatrist determines the medication has become medically necessary and appropriate, the treating physician will certify whether the defendant lacks capacity to consent, an assessment of the current mental status of the defendant and the opinion of the treating psychiatrist that involuntary antipsychotic medication has become

medically necessary and appropriate. Within 72 hours of the certification, the law requires a medication review hearing before an Administrative Law Judge (ALJ) to be conducted at the facility where the defendant is receiving treatment. The defendant is entitled to representation by an attorney or patient's rights advocate. If the ALJ determines the defendant meets specific criteria, the antipsychotic medication may be administered to the defendant for 21 days. Any medication beyond 21 days requires a court order.

Staff Recommendation: Approve May Revise request.

Issue 4 – Capital Area Development Authority Property Disposition

Governor's Budget Request: The Governor's May Revise included a request that trailer bill language be added to dispose of seven state-owned, Capital Area Development Authority-managed properties with no state programmatic use.

Background: The accompanying trailer bill language specifies seven parcels of state-owned land located within the Capital Area Development Authority that could be dispensed with. The Capital Area Development Authority managed properties are located at:

- 1510 14th Street (.14 acres)
- 1530 N Street and 1412 16th Street (.22 acres)
- 1416 17th Street and 1631 O Street (.15 acres)
- 1609 O Street (.59 acres)
- 1612 14th Street (.07 acres)
- 1616,1622,1626 14th Street and 1325 and 1331 Q Street (.30 acres)

Proceeds of any moneys received from the disposition of any of the parcels listed above would be deposited in either the General Fund or the Deficit Recovery Bond Fund as determined by the Department of Finance.

Staff Recommendation: Approve May Revise request.

8955 CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Department Overview: The California Department of Veterans Affairs (CDVA) promotes and delivers benefits to California veterans and their families. More specifically, the CDVA provides: (1) California veterans and their families with aid and assistance in presenting their claims for veterans' benefits under the laws of the United States; (2) California veterans with beneficial opportunities through direct low-cost loans to acquire farms and homes; and (3) the state aged and disabled veterans with rehabilitative, residential, and medical care and services in a home-like environment at the California Veterans Homes. The CDVA operates veterans' homes in Yountville, Barstow, Chula Vista, Ventura, Lancaster, and West Los Angeles.

Issue 1 – County Veteran Service Officers

Background: County Veterans Service Officers (CVSOs), which exist in 54 of the state's 58 counties, are often the main point of contact for California veterans seeking various forms of government assistance. CVSOs assist veterans in completing applications for federal benefits, such as disability and compensation benefits. CVSO's are created and controlled by county boards of supervisors and often receive a majority of their funding from counties, although the California Department of Veterans Affairs (CalVet) has traditionally contributed \$2.6 million in state General Fund annually for CVSO's work with veterans seeking various benefits. The Governor's January Budget again proposes a \$2.6 million subvention to CVSOs for Fiscal Year 2012-13.

Per Military and Veterans Code 972.1, CalVet has the authority to determine how to distribute the subvention funds to the counties. Most of the funding is distributed based on workloads submitted annually by CVSOs. The current formula allows CVSOs to receive payment for conducting about 50 activities – called workload units - for veterans. All of the activities have equal value in the funding formula, regardless of how long the activity takes or how much in federal benefits the veteran receives based on the CVSO's work. For example, college fee waivers require minimal work by CVSOs, but the state's subvention formula pays the same dollar amount for that work as it does for filing for federal compensation and pension benefits, which is extremely time-consuming.

A key CVSO activity is helping veterans apply for federal disability compensation and pension benefits. These benefits are monthly payments to veterans, and CalVet has made it a top goal to improve the number of California veterans who receive these benefits. This is a goal for an obvious reason: more federal dollars flowing into the state is a clear boost to veterans and the state's economy. One estimate by the U.S. Department of Veterans Administration suggests California veterans may be foregoing as much as \$1 billion in benefits they are entitled to receive. Current data show that 15 percent of California veterans receive federal compensation and pension benefits, averaging \$1,929 per month per veteran. While the percentage of California veterans receiving these benefits has improved in recent years, the state still lags behind other states with large veteran populations.

CVSOs also play a critical role in alerting veterans to their right to federally-funded health care. Through 2008 budget legislation, the state California Department of Health Care Services (DHCS) was directed to use a federal database, called the Public Assistance Reporting Information System, or PARIS, to identify veterans and their dependents who were enrolled in Medi-Cal and inform the veterans of their right to VA-funded health care. CVSOs were expected to conduct the outreach to veterans. DHCS was required to submit a report on the pilot project by November 2011, but the department has not completed the report.

Staff Comment: Annual reporting on CVSO performance that is required by Military and Veterans Code 974 shows there is considerable variation among CVSOs in their success in helping veterans access federal benefits. For example, the county that appears to be securing the most federal dollars is Placer County, which has 32,690 veterans, or more than 10 times fewer veterans than Los Angeles County. Testimony indicated that the Placer County CVSO has been filing specific claims for veterans across the state, meaning the federal dollars were not going all to veterans in Placer County. CVSO representatives suggested the annual report

on CVSO performance lacked details that would allow the public and Legislature to better understand CVSO activities.

