

# SUBCOMMITTEE NO. 4

# Agenda

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Senator Richard Roth, Chair  
Senator Norma Torres  
Senator Tom Berryhill



**Thursday, March 13, 2014**  
**9:30 a.m. or upon adjournment of session**  
**Room 2040**

**Consultant: Brady Van Engelen**

<u>Item</u>	<u>Department</u>
0690	California Office of Emergency Services
2240	Department of Housing and Community Development
8790	Commission on Disability Access
8830	California Law Revision Commission
8940	California Military Department
8955	California Department of Veterans Affairs

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**AGENDA – VOTE ONLY ITEMS**

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**Issues Proposed for Vote Only:**

	<b>Issue</b>	<b>2014-15 Amount</b>	<b>Fund Source</b>	<b>Staff Recommendation</b>
<b>California Commission on Disability Access (8790)</b>				
1	Accessible California	\$95,000	General Fund	APPROVE
<b>California Law Revision Commission (8830)</b>				
2	Funding Shortfall	\$50,000	Reimbursement Authority	APPROVE
3	Additional Attorney Support	\$62,000	Reimbursement Authority	APPROVE

**Issues Proposed for Vote Only – Issue Descriptions**

**8970 - Commission on Disability Access**

**Issue 1 – Accessible California**

**Governor’s Budget Request:** The 2014-15 Governor’s budget includes a request for an augmentation of \$95,000 of General Fund support and for one position to address workload associated with the implementation of SB 1186 (Steinberg and Dutton), Chapter 383, Statutes of 2012. SB 1186 modified state disability access laws to encourage greater compliance and reduce disability-related litigation.

**Background:** SB 1186 among other things, requires that the Commission on Disability Access (Commission) collect demand letters and complaints and post the information on its website. The Commission has been tasked with reviewing the notices and demand letters and identifies the top violators in order to better assist their efforts with disability access compliance. To date, the Commission has received over 2,000 items, primarily legal filings, which require approximately 1.5 hours of review.

## 8830 - California Law Revision Commission

### Issue 2 – Funding Shortfall

**Governor’s Budget Request:** The California Law Revision Commission requests an additional \$50,000 in reimbursement authority.

**Background:** The requested \$50,000 in reimbursement authority will be utilized to fill a vacancy that has, to this point, been left vacant. Recently, the Legislature has assigned the Commission an increased workload that will require that the Commission fill the position in order to meet the workload requirements associated with the increasing Legislative workload. The workload associated with this request is a byproduct of legislation enacted in 2012 and 2013.

### Issue 3 – Additional Attorney Support

**Governor’s Budget Request:** The California Law Revision Commission (Commission) requests an ongoing increase of \$62,000 in reimbursement authority to cover salary and benefits associated with 0.5 positions to address workload associated with Legislative requirements.

**Background:** The Commission has experienced an increased workload due to a number of changes in statute that have impacted staffing requirements:

- AB x1 26 (Blumenfield) Chapter 5, Statutes of 2011, assigned the Commission the task of analyzing and cleaning up the Community Redevelopment Law.
- ACR 98 (Wagner), Chapter 108, Statutes of 2012, assigned the Commission the task of analyzing and redrafting the Fish and Game Code, and determining if mediation confidentiality law should be changed in cases of attorney malpractice and other professional misconduct.
- SCR 54 (Padilla), Chapter 115, Statutes of 2013, assigned the Commission the task of analyzing and modernizing California law enforcement access to the customer records of electronic communication providers.

***Issues Proposed for Discussion / Vote*****0690 - OFFICE OF EMERGENCY SERVICES**

**Department Overview:** The principal objective of the Office of Emergency Services (OES) is to reduce vulnerability to hazards and crimes through emergency management, homeland security, and criminal justice. OES 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 OES 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 OES'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 OES 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 OES is responsible for the development and coordination of a comprehensive state strategy related to all hazards that includes prevention, preparedness, and response and recovery.

**Budget Overview:** The January Governor's budget provides OES with 950.9 positions and \$1.42 billion (\$103.35 million General Fund). This reflects an increase of 38.8 personnel over Fiscal Year (FY) 2013-14 and a decrease in funding of approximately \$11.6 million.

**Issue 1 – Public Safety Communications Office**

**Governor’s Budget Request:** The OES requests an additional 17.3 positions in temporary help and 25 permanent positions to support the transfer of the Public Safety Communications Office (PSCO) from the Department of Technology to the OES.

**Background:** The PSCO is comprised of 50 offices throughout the state. PSCO has the responsibility of administering the state’s 9-1-1 emergency communications program serving 462 police, fire, and paramedic dispatch centers located within California’s 58 counties. In 2005, the Office of Network Services was transferred from the Department of General Services to the Department of Technology Services. In an effort to unify all emergency services, the 9-1-1 Emergency Communications and the Radio Communications were transferred in 2009 to the Office of Chief Information Officer (OCIO) and renamed the Public Safety Communications Office (PSCO). During consideration of the 2013-14 budget the Legislature approved the transfer of 374 positions from the Department of Technology to the Office of Emergency Services.

Prior to July 1, 2013, the Department of Military, State Active Duty personnel, had 26.0 employees working with the Cal OES to provide all-hazards training and exercise programs in support of local and state first responders that was funded through a contract using federal funds.

**Staff Comment:** The requested positions are funded by the Technology Services Revolving Fund. OES currently has the authority to fund the positions, but lacks the positional authority to support the staff transfer from the Military Department. The requested 17.3 positions will support maintenance and operational support to the PSCO’s assets, and the 25 requested permanent positions are to support the PSCO’s statewide training efforts.

