

*Senate Budget and Fiscal Review—John Laird, Chair*

# SUBCOMMITTEE NO. 4

# Agenda

**Senator Melissa Hurtado, Chair**  
**Senator Christopher Cabaldon**  
**Senator Roger W. Niello**  
**Senator Lola Smallwood-Cuevas**



**Thursday, March 12, 2026**  
**9:30 a.m. or Upon Adjournment of Session**  
**State Capitol - Room 113**

Consultant: Jessica Uzarski

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**Public Comment**

Please Note: Public comment will be taken after all Items have been heard.

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# Items for Discussion

## 3100 EXPOSITION PARK

### Item #1: Utility Replacement and Site Improvements

**Request:** The Governor’s budget Requests, for Exposition Park (Expo Park), \$96.5 million one-time (\$76 million General Fund and \$20.5 million Exposition Park Improvement Fund) for utility replacement and site improvements within the park.

**Background:** Originally created in 1872, Expo Park is a mixed use 160-acre tract of land in Los Angeles owned in part by the State of California, with portions of the park being leased by various parties including the City and County of Los Angeles, the Colosseum Commission, and various museums and gardens. Structures and attractions within the park include the California African American Museum, the California Science Center, the Los Angeles Memorial Coliseum and BMO Stadium, the Natural History Museum of Los Angeles County, and the upcoming Lucas Museum of Narrative Art.

Expo Park sees a high number of tourists each year, with approximately eight million visitors. With upcoming events at the park, including the 2026 World Cup and the Los Angeles 2028 Summer Olympic and Paralympic Games, use of the park may see significant increases in the coming years. In addition, the park anticipates usage to increase in the short term with expansion of the Natural History Museum and the planned 2026 openings of both the California Science Center Oschin Air and Space Center and the Lucas Museum of Narrative Art. The proposal states that increased daily pedestrian and vehicle traffic has created a heightened need to complete these site improvements.

Given current attendance trends and these anticipated increases, funding for repairs to Exposition Park’s infrastructure is being sought. The proposal states that Exposition Park seeks to comply with accessibility, fire, life, and safety regulations, as further deferrals might expose the state to higher construction costs and additional litigation. The park plans to utilize progressive design-build contracting for the work, which Exposition Park and DGS believe will limit cost and timeline risks.

The current proposal requests funding in two key aspects of Exposition Park operation, and justifies the request as follows:

- *Deferred Maintenance – “The requested one-time funding of \$96 million (\$76 million General Fund and \$20 million EPIF) will support high-priority deferred maintenance and infrastructure repair projects through a progressive design build process. The funding will support efforts to address highest priority ADA and other fire, life, and safety orders in areas where work is completed. Without this funding, Exposition Park is at risk of further deterioration that could lead to serious public safety and public health hazards across the Park. Litigation could cost the state tens of millions of dollars in settlements. It is critical to maintain Park safety for the increasing number of visitors, to protect against litigation, and steward the Park in good working conditions for visitors and the community.”*
- *Public Safety – “The requested one-time funding of \$500,000 EPIF addresses the urgent need to modernize safety and traffic systems at Exposition Park. This allocation supports the installation of security bollards, protective barriers, wayfinding systems, and other essential safety features, while also expanding mobile surveillance camera systems to improve coverage in high-traffic areas for real-time monitoring. In addition, the funding allows for upgrades to key security infrastructure, including gates, fencing, perimeter barriers, electronic access controls, and*

*temporary or portable barriers needed for effective crowd and vehicle management. Without these upgrades, OEPM faces significant risks, including compromised public safety, slower emergency response, increased liability exposure, and diminished ability to manage large-scale events.”*

The following is Exposition Park’s draft list of priority project areas, subject to final scoping.