This lack of detail makes it more difficult to compare CVSO performance and help CVSOs and CalVet learn strategies for improving CVSO performance across the state. The Subcommittee may wish to direct CalVet to reformulate its subvention funding formula for CVSOs, to provide a stronger incentive for CVSOs to assist veterans in filing for compensation and pension benefits and other benefits that bring the most federal dollars to the state. In addition, the Subcommittee may wish to amend the statute regarding the annual CVSO performance report to provide greater description as to the types of work activities the CVSO performed.

Staff Recommendation: Adopt placeholder Trailer Bill Language directing the Department of Veterans Affairs to alter the formula it uses to provide subvention funding to County Veterans Service Officers as an incentive to increasing filings for federal compensation and pension benefits and other activities that bring the most federal dollars to the state and amend Military and Veterans Code Section 974 to require the Department of Veterans Affairs to include in its annual report of the activities of County Veterans Services Officers data indicating the types of activities performed by each CVSO.

Issue 2 – Adjustment to Federal Per Diem for Veterans Homes

Governor’s Budget Request: The Governor’s May Revise includes a request to adjust General Fund expenditures for the Department of Veterans Affairs by \$15,000 less than requested in the January Budget projections.

Background: The federal government pays a per diem rate for every resident located within the state’s veterans homes. The adjustment is a result of a slight increase in the federal reimbursement rate and a decrease in the overall census of residents within the California Department of Veterans Affairs.

Staff Recommendation: Approve May Revise request.

Issue 3 – Skilled Nursing Facility Activation Slip

Governor’s Budget Request: The Governor’s May Revise includes a request to reduce the General Fund contribution in Budget Year 2012-13 as a result of the delay of opening the Skilled Nursing Facility at the Greater Los Angeles Ventura County (GLAVC) – West Los Angeles veterans home.

Background: Originally, the GLAVC-West Los Angeles veterans home had a sharing agreement with the U.S. Department of Veterans Affairs West Los Angeles campus to provide food services to the residents at the home, which is located in close proximity to the U.S. Department of Veterans Affairs West Los Angeles Medical Center. Due to continued budget delays at the state level, the U.S. Department of Veterans Affairs chose to cancel their food services sharing agreement with the home. Currently, GLAVC-West Los Angeles has a food service agreement with an outside vendor. However, operation of the Skilled Nursing Facility requires that the food services be certified by the Department of Public Health. The delay in

opening the Skilled Nursing Facility results in a staff reduction of 42.0 personnel and a net reduction in \$3.0 million General Fund contribution.

Staff Recommendation: Adopt May Revise request.

Issue 4 – Veterans Homes of California

Governor's Budget Request: The Governor's January budget proposed an increase of \$33.6 million in 2012-13 for all of the VHCs. The May Revise reduced the General Fund contribution by \$3.0 million dollars due to a schedule delay in the opening of the West Los Angeles Veterans Home. The May Revise proposes a total General Fund Contribution of \$30.35 million dollars.

Background: Construction at the VHC-Redding and VHC-Fresno facilities has been completed. The Governor's 2012-13 budget reflected minimal staff at each facility for basic upkeep and maintenance and did not include staff that would support admissions at VHC Redding or VHC Fresno. When opened, both of these homes will provide the following levels of care: Residential Care Facility for the Elderly and Skilled Nursing Care, including Memory Care services within each level of care.

Both facilities were scheduled to open during the current fiscal year, but the openings were delayed in the 2011 Budget Act to provide General Fund savings. The Governor's January Budget proposes delaying the openings for another year. Instead, the Governor's Budget requests "caretaker" staffs for both facilities, with 10 positions in Redding, for a cost of \$1.4 million, and 11 positions in Fresno, for a cost of \$1.9 million. CalVet estimates this plan would add General Fund costs of \$4.8 million for the Redding home and \$5.8 million for the Fresno home, for a total of \$10.6 million. This opening plan would require hiring 44 PYs in Redding and 56 PYs in Fresno.

Staff Comment: This item has remained open since the March 15th Subcommittee No. 4 hearing on the California Department of Veterans Affairs budget, with the expectation that the Governor's May Revise would include a proposal to, at a minimum, partially open both the Redding and Fresno veterans homes. Unfortunately, the Governor's budget problem has increased substantially since January. The state's budget problem has risen to nearly \$16 billion as opposed to the \$9 billion projection assumed in January. Therefore, the Governor has had to revise funding for a number of programs that will have a negative impact on education, healthcare, housing, and social services. As noted in the March 15th hearing, the state, in accordance with the Memorandum of Understanding reached with the U.S. Department of Veterans Affairs, is obligated to open the homes when funds become available. The negative revision to nearly every state supported service is a reflection of the lack of availability to fund the homes. Staff recognizes the need to serve an underserved population in both the Central Valley and in Northern California and this issue will need to be addressed in the near future.

Staff Recommendation: Approve as Budgeted.