**Staff Recommendation:** Staff has no issues with this request, approve as budgeted.

**Vote:**

**Issue 2 – Victim Identification Notification Everyday (VINE)**

**Governor’s Budget Request:** The OES is requesting \$1.8 million local assistance from the Victim-Witness Assistance Fund (0425) for FY 2014-15, and 2015-16 to support the VINE program.

**Background:** The VINE program 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. They can also register by phone, email, pager or TTD/TTY device when an offender is released, transferred, or has escaped. Operators assist callers who need help obtaining offender information or registering for notification. The service is of no charge to the public.

**Staff Comment:** Through the American Recovery and Reinvestment Act grant from the OES, the VINE Network was expanded into a statewide victim identification network, which allows any victim in the state to find where their offender is incarcerated. The requested funding will support the program for the next two fiscal years.

**Staff Recommendation:**

**Vote:**

**Issue 3 – Relocation of Red Mountain Communication Site**

**Governor’s Budget Request:** The OES requests \$2.683 million (General Fund) to support the relocation of the Red Mountain Communication Site in FY 2014-15.

**Background:** The Red Mountain Communications Site towers support twelve public safety agencies within Humboldt and Del Norte counties. The United States Forest Service’s Six Rivers National Forest Plan requires that all communications facilities currently operating on Red Mountain be removed and the land cleared by December 31, 2022. The proposed project will establish three new facilities that will enhance radio coverage currently provided at the Red Mountain facility. The project will establish three new communications facilities at Rattlesnake Mountain, Alder Camp and Rodgers Peak.

**Staff Comment:** The requested funds will support the preliminary plans phase of this project. Project costs are currently estimated to total \$19.982 million. The next phase, working drawings is expected to cost approximately \$1.26 million, and will be requested in FY 2015-16. The last phase, construction, is expected to cost \$16.04 million and will be requested in FY 2016-17. Additional costs, associated with maintenance, leasing, and power, to the respective agencies will total \$25,000 annually.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

**2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

**Department Overview:** The mission of the Department of Housing and Community Development (HCD) is to preserve and expand safe and affordable housing opportunities, and promote strong communities for all Californians. The HCD: (1) administers housing finance, economic development, and community development programs; (2) develops housing policy and advocates for an adequate housing supply; and, (3) develops building codes and regulates manufactured homes and mobile-home parks. The HCD also provides technical and financial assistance to local agencies to support housing development.

**Budget Overview:** The Governor's 2014-15 Budget proposes total spending of \$268.72 million (\$8.63 million General Fund) for HCD in 2014-15. The General Fund contribution for 2014-15 is slightly greater than the 2013-14 General Fund contribution (\$1.49 million). Proposed staffing totals 844.7 personnel years (PYs), a slight increase of three PYs, compared with the current year.

The Governor's Reorganization Plan No. 2 of 2012, which merged the Department of Housing and Community Development with the California Housing Finance Agency in the display, contributes to the significant increase in personnel and expenditures in prior fiscal years.

Housing and Community Development Resources  
and Expenditures

Fund Source	2012-13	2013-14	2014-15
General Fund	\$6.99	\$7.14	\$8.63
Federal Trust Fund	\$99.92	\$131.64	\$120.38
Other Funds	\$88.74	\$453.05	\$139.71
Total Expenditures	\$195.65	\$591.83	\$268.72
Personnel Years	522.7	543.5	542.1

\*Dollars in millions

**Issue 1 – Rental Housing Construction Program**

**Governor's Budget Request:** The Governor's budget includes a request to transfer support costs associated with administering the Rental Housing Construction Program from the Rental Housing Construction Fund (0938) to the Rental Housing Rehabilitation Fund (0929). If adopted, the following changes will be reflected:

- A reduction of \$1.141 million in the Rental Housing Construction Fund (0938), transferred to the Rental Housing Rehabilitation Fund (0929); and, a reduction of 2.0 positions and \$225,000 of funding in Fiscal Year 2015-16.

**Background:** HCD estimates that there are a total of 1,334 households that currently receive this subsidy. HCD projects that funds that support the Rental Housing Construction Program will be exhausted by the end of Fiscal Year 2014-15. The Rental Housing Construction Program (program) provides subsidies to low income households. HCD estimates that this transfer will extend program operations for the Rental Housing Construction Program to FY 2026-27.

Funds that support this program were originally appropriated by the Legislature in the 1980's, at the time, there were 49 Rental Housing Construction Program agreements and it was expected that the subsidies would cover the projects over a 30-year period, the majority of the contracts for this program were executed between 1983 and 1986, and are coming to the end of their original 30-year obligation. However, HCD has restructured some of the loans and obligations, which will commit HCD beyond the original 30-year period.

The reduction of 2.0 positions and \$225,000 in state operations budget authority is a result of a portion of the Rental Housing Construction Program maturing, lessening the workload associated with this program.

**Staff Comment:** HCD has received legal opinion to determine that funds in the Rental Housing Rehabilitation Fund is a legal source to fund the long-term monitoring costs for the Rental Housing Construction Program. If the transfer is adopted, HCD projects the fund balance for the Rental Housing Rehabilitation Loan Fund to total \$69.54 million for the budget year, which means that the transfer will have little to no impact on the condition of the Rental Housing Rehabilitation Fund. Additionally, there is approximately \$68.66 million in General Fund loan repayments that are scheduled to be repaid to the Rental Housing Fund in future fiscal years.