Priority	Description	Cost Estimate	Est Date
1	N. Coliseum Drive at Christmas Tree Lane curb ramp at Figueroa	\$1,278,000	1/1/2028
1	N Coliseum Dr at (Parking Structure Side) Curb Ramp	\$1,278,000	1/1/2028
1	N Coliseum Dr at (Parking Structure Side) Curb Ramp	\$1,278,000	1/1/2028
1	N Coliseum Dr at (Parking Structure Side) North Walkway	\$2,976,000	1/1/2028
1	N. Coliseum Drive at Figueroa Entry Sidewalk (Parking Structure Side)	\$3,978,000	1/1/2028
1	N Coliseum Dr at Science Center (North Side) Curb Ramp at Science Center Bldg. East side	\$1,278,000	1/1/2028
1	Natural History Museum Walkway adjacent to W 39th Street - Curb Ramps	\$604,320	1/1/2028
1	Natural History Museum Walkway adjacent to W 39th Street - Gravel Curb Ramp	\$2,640,000	1/1/2028
1	Curb Ramp at Science Center Southwest Walkway Near West Walkway	\$247,000	1/1/2028
1	Accessible Route Rose Garden South intersection of Main Walkway and South Walkway	\$847,000	1/1/2028
1	Accessible Walkway from Rose Garden North Entry to Exposition Blvd	\$847,000	1/1/2028
1	Accessible Walkway Rose Garden Northeast Side to Armory	\$847,000	1/1/2028
1	Accessible Walkway Rose Garden Northwest to Natural History Museum	\$847,000	1/1/2028
1	Accessible Walkway Rose Garden South from Natural History Museum	\$847,000	1/1/2028
1	Accessible Stairs at CAAM Northwest to State Street	\$879,000	10/1/2027
1	State Street Airplane Walkway at School Entry	\$1,278,000	1/1/2028
1	State Street Airplane Walkway at School Entry - Curb Ramps	\$1,278,000	1/1/2028
2	N Coliseum Dr Roadway at Science Center Parking to Science Center Bldg.	\$3,500,000	1/1/2028
2	N Coliseum Dr Roadway at Science Center South Side	\$3,500,000	1/1/2028
2	N. Coliseum Dr across from NHM	\$3,500,000	1/1/2028
2	S. Coliseum Dr at Christmas Tree Lane BMO side	\$3,500,000	1/1/2028
2	S. Coliseum Dr. at Christmas Tree Lane near underground parking entry	\$3,500,000	1/1/2028
2	S. Coliseum Drive Intersection of North Christmas Tree Lane at Science Center	\$3,500,000	1/1/2028
2	N. Coliseum Drive intersection of North Christmas Tree Lane at Science Center	\$3,500,000	1/1/2028
2	Street at Annenberg Bldg. Between Exposition and State Street	\$2,435,000	10/1/2027
2	Annenberg Bldg. Street at East Entry to Rose Garden	\$2,435,000	10/1/2027
2	S. Coliseum Dr. at MLK to Green Lot Parking Road	\$5,365,000	1/1/2028
2	S. Coliseum Dr. at Green Lot Parking to BMO Lot Road	\$5,365,000	1/1/2028
2	S. Coliseum Dr at BMO Lot Parking to Green Lot Road (At Parking Striping and Access at Road Curve)	\$5,365,000	1/1/2028
2	S. Coliseum Dr at Coliseum across from BMO	\$5,365,000	1/1/2028
2	S. Coliseum Dr at BMO Lot to across from BMO Stadium Walkway West Side	\$5,365,000	1/1/2028
3	Site Communications Data	\$625,000	1/1/2028
4	Site Electrical	\$2,450,000	1/1/2028
4	Site Electronic Safety and Security	\$5,250,000	1/1/2028
5	N. Coliseum Drive at Science Center Parking and Elevator	\$247,000	10/1/2027
5	N. Coliseum Drive at Science Center Parking and Elevator	\$247,000	10/1/2027
5	Parking Garage North Elevator near CAAM	\$247,000	10/1/2027
5	Accessible Gravel/DG Path Parking Structure East N Coliseum Drive and Figueroa	\$435,980	10/1/2027
6	N. Coliseum Drive Accessible Walkway to Elevator and Parking Structure	\$1,278,000	1/1/2028
6	N. Coliseum Dr at Science Center Parking and Elevator Curb Ramp to Coliseum	\$1,278,000	1/1/2028
6	N Coliseum Dr at Science Center Parking and Elevator Curb Ramp to Coliseum	\$1,278,000	1/1/2028

7	S. Coliseum Drive Walkway at West end of Christmas Tree Land Park	\$3,500,000	1/1/2028
7	S. Coliseum Drive Roadway at West end of Christmas Tree Lane Park	\$3,500,000	1/1/2028
8	Natural History Museum Walkway adjacent to W 39th Street	\$438,798	1/1/2028
8	Natural History Museum Inner (Northerly) Walkway adjacent to W 39th Street	\$598,367	1/1/2028
8	Natural History Museum Walkway adjacent to W 39th Street - Main Curb Ramp at NHM Main Path	\$3,500,000	1/1/2028
9	Loading Space South Science Center adjacent to Walkway	\$1,278,000	1/1/2028
9	Accessible Walkway Science Center Southwest connecting to West Walkway	\$1,278,000	1/1/2028
9	Curb Ramp at Science Center Southwest Walkway Near West Walkway	\$1,278,000	1/1/2028
9	Curb Ramp at Science Center Northwest	\$247,000	1/1/2028
9	Curb Ramp North Science Center	\$1,278,000	1/1/2028
9	Curb Ramp at Science Center North Main Entry	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden Main Entry South	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at Science Center West	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at Science Center West	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at Science Center East	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at Science Center East	\$1,278,000	1/1/2028
9	Curb Ramp at Rose Garden Southeast side at Armory	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at East to Armory	\$1,278,000	1/1/2028
9	Curb Ramp Rose Garden South at East to Armory	\$1,278,000	1/1/2028
9	Curb Ramp at North Accessible Route to State Street	\$1,278,000	1/1/2028

The Legislative Analyst’s Office, in its “Framework for Approaching the Natural Resources, Environmental Protection, and Agriculture Budget” wrote the following concerning this proposal:

*“Expo Park proposes \$96.5 million one-time (\$76 million General Fund and \$20.5 million from the Exposition Park Improvement Fund) to repair the sidewalk curbs, streets, and walkways in the park ahead of the 2028 Olympic and Paralympic Games. The number of visitors to the park is expected to significantly increase over the next several years and its hardscape is currently deficient, which increases risks of both safety hazards and, consequently, litigation against the state. The proposal prioritizes improvements in high-traffic areas to mitigate this risk and improve public access to newly opening museums and sport facilities which will be used for high-profile international events. Given the budget condition, the Legislature could consider providing less General Fund and downscaling the amount of work to be completed at the park. A key trade-off of funding fewer improvements is that fewer safety risks would be addressed.”*

A map of Exposition Park is set forth on the following page.



Areas shaded in yellow are within the jurisdiction of the Office of Exposition Park Management. Exposition Park has general responsibility for maintaining state property outlined in yellow, while other entities are independently responsible for managing their leases or owned properties within their boundaries.

**Staff Comment:** The Committee may wish to discuss funding streams for maintenance of common areas and roads within Exposition Park and to what extent non-state funding sources might be utilized for such purposes.

**Staff Recommendation:** Hold Open.

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Item #2: Baseline Augmentations for Operational Sustainability and Legal Support
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**Request:** The Governor’s budget requests, for the Office of Exposition Park Management and Natural Resources Agency, \$1,698,000 Exposition Park Improvement Fund ongoing to support increased baseline public safety and legal services at Exposition Park.

**Background:** As described above, Exposition Park provides a unique resource in Southern Los Angeles, and the artistic, cultural, sports, and entertainment venues result in heavy population draws within the state. As the park grows, visitor counts continue to rise. The proposal argues that the Park’s growth presents legal and public safety needs, particularly for the Office of Exposition Park Management’s Department of Public Safety (DPS), which is responsible for maintaining the safety of employees and visitors at Exposition Park. The California Highway Patrol (CHP) and Exposition Park hold an interagency agreement that provides CHP officers to support DPS in preserving a safe and secure environment within the Park. The proposal argues that the existing contract resources are insufficient to continue providing the necessary coverage for the Park.

Requested funding will expand the inter-agency agreement between Exposition Park and CHP, provide supplemental private security contracting, one Dispatch Clerk, and one Attorney IV (at Natural Resources Agency) to support technical and complex legal guidance needed for litigation, negotiation, contract and lease management, and risk mitigation.