**Staff Recommendation:**

**Vote:**

**Issue 2 – Housing Related Parks Program**

**Governor’s Budget Request:** The Governor’s budget includes a request to adjust the baseline budget for the Department of Housing and Community Development by an increase of \$25 million to fund awards under the Proposition 1C Housing Related Parks Program.

**Background:** In 2006, voters approved Proposition 1C, authorizing the largest housing bond in the nation. The new bond measure authorized an additional \$2.85 billion, most of which was used to support affordable housing efforts. The Housing-Related Parks Program, funded through Proposition 1C, was designed to encourage the construction of low-income housing units by providing funding to cities and counties that can be used for the development and renovation of parks for each qualified housing permit they issue. As of January 30, 2014, there is an estimated \$116 million available for award.

While voters approved Proposition 1C in November 2006, the bond required the Legislature to adopt subsequent legislation to implement the Housing-Related Parks Program. AB 2494 (Caballero), Chapter 641, Statutes of 2008 established the Housing-Related Parks Program, under the administration of the Department of Housing and Community Development.

**Staff Comment:** It was originally anticipated that HCD would make roughly \$25 million in awards per year, beginning in 2009 calendar year. However, local governments only qualified for \$8.8 million in awards in 2010. HCD issued a Notice of Funding Availability (NOFA) again for the 2011 calendar year, and local governments qualified for only \$11.3 million.

AB 1672 (Torres) Chapter 779, Statutes of 2012, broadened the Housing Related Parks Program eligibility to include units substantially rehabilitated, preserved or acquired for low or very low income households. HCD expects that this will greatly increase the total amount of awards issued annually.

**Staff Recommendation:** An amendment to this request may be forthcoming, hold this item open.

**Vote:**

**Issue 3 – Community Development Block Grant**

**Governor’s Budget Request:** The Governor’s budget includes a request for \$1.515 million (General Fund), 9.0 three-year limited-term positions and \$971,000 (General Fund) to address backlog and additional workload requirements stemming from additional federal regulations, and a reduction of \$1.426 million in Community Development Block Grant disbursements (Local Assistance) for three years.

**Background:** The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Established in 1974, the CDBG program is one of the longest continuously run programs at the U.S. Department of Housing and Urban Development (HUD). There are a variety of program areas within CDBG that offer assistance to communities developing public facilities, infrastructure and services, affordable housing, and job creation through business retention efforts. HCD is responsible for the administration of the state program for 163 non-entitlement jurisdictions which are primarily rural and in many cases disadvantaged communities.

The program is highly competitive and demand in the state far exceeds the award amount provided to the state. In 2012, the state received \$43 million that was available for award, however, the 98 applications received by HCD totaled over \$104 million. The non-awarded \$61 million reflects a total of 44 projects that communities were not able to complete unless they are able to receive a CDBG in a future cycle, or find an alternative funding source.

A shrinking federal award amount and increased workload have applied an additional strain to the CDBG program. The state has received 35 percent less in CDBG funding from HUD over the last eight years. And, HCD has been subject to a federal compliance audit which will result in a \$5.9 million debt to the federal Department of Housing and Urban Development. Payments to HUD are not due until 2016, and may be paid either with a reduction in federal disbursements or a cash repayment. To address the \$5.9 million owed to HUD, HCD has proposed to repay a total of \$1.6 million (General Fund) and the total amount received by \$4.3 million. The repayment and the grant reduction will be stretched over a three-year period; totaling \$544,000 annually in repayments and a \$1.426 million reduction in Local Assistance annually.

The portion of this request that will add 9.0 three-year limited-term positions and \$971,000 (General Fund) will ensure that HCD remains compliant with federal regulations and provide local jurisdictions with a greater level of technical assistance.

**Staff Comment:** The CDBG program requires a state to match administrative costs dollar for dollar for federal grants used for administrative purposes. In 2007-08, an insufficient amount of General Fund was available to match the federal amount, and HCD chose to use an alternative method of “in-kind” matching. A subsequent audit by HUD determined that the “in-kind” match was not appropriate and that the state would owe approximately \$1.63 million for unmet matching requirements and \$4.27 million for over expenditures.

**Staff Recommendation:** Staff is concerned with reducing Local Assistance by a total of \$4.3 million over four years. As discussed above, the CDBG program is in high demand and provides assistance to a number of communities in California. At this time, staff would recommend approving the request for 9 three-year limited-term positions and \$971,000 (General Fund) to support disbursements and grant administration. Staff would recommends holding open the request for \$1.515 million (General Fund) and a reduction in Local Assistance of approximately \$4.3 million to repay HUD until a future hearing date.

**Vote:**

<b>Issue 4 – Fund Consolidation</b>
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**Governor’s Budget Request:** The Governor’s budget includes a request for the consolidation of three funds administered by the Department of Housing and Community Development, remaining funds will either be returned to the Housing Rehabilitation Loan Fund or the General Fund. These funds are:

- School Facilities Fee Assistance Fund (0101)
- California Housing Trust Fund (0843)
- Rural Community Facility Grant Fund (0984)

**Background:** HCD has determined that these funds are no longer necessary and would like to eliminate the funds to allow for better administration of its programs that it currently maintains, and has proposed trailer bill language that would allow for the elimination of the three funds listed above.

**School Facilities Fee Assistance Fund (0101)** – The School Facilities Fee Assistance Fund was created to provide down payment assistance to offset developer impact fees for affordable housing. The assistance was provided as a grant if the housing remained owner-occupied for a qualifying period of five years. Funding support was provided by the General Fund in 1998-99 through 2001-02, totaling \$140 million. The Department of General Services (DGS) originally administered the program subsequently DGS contracted with the California Housing Finance Agency (CalHFA) to run the program. The program was sunset in 2002.