- For Public Safety Staffing within Exposition Park the proposal requests \$1,311,000 in Exposition Park Improvement Fund ongoing to support public safety through expansion of the existing inter-agency agreement with CHP, a private security contract, and one Dispatch Clerk position. Current staffing levels in DPS are unable to handle 24/7 public safety coverage at Exposition Park. The requested funding expands public safety staffing by sworn CHP officers and supplements that provided coverage with non-sworn private security. The Dispatch Clerk will provide 24/7 dispatch assistance and facilitate coverage to address incidents, emergencies, safety concerns, and risks.
- For Legal Counsel related to Exposition Park functions the proposal requests, for the California Natural Resources Agency \$387,000 Exposition Park Improvement Fund and position authority ongoing for one Attorney IV to provide guidance on Legal issues which Exposition Park may face. The Attorney IV will serve as dedicated counsel to the Office of Exposition Park Management to provide necessary legal guidance needed for contracts, negotiations, legal claims and settlements, litigation, and risk management. Dedicated legal counsel will provide specialized knowledge in areas such as contract law, regulatory compliance, risk management, and dispute resolution, which are crucial for the successful operation and future development of Exposition Park. Additionally, counsel will advise on existing lease and Non-Disturbance Agreement assessments.

The proposal includes the following data on the personal services, operating expenses, and equipment needs associated with the request:

Personal Services

Personal Services	2025-26 Current Year	2026-27 Budget Year	2027-28 BY+1	2028-29 BY+2	2029-30 BY+3	2030-31 BY+4
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Salaries and Wages Earnings - Permanent	0	193	193	193	193	193
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$193</b>	<b>\$193</b>	<b>\$193</b>	<b>\$193</b>	<b>\$193</b>
Total Staff Benefits	0	155	155	155	155	155
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$348</b>	<b>\$348</b>	<b>\$348</b>	<b>\$348</b>	<b>\$348</b>

Operating Expenses and Equipment

Operating Expenses and Equipment	2025-26 Current Year	2026-27 Budget Year	2027-28 BY+1	2028-29 BY+2	2029-30 BY+3	2030-31 BY+4
5301 - General Expense	0	10	10	10	10	10
5304 - Communications	0	2	2	2	2	2
5320 - Travel: In-State	0	16	16	16	16	16
5322 - Training	0	3	3	3	3	3
5324 - Facilities Operation	0	3	3	3	3	3
5340 - Consulting and Professional Services - External	0	188	188	188	188	188
5346 - Information Technology	0	5	5	5	5	5
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$227</b>	<b>\$227</b>	<b>\$227</b>	<b>\$227</b>	<b>\$227</b>

**Staff Recommendation:** Hold Open.

**Item #3: Phase III Air and Space Center Facility Operations and Opening**

**Request:** The Governor’s budget requests, for the California Science Center at Exposition Park (Science Center), \$9,325,000 General Fund and 31 permanent positions in 2026-27, increasing to \$10,612,000 in 2030-31 and ongoing, to provide the resources required to open and operate the Phase III Facility.

**Background:** The California Science Center at Exposition Park is a public-private partnership between the State of California and the California Science Center Foundation. Transforming out of previous museum iterations in the space, the Science Center was opened in 1998 subject to the first “phase” of a 25-year master plan. The Science Center is currently in Phase III, which has dealt, in large part, with the creation of the new Samuel Oschin Air and Space Center, housing the Space Shuttle Endeavor. The new facility is approximately 200,000 square feet and will nearly double the size of the Science Center and the number of exhibits. The facility expansion consists of four floors and three major galleries, Air, Space, and Shuttle.

The 2025 Budget Act included \$664,000 General Fund and five permanent positions in 2025-26, increasing to \$915,000 in 2029-30 for core operating resources at the Science Center, but did not include resources which would allow for full operation and public opening. The present request for General Fund and permanent positions is in support of full public operations associated with the Samuel Oschin Air and Space Center. Beneficial occupancy of the facility has already begun with installation of artifacts and exhibits expected to be completed in June 2026. The proposal states that its calculations accurately reflect the resources needed to facilitate the public opening of the facility in Fall 2026. Previous state investments of roughly \$6.9 million had funded facility start-up, core operations, and utilities.