Proposition 46 of 2002 allocated an additional \$50 million to the fund, and HCD, as the administrator of housing bonds for the state, assumed administrative responsibility of the fund. All funds allocated via Proposition 46 have been exhausted and the fund balance is currently less than \$100,000 dollars. If approved, the proposed language would designate the General Fund the successor fund for any loan repayments received on loans from the General Fund and funds that were loaned with Proposition 46 dollars would revert to the Housing Rehabilitation Loan Fund.

**California Housing Trust Fund (0843)** – The California Housing Trust Fund was created in 1985 for the purpose of funding housing to serve low-income households. One of the primary revenue sources for the Housing Trust Fund was tideland oil revenues for transfer to the Emergency Housing Trust Fund to provide grants for emergency shelter operating costs. When tideland oil revenue transfers to housing ceased, the Emergency Housing Trust Fund received General Fund support.

In 2006, authority for the California Housing Trust Fund was amended in anticipation of making an endowment to provide a permanent financing source for affordable housing. Despite the change in law, there has not been an appropriation. Rather, voters approved general obligation housing bonds (Proposition 46) to assist the state's affordable housing efforts. There is currently \$2.5 million in loan receivables due to this fund, but those loans are not due until 2019. HCD has proposed retaining these repayments within the Housing Rehabilitation Loan Fund, which would serve as the successor of this fund. The Housing Trust Fund currently has a balance of \$68,000, which would also be transferred to the Housing Rehabilitation Loan Fund.

**Rural Community Facility Grant (0984)** – The Rural Community Facility Grant Fund was created to provide a funding source for technical assistance to rural and low-income communities in obtaining public financing to develop public or mutual water systems, or publicly operated waste water systems. The Rural Community Facility Grant Fund received a \$500,000 transfer from the California Housing Finance Fund in 1983 and a \$500,000 transfer from the Rental Housing Construction Fund in 1987. There has been no program activity since FY 1988-89.

**Staff Comment:** Staff has no issues with this request.

**Staff Recommendation:** Adopt proposed trailer bill language.

**Vote:**

**8940 CALIFORNIA MILITARY DEPARTMENT**

**Department Overview:** The California Military Department is responsible for the command, leadership, and management of the California Army and Air National Guard and five other related programs. The purpose of the California National Guard is to provide military service supporting the state and the nation. The three missions of the California National Guard are to provide: 1) mission ready forces to the federal government, as directed by the President; 2) emergency public safety to civilian authorities ,as directed by the Governor; and, 3) support to the community, as approved by a proper authority. The California Military Department is organized in accordance with federal departments of the Army and the Air Force staffing procedures.

**Budget Overview:** The Governor’s budget proposes \$148.94 million (\$44.89 million General Fund) and 819.7 personnel years. This reflects a decrease of \$3.9 million and an increase of seven positions, as compared to the 2013-14 budget.

**California Military Department Resources and Expenditures**

<b>Fund Source</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15 (proposed)</b>
General Fund	\$43,569	\$44,623	\$44,885
Federal Trust Fund	\$89,902	\$97,452	\$98,344
Reimbursements	\$17,177	\$9,072	\$3,933
Mental Health Services Fund	\$559	\$1,358	\$1,360
Other Funds	\$70	\$424	\$422
<b>Total Expenditures</b>	<b>\$151,277</b>	<b>\$152,929</b>	<b>\$148,944</b>
<b>Personnel Years</b>	<b>795.2</b>	<b>812.7</b>	<b>819.7</b>

\*Dollars in thousands

The Military Department also receives Federal Fund support. These funds are not allocated by the state or deposited in the State Treasury and are not included in program or statewide totals. All of the other federal funds are received from the Federal Government for the support of the federal component of the California National Guard.

**Federal Funds – California Military Department**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Expenditures	\$934,000	\$987,500	\$987,500
Personnel Years	4,173.0	4,201.0	4,201.0

\*Dollars in thousands

**Issue 1 – Environmental Programs**

**Governor's Budget Request:** The Governor's budget includes a request for an increase of \$519,000 in Federal Trust Fund authority and an additional seven positions for the California Military Department. The funding and positions support the California Military Department's Environmental Programs Directorate that ensure environmental requirements mandated by federal and state law are being adhered to by the Military Department and its partners.

**Background:** The California National Guard Environmental Program is comprised of 35 total personnel, and is responsible for environmental compliance within California Army National Guard facilities. The California National Guard is responsible for a number of facilities in the state, including three major training facilities, an aviation repair depot, vehicle and weapons maintenance facilities, and a number of smaller vehicle repair shops. Through the National Guard Bureau's federal manning model, it has been determined that a total of 35 positions be provided to the California Army National Guard to comply with federal, state, and local environmental laws.

**Staff Comment:** Currently ten of the 35 employees within the Environmental Directorate are contract employees. This request would convert seven of those contract positions to state civil service, and the Military Department would still have a total of thirty-five employees within the Environmental Directorate. Staff has no issues or concerns with this request.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

**Issue 2 – Force Protection**

**Governor's Budget Request:** The Governor's budget requests an increase of 46 positions within the California Military Department in order to provide security at California Military Department installations and airfields. .