The states the resources requested will facilitate the full public opening and operations and maintenance on an ongoing basis of the entire Science Center and expansions and will also be applied towards:

- Recruitment and hiring of custodial, facility operations, exhibit development, and administrative classifications.
- Ongoing resources for facility maintenance supplies and contracting services.
- Recruitment of contracted staff to support specialized functions.

The proposal sets forth Position requests as follows:

Division	Classification	Year Needed	No. of Quarters
Exhibit Development	Career Executive Assignment C	2026-27	4
Exhibit Development	Administrator of Science Programs (2)	2026-27	4
Exhibit Development	Exhibit Designer/Coordinator	2026-27	3
Operations	Custodian I (15)	2026-27	3
Operations	Custodian Supervisor I	2026-27	3
Operations	Painter I (2)	2026-27	3
Operations	Building Maintenance Worker (2)	2026-27	3
Operations	Supervisor of Building Trades	2026-27	3
Operations and Administrative Services	Staff Services Analyst (4)	2026-27	3
Operations and Administrative Services	Associate Governmental Program Analyst (2)	2026-27	3

The remaining balance of funding requested is as follows:

- \$4,211,000 in 2026-2027 and \$6,941,000 in 2027-2028 and ongoing for general operation and maintenance, including supplies, employee training, telecommunications, IT software license subscriptions, and exhibit maintenance services with an additional \$1,223,000 for facilities operation.
- \$618,000 in 2026-27 and \$362,000 in 2027-28 for one-time equipment costs, and \$396,000 ongoing for replacement and maintenance costs. The equipment includes stanchion posts, ropes, and sign holders of various sizes; its primary use will be for wayfinding, to provide temporary messaging, and to establish queuing space when necessary.

The Legislative Analyst’s Office, in its “Framework for Approaching the Natural Resources, Environmental Protection, and Agriculture Budget” wrote the following concerning this proposal:

*“The budget proposes \$9.3 million General Fund and 31 positions (and a similar amount ongoing) to open the Samuel Oschin Air and Space Museum, a significant new addition to the Science Center in Expo Park recently constructed largely using private funds. The proposal would provide administrative, curatorial, maintenance, and support staff to operate the new museum in 2026. Adequate staffing for the museum will allow it to open to the public on time and with the appropriate maintenance, especially as the number of visitors to Expo Park increases in advance of the 2028 Olympic and Paralympic Games in Los Angeles. However, the Legislature could consider whether at least some funding to operate and staff the new museum could come from sources other than General Fund, such as admission fees (which the museum currently does not charge), higher parking fees, and/or private funds.”*

The proposal includes the following tabulation of Personal Services, Operating Expenses, and Equipment:

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	31.0	31.0	31.0	31.0	31.0
<b>Total Positions</b>	<b>0.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>
Salaries and Wages	0	1,991	1,991	1,991	1,991	1,991
Earnings - Permanent						
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$1,991</b>	<b>\$1,991</b>	<b>\$1,991</b>	<b>\$1,991</b>	<b>\$1,991</b>
Total Staff Benefits	0	1,282	1,282	1,282	1,282	1,282
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$3,273</b>	<b>\$3,273</b>	<b>\$3,273</b>	<b>\$3,273</b>	<b>\$3,273</b>

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	37	37	37	37	37
5302 - Printing	0	13	25	25	25	25
5304 - Communications	0	4	4	4	4	4
5306 - Postage	0	3	5	5	5	5
5320 - Travel: In-State	0	6	6	6	6	6
5322 - Training	0	16	11	11	11	11
5324 - Facilities Operation	0	1,223	1,458	1,514	1,573	1,635
5340 - Consulting and Professional Services - External	0	4,123	4,631	4,816	5,008	5,208
5340 - Consulting and Professional Services - Interdepartmental	0	9	10	11	11	12
5368 - Non-Capital Asset Purchases - Equipment	0	618	362	396	396	396
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$6,052</b>	<b>\$6,549</b>	<b>\$6,825</b>	<b>\$7,076</b>	<b>\$7,339</b>