**Background:** In FY 2010-11, the California Army National Guard secured a Master Cooperative Agreement with the National Guard Bureau for 47 three-year limited-term positions. The positions associated with this activity expired on June 30, 2013, and have been administratively established in 2013-14. The Military Department has requested that these positions be established on a permanent basis. The funds that support these positions are ongoing, and it is unlikely that the National Guard Bureau will rescind this funding support.

**Staff Comment:** The requested positions will provide security at eight different facilities throughout the state, overseeing state assets and infrastructure at these installations. The eight installations are listed below:

- Joint Forces Headquarters – Sacramento
- Mather Aviation Support Facility – Mather
- Stockton Aviation Support Facility – Stockton
- Fresno Aviation Support Facility – Fresno
- Theater Aviation Sustainment Maintenance Group – Fresno
- Camp Roberts – Bradley
- Camp San Luis Obispo – San Luis Obispo
- Joint Forces Training Base – Los Alamitos

**Staff Recommendation:** Approve as budgeted.

**Vote:**

**Issue 3 – California Military Museum**

**Governor's Budget Request:** The Governor's budget proposes trailer bill to redirect the current direct appropriation to the private non-profit California Military Museum Foundation (Foundation) annual \$100,000 General Fund appropriation to the California Military Department (CMD).

**Background:** SB 1470 (Johannessen), Chapter 469, Statutes of 2002, provides for an annual appropriation of \$100,000 General Fund to the California Military Museum Foundation (Foundation), a private non-profit organization for the operation of the Foundation. There is currently no codified language in statute to govern this appropriation.

The proposed trailer bill language, if adopted, would provide the CMD with the authority to oversee the expenditures of the Foundation and would require that the Foundation submit invoices, or bills to the CMD in order to receive the appropriated funds.

**Staff Comment:** Amending statute to provide the Military Department with the annual appropriation rather than a private non-profit organization affords the state better oversight mechanisms of its disbursements. Also, this would establish better fiscal oversight and budgetary procedures for the General Fund appropriation provided to support the Military Museum. The Foundation will still be able to submit reimbursement claims for daily operational expenditures.

**Staff Recommendation:** Adopt proposed trailer bill language.

**Vote:**

**Issue 4 – State Active Duty Employee Compensation**

**Governor's Budget Request:** The Governor's budget proposes to augment the Military Department's 2014-15 Budget by \$615,000 (\$256,000 General Fund and \$359,000 Federal Trust Fund) to cover the estimated State Active Duty employee compensation increases.

**Background:** Pursuant to California Military and Veterans Code, Sections 320-321, pay for State Active Duty employees must be based upon established military pay grades and estimated pay increases granted by Congress. This proposed compensation adjustment is due to a congressionally-approved increase in the military allowances for housing and subsistence.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

**Issue 5 – California Army National Guard Armories**

**Background:** According to the 2013 California Army National Guard Armories status report there are 100 active armory sites located throughout the state. The California Army National Guard has dual responsibilities to both federal authorities to ensure readiness of forces for national security missions, and to the Governor in response to state missions for homeland security and disaster support. Armories are the primary place for training and readiness response, and are used as the centralized meeting and training space for California Army National Guard units, as well as for emergency operations and community activities. Depending on the size and types of units in the local area armories may support a single unit, or multiple units. The California Army National Guard utilizes armories for a variety of reasons including; mobilizations, unit training, emergency operations, emergency shelters, and community events.

According to the report 74 percent of the armories were designed and built more than 50 years ago, making them ill-equipped to support many of the armories current usage requirements.

**Staff Comment:** The Governor’s Five-Year infrastructure plan addressed the need to modernize many of the facilities in the California National Guard’s armory portfolio, dedicating approximately \$63.9 million to facility upgrades over the next five years. However, it is unclear to staff what percentage of the infrastructure plan is federal funding, which, in this case, it is unlikely that the state will receive due to budgetary cutbacks at the federal level.

California Military Department Infrastructure Plan

Project	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
Advance Plans and Studies	\$0	\$252	\$0	\$0	\$0	<b>\$252</b>
Latrine Renovations	\$0	\$1,539	\$0	\$0	\$0	<b>\$1,539</b>
Consolidated Headquarters (Phase I)	\$7,534	\$40,388	\$1,961	\$0	\$0	<b>\$49,703</b>
San Diego Readiness Center	\$0	\$0	\$790	\$872	\$9,264	<b>\$10,926</b>
Kitchen Renovations	\$0	\$1,556	\$0	\$0	\$0	<b>\$1,556</b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$43,735</b>	<b>\$2,751</b>	<b>\$872</b>	<b>\$9,264</b>	<b>\$63,976</b>

\*Dollars in thousands

**Staff Recommendation:** Direct the California Military Department to provide the Subcommittee with a plan that will begin to address the California Army National Guard’s infrastructure needs in FY 2014-15.

**Vote:**

**8950 DEPARTMENT OF VETERANS AFFAIRS**

**Department Overview:** California has the largest state population of veterans in the country. A September 2012 study, conducted by the United States Department of Veterans Affairs (USDVA), indicated that there are 1.79 million veterans living in California. The state’s veteran population continues to grow, partially as a result of returning veterans. It is estimated that approximately 35,000 veterans will return from military service to the state annually, over the next few years.

The California Department of Veterans Affairs (CalVet) is the principal agency for state-based veterans’ services. CalVet performs three primary functions to support the needs of California’s veterans and their families:

- Providing guidance and representation relating to the disability and benefits claims process;
- Making direct loans for the purchase and improvement of farms and homes; and,
- Providing long-term residential and medical care at California Veterans Homes.

The Governor’s budget proposes total spending of \$399.66 million (\$334.1 million General Fund) for the CalVet in 2014-15. This proposal reflects a \$28.9 million dollar increase over expenditures for 2013-14.

**Summary of Expenditures  
(Dollars in Thousands)**

Program	2013-14	2014-15
Farm and Home Loans to Veterans	\$59,484	\$60,485
Veterans Claims and Rights	17,455	14,454
Care of Sick and Disabled Veterans	293,473	324,617
Other	317	101
<b>Total</b>	<b>\$370,729</b>	<b>\$399,657</b>

**Issue 1 – Conversion to Civil Service**

**Governor’s Budget Proposal:** The Governor’s 2014-15 budget includes a request for an additional \$2.068 million in General Fund support and an increase of 43 positions to assist with veterans claims, food service operations, and security.

**Background:** On June 18, 2009, the State Personnel Board ordered the California Department of Veterans Affairs (CalVet) to convert a number of contracted positions to civil service. The ruling was in accordance with Government Code §19130, which specifies which personal service contracts may, and may not, be utilized by state agencies. An effort to appeal was made by CalVet in 2011, but was denied by the State Personnel Board. The initial contracts were permitted since they represented a new legislative function, as defined by Government Code §19130.

The requested 43 positions will be spread throughout four of the homes within the Veterans Homes of California network, as follows:

- **Barstow** - \$1.056 million and 20 positions (11 food service, 8 security, and 1 veteran claims service position).
- **Chula Vista** - \$927,000 and 22 positions (13 food service, 8 security, and 1 veteran claims service position).
- **Lancaster** - \$40,000 and 0.5 positions for veteran claims.
- **Ventura** - \$45,000 and 0.5 positions for veteran claims.

The current security contract is set to expire on December 1, 2014. CalVet has requested that the security positions be brought into compliance with Government Code §19130 before the State Personnel Board issues another injunction.

The Veterans Homes in Yountville and West Los Angeles have permanent positions providing veterans claims representation at their respective facilities. The Redding and Fresno Veterans Homes will also have permanent positions that will provide claims representation to residents. The remaining four veterans homes (Lancaster, Chula Vista, Ventura, and Barstow, contract with the local County Veteran Service Office, however, the county veteran service officers are county employees and CalVet has expressed concern that, as county employees, their priorities may not align with CalVet’s. CalVet has noted that during FY 2010-11 a significant increase in claims occurred, which can be attributed to adequate staffing.

**Staff Comment:** Staff has no issues or concerns with this request.

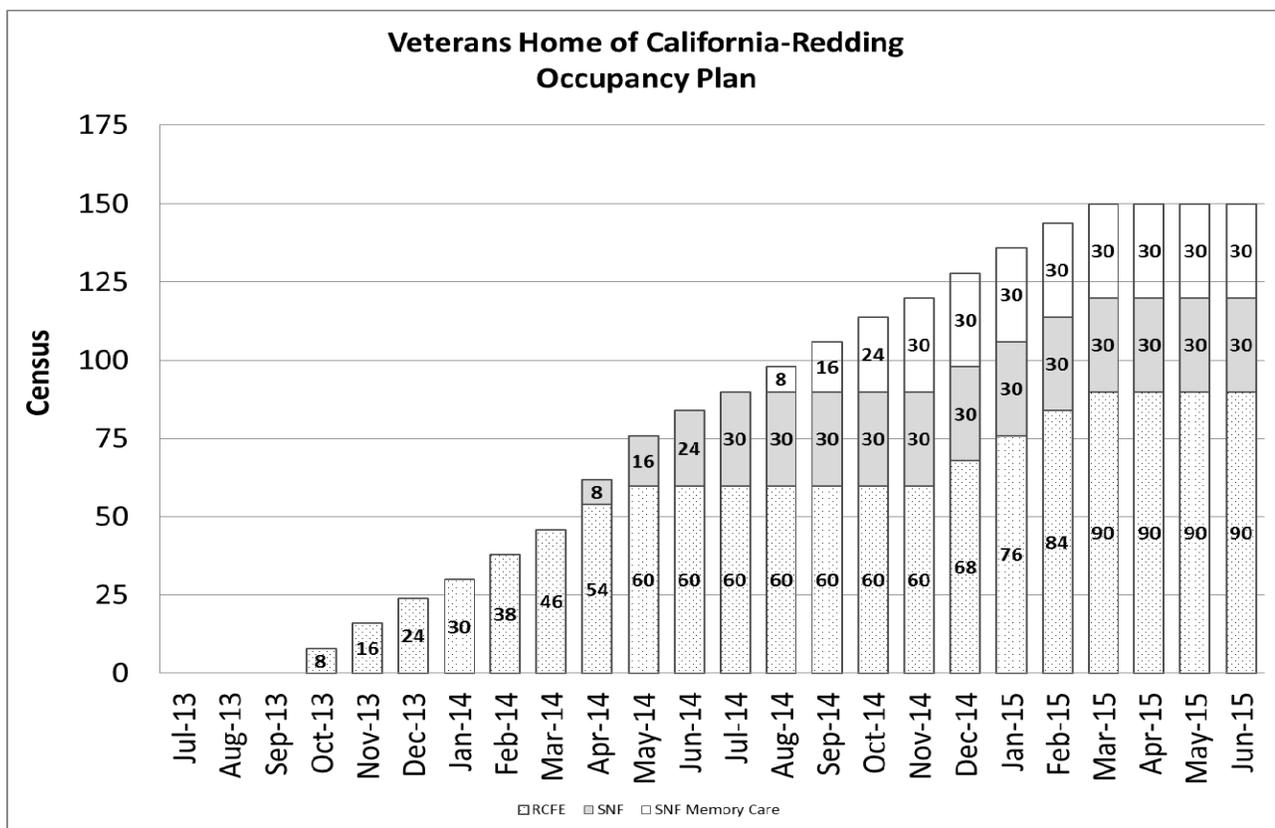
**Staff Recommendation:** Approve as budgeted.