Total Budget Request

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Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$9,325</b>	<b>\$9,822</b>	<b>\$10,098</b>	<b>\$10,349</b>	<b>\$10,612</b>

**Staff Recommendation:** Hold Open.

## 1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

### Item #4: Continuation of California Consumer Financial Protection Funding

**Request:** The Governor’s budget requests, for the Department of Financial Protection and Innovation (DFPI), an increase of expenditure authority of \$15.34 million Financial Protection Fund in 2026-2027 through 2029-2030 to continue funding for 53 existing positions related to the implementation of the California Consumer Financial Protection Law (CCFPL).

**Background:** In 2020, the CCFPL renamed the Department of Business Oversight to the ‘Department of Financial Protection and Innovation’ and expanded DFPI’s authority to regulate and oversee financial services and products which DFPI had not previously regulated.

DFPI received the following resources in the intervening period for implementation of the CCFPL:

- The 2020 Budget Act included \$8.3 million Financial Protection Fund and 44 positions in 2020-21.
- The 2021 Budget Act included \$9 million Financial Protection Fund and 45 positions in 2021-22, growing to \$12.1 million and 55 positions in 2022-23, and \$12 million and 55 positions in 2023-24.
- The 2024 Budget Act included \$14 million Financial Protection Fund and 55 positions in 2024-25 and 2025-26.

The above limited term funding allowed DFPI additional time to reevaluate the program’s workload and resource needs, while also allowing the Legislature a mechanism of oversight and review for future funding requests. The current four-year proposal continues DFPI’s funding and positions for CCFPL implementation, with augmentations for workload and programmatic changes.

The current four-year limited term funding proposal requests to sustain 53 positions within DFPI to maintain operations in the following programs and subprograms

- Consumer Financial Protection (CFP) Program (14 Positions):
  - Market Monitoring, Consumer Research, Insight and Analytics (MMCRRIA Unit) – Monitors Markets, Researched Data and Regulation Frameworks, and analyzes consumer behavior.
  - New Covered Persons (NCP) Unit - The NCP unit is responsible for supervising and regulating areas of the financial marketplace previously unregulated in California including
    - Debt Settlement Services
    - Income-Based Advances
    - Private Postsecondary Education Financing; and
    - Student Debt Relief Services.

- Office of Financial Technology and Innovation (OFTI) (4 Positions)
  - Provides an avenue for stakeholder and regulated community engagement, analysis and education on emerging topics in financial regulation, and coordination across departments.
  
- Office of the Ombuds (1 Position)
  - An independent, impartial, and confidential resource for stakeholders, including consumers, licensees, and trade groups, to facilitate fair review of complaints against DFPI.
  
- Enforcement Unit (3 Positions)
  - Investigates and enforces the laws subject to DFPI.
  
- Legal Division (5 Positions)
  - Compliance branch of the DFPI which deals with enforcement against illegal, deceptive, or abusive financial products and services within the law.
  
- Office of Public Affairs (10 Positions)
  - Public outreach to consumers on topics of financial protection, particularly for military service members, older adults, students, new Californians, low-income communities, and communities of color.
  
- Administration Division (10 Positions)
  - Business Operations Office
  - Fiscal Management Office
  - Human Resources Office
  
- Information Technology Services Division (6 Positions)
  - Handles a variety of IT related topics including but not limited to IT desktop operations support, business analysis, system testing, network support, system development, and project management support.