**Vote:**

**Issue 2 – Redding Veterans Home – Continued Activation**

**Governor’s Budget Request:** The Governor’s 2014-15 budget includes a request to increase General Fund support by \$3.896 million and 43.3 positions for FY 2014-15 and \$5.047 million and 48.8 positions in order to complete the staffing ramp-up at the Redding Veterans Home.

**Background:** In 2008, the Legislature approved the construction of a new Veterans Home to be located in Redding. Construction of the facility began in 2010 and was completed in 2012. The Budget Act of 2010 included staff and funding for pre-activation through full ramp-up of the veterans home in Redding. Due to the ongoing fiscal constraints, the Budget Act of 2011 delayed the opening of the Redding veterans home and eliminated all funding and positions related to its activation. The Budget Act of 2012 took a similar approach, providing CalVet with enough support to maintain the facility, but not enough to activate it. Funding was provided in the Budget Act of 2013 to open the home, continue the staffing ramp-up and begin the first year of resident admission.



**Staff Comment:** This is a multi-year request that will fulfill ramp-up activities at the Redding Veterans Home. The requested resources reflect the final phase of ramp-up for this facility and comply with the terms agreed to with the U.S. Department of Veterans Affairs in their construction grant terms. Resident occupancy for this facility has begun and full occupancy is projected to occur in March 2015.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

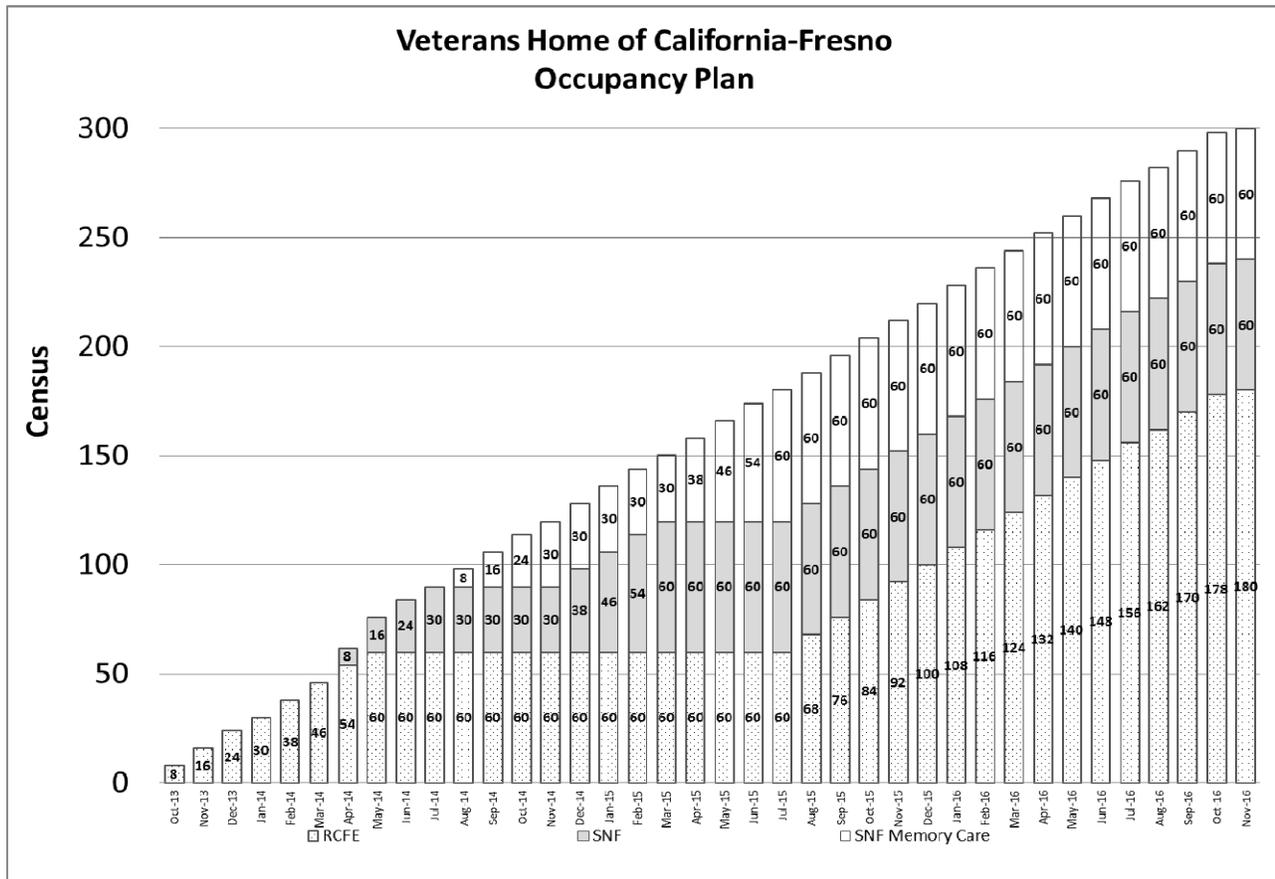
### Issue 3 – Fresno Veterans Home – Continued Activation

**Governor’s Budget Request:** The Governor’s 2014-15 budget includes a request to complete the staffing ramp-up and admission of residents at the Fresno Veterans Home. The request includes:

- \$7.56 million (General Fund) and 89 positions in Budget Year 2014-15 and \$12.83 (General Fund) and 137.9 positions ongoing.
- \$4.14 million (General Fund) and 52.2 positions in Budget Year 2015-16 and \$6.44 million (General Fund) and 70.1 positions ongoing.
- \$602,000 (General Fund) in Budget Year 2016-17 and \$700,000 ongoing.

**Background:** In 2008, the Legislature approved the construction of a new veterans home in Fresno. Construction began in May 2010, and was completed in April 2012. Due to the ongoing fiscal constraints, the Budget Act of 2011 delayed the opening of the Fresno veterans home and eliminated all funding and positions related to its activation. The Budget Act of 2012 took a similar approach, providing CalVet with enough support to maintain the facility, but not enough to activate it. Funding was provided in the Budget Act of 2013 to open the home, continue the staffing ramp-up, and begin the first year of resident admission.

**Staff Comment:** This request for staffing and resources for the remaining years of admissions is projected to take the total census to an estimated 174 by the end of FY 2014-15, 268 by the end of 2015-16, and full occupancy of 300 in the fall of 2016. The requested resources reflect the request submitted in the U.S. Department of Veterans Affairs construction grant.



**Staff Recommendation:** Approve as budgeted.

**Vote:**

**Issue 4 – CVSO Auditor**

**Governor’s Budget Request:** The Governor’s 2014-15 Budget includes a request for \$52,000 (General Fund) and one position for a County Subvention Program Auditor and Database Coordinator.

**Background:** The CalVet County Subvention Program reimburses counties for a portion of their administrative costs and for workload units on a semi-annual basis. Funds are distributed on a pro-rata basis. Auditing the county submissions is a function that has been performed by a retired annuitant.

Recent changes in accordance with SB 1006 (Budget and Fiscal Review Committee), Chapter 32, Statutes of 2012, modified the workload unit computation process. The computation is now based on a performance-based formula that incentivizes County Veteran Service Officers to maximize the amount of federal dollars received by a veteran.

Additionally, SB 1006 modified reporting requirements of CalVet to offer more comparative statistics and best practices in their reports.

**Staff Comment:** This request will allow CalVet to fulfill a legislative requirement and eliminates a service contract to perform audits of the County Subvention Program.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

#### **Issue 5 – State Cemeteries Perpetual Maintenance Funding**

**Governor’s Budget Request:** The Governor’s 2014-15 Budget includes a request for a \$10,000 augmentation of the Northern California Veterans Cemetery Perpetual Maintenance Fund for operational and maintenance purposes.

**Background:** The Northern California Veterans Cemetery Perpetual Maintenance Fund provides funding for the maintenance of the Northern California Veterans Cemetery at Igo and the Yountville Veterans Home Cemetery.

Initial funding levels for the fund were established in 2005 and have not been adjusted. There has been a total of 3,882 burials at the Northern California Veterans Cemetery and total acreage has increased from 1.75 acres to 13.5 acres.

**Staff Comment:** The Northern California Veterans Cemetery Perpetual Maintenance Fund anticipated FY 2014-15 revenues of \$64,000 and authorized expenditures of \$55,000, the resources to provide this augmentation to the Northern California Veterans Cemetery and the Yountville Veterans Home Cemetery are available.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

#### **Issue 6 – Investigative Services**

**Governor’s Budget Request:** The Governor’s 2014-15 budget includes a request for \$96,000 (General Fund) and two permanent positions to investigate claims of elder abuse, hostile work environment complaints, and other miscellaneous employment related matters.

**Background:** Currently, CalVet does not have any staff dedicated to investigating claims related to civil litigation, workplace violence complaints, personnel matters, and claims of elder abuse. When necessary, CalVet has been required to contract out investigative-related activities, and is currently expending \$97,000 in resources annually for investigative services.

**Staff Comment:** According to CalVet, providing their Legal Affairs Division with investigative staff would facilitate a more cost-effective and expedient legal process. When not occupied by active investigations, the Legal Affairs Division intends on utilizing the investigator to support attorneys with trial preparation for ongoing litigation files, which will allow for a more efficient use of staff attorney time, as well.

**Staff Recommendation:** Approve as budgeted.

**Vote:**

#### **Issue 7 – Central Coast State Cemetery**

**Governor’s Budget Request:** The Governor’s 2014-15 budget includes a request for Budget Act authority of \$8.217 million (\$1.42 million Central Coast State Veterans’ Cemetery at Fort Ord Operations Fund and \$6.797 million Federal Trust Fund Authority), to begin construction of the Central Coast State Veterans Cemetery at Ford.

**Background:** AB 3035 (Laird), Chapter 291, Statutes of 2006, authorized the construction of a cemetery to be located at the former site of Fort Ord. The Central Coast Cemetery will support the burial needs of approximately 177,000 veterans living within six surrounding counties; Alameda, Monterey, San Mateo, Santa Cruz, San Benito, and Santa Clara. The United States Department of Veterans Affairs, through its National Cemetery Administration State Cemetery Grants program will reimburse 100 percent of allowable costs for the design and construction of the Cemetery.

When complete, this project will include 5,000 columbaria sites; administration building with public information and restrooms; a maintenance yard and building; a committal shelter; and, a memorial area.

**Staff Comment:** Funds for completion of design of the project were included in the 2013 Budget Act.

**Staff Recommendation:** Approve as budgeted.

**Vote:**