The proposal projects the following outcomes and workload metrics for each respective program:

**Consumer Financial Protection Program - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Total Registrants	200	300	315	550	575
Number of New CCFPL Registrant Applications	68	110	30	250	50
Number of Surrender Requests	10	10	15	15	25
Number of Amendments	400	600	630	1,100	1,150
Number of Examinations	20	20	30	30	55
Number of Annual Reports (Registrants)	200	200	300	315	550
Number of Annual Reports (Commercial Financing)	140	140	140	140	140

**Office of Financial Innovation and Technology – Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Meetings with industry stakeholders and regulator collaborations	145	150	150	150	150
Innovation Conversations	12	12	12	12	12
Speaking Engagements	10	10	10	10	10

**Office of the Ombuds – Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Complaints Regarding Department Actions	35	35	35	35	35
Policy/Procedural Inquiries	12	12	12	12	12
Referrals to Consumer Services Office	250	250	250	250	250
Referrals to Legal Division	7	7	7	7	7
Referrals to Outside Agencies	12	12	12	12	12
Other	300	300	300	300	300

**Enforcement - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Attorney Hours	11,058	11,279	12,181	12,547	14,052
Public Admin Actions	206	210	227	234	262

**Legal - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Rulemaking Packages	3	3	3	3	3
Formal Internal Opinions	32	36	42	42	42
Informal Internal Opinions	210	242	278	278	278
External Opinions	12	14	16	16	16
Public Records Act Requests and Other Information Requests	35	40	46	46	46

**Office of Public Affairs - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Prepare and distribute internal and external communications	65	75	80	85	90
Research, write, and edit speeches	40	42	44	46	48
Number of reports compile, edit, publish	21	24	27	30	33
Number of website content creation and editing	658	763	800	800	800
Monitor, interact with news media	458	468	479	491	503
Plan, develop, and execute statewide consumer campaigns	10	12	14	16	18
Number of social media posts across all platforms	999	999	999	999	999
Number of events hosted / participated	370	405	445	500	546

**Consumer Services Office - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Complaints	1,723	1,775	1,803	1,831	1,868

**Business Operations Office - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Purchase Orders & Contracts	166	166	166	166	166
Facilities Workload (Hours)	1,792	1,792	1,792	1,792	1,792

**Fiscal Management Office - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Processes and reconciles cash, check and deposits	203	213	224	224	224
Process and reconciles electronic payments sent directly to the department	731	782	837	837	837
Remits deposit transactions to state funds in Fiscal account receivable module and makes corrections	4,118	4,530	4,983	4,983	4,983
Review and approve deposits and remittances	305	320	336	336	336
Review and approve refunds and dishonored checks	319	400	400	400	400
Review and approve invoices, receivables, and employee payroll receivables	1,437	1,696	2,000	2,000	2,000

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**Human Resources Office - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Department Positions Filled	230	235	239	244	249
Workers' Comp Claims Open/Claims Litigated	5/2	5/2	5/2	5/2	5/2
Formal Discipline Actions Taken	20	25	30	35	40

**Information Technology Services Division - Projected Outcomes**

<b>Workload Measure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Number of IT Desktop Operations Support Hours	1,880	1,880	1,880	1,880	1,880
Number of Network Support Hours	1,620	1,620	1,620	1,620	1,620
Number of Business Analysis Support Hours	1,880	1,880	1,880	1,880	1,880
Number of System Development Support Hours	1,880	1,880	1,880	1,880	1,880
Number of System Testing Support Hours	2,140	2,140	2,140	2,140	2,140
Number of Project Management Support Hours	1,880	1,880	1,880	1,880	1,880

**Staff Comments:** The Committee may wish to ask questions related to special fund solvency concerns from the 2025-2026 Budget cycle, and whether current balance of expenditures and revenues will be sustainable, both within the CCFPL and in other DFPI programs.

**Staff Recommendation:** Hold Open.

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Item #5: Continuation of Debt Collectors Licensing and Regulation
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**Request:** The Governor’s budget requests, for the Department of Financial Protection and Innovation (DFPI), an increase in expenditure authority of \$13.5 million Financial Protection Fund in 2026-27 through 2029-30 to support 51 existing positions authorized to license, regulate, and examine debt collectors pursuant to the Debt Collection Licensing Act.

**Background:** The Debt Collection Licensing Act (DCLA), pursuant to SB 908 (Wieckowski), Chapter 163, Statute of 2020, requires the DFPI to license, regulate, and examine debt collectors.

The DCLA program provides regulatory oversight of debt collectors and debt buyers operating in California by reviewing licensee applications and performing both routine and targeted examinations. The examination process enables collaboration with licensees to address, rectify, and prevent performance issues. In more serious situations, the DCLA program has the authority to impose fines on businesses and individuals, issue citations, and enforce cease and desist orders. The DCLA program also investigates various complaints received by the Department through its Consumer Services Office. Due to a complex regulatory framework, the DCLA program works in conjunction with other programs within the Department, federal regulators (such as the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission), and regulators from other states with licensing programs.

As of the end of 2024-25, DFPI has received 1,745 applications, resulting in 1,242 licensees. DFPI anticipates it will see an increase in applications after finalization of its DCLA scope regulations, as the understanding of which entities must be licensed is clarified. The proposal states that there are likely debt collection businesses waiting for the DFPI to finalize these regulations before deciding whether California Debt Collection licensure is needed, which may be keeping current licensee pools lower, and which may lead to growing numbers of licensees in the future.

The program has faced obstacles to full operation. The proposal states that the DCLA lacked clarity regarding Federal Bureau of Investigations background checks, resulting in the delay of application approvals and workload backlogs. Additionally, DFPI was faced with the need to define the terms associated with the assessment from the original legislation. This was accomplished when regulatory changes became effective on July 1, 2025, allowing the first assessment to be issued in 2025-26. Information from DFPI provided to the Committee on January 23, 2026 stated that the 2025 Debt Collector Assessment was issued for \$10,250,993 across 1,242 licensees. The average assessment amount was \$8,254. In the intervening period, DFPI reviewed feedback from licensees regarding the accuracy of reported net proceeds.

Despite these delays the DCLA program has continued to investigate and take action against unlicensed activity in partnership with the DFPI’s enforcement division. DFPI estimates that the program has initiated roughly 400 investigations into debt collection activity since inception.

To date for the program DFPI has received the following resources:

- The 2021 Budget Act included \$10.2 million Financial Protection Fund and 43 positions in 2021-22, \$10.7 million in 2022-23 and 51.0 positions, and \$10.6 million and 51 positions in 2023-24.
- The 2024 Budget Act included \$11.75 million Financial Protection Fund in 2024-25 and 2025-26 to support the existing 51 positions.

- Prior to 2025-26, the program was also supported by the fund balance of the Financial Protection Fund.

The current request represents continued program funding, allowing DFPI to continue operating the Debt Collectors Licensing program. The four-year limited-term funding will allow for further re-evaluations of the program's workload and resource needs in the future, and present future opportunities for the Legislature to provide oversight when further continuation funding is sought.

In responses to the Legislative Analyst's office, the Department set forth the attached workload table for the program.

Division/Unit	Positions	Cost
DC Program	28.0	\$ 6,971,000
Enforcement	12.0	\$ 3,677,000
Legal	5.0	\$ 1,641,000
CSO	2.0	\$ 405,000
Admin	4.0	\$ 855,000
Total DCLA	51.0	\$ 13,549,000

**Staff Comments:** The Committee may wish to ask whether current balance of expenditures and revenues will be sustainable for the program in the long term. The Committee may also wish to inquire as to the successes and challenges posed by the first round of assessments for this new program. Lastly, the Committee may wish to address the number of licenses currently registered, and whether ask whether DFPI expects significant growth.

**Staff Recommendation:** Hold Open.

**1111 DEPARTMENT OF CONSUMER AFFAIRS****Item #6: Board of Registered Nursing – Investigations**

**Request:** The Governor’s budget requests, for the Board of Registered Nursing (Board), \$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 eight Special Investigators within its Investigations Division to address increasing complaint workload.

**Background:** The Board is the regulatory agency for over 550,000 registered nurses (RNs) within the State of California. One of the Board’s primary obligations is to protect consumers from harm caused by unsafe, incompetent, negligent, or impaired RNs, which is done by promoting quality registered nursing care and enforcing the laws and regulations in the California Nursing Practice Act (NPA). The Board is requesting eight Special Investigators (SIs) within the Investigations Division to address increasing complaints and manage the Board’s pending investigation workload.

In 2016, a California State Auditor issued recommendations which required the Board to assess and determine the maximum number of cases that SIs should be assigned. In 2016, the Board established a limit not to exceed 20 investigations. Following CSA’s later Investigative Report, the Board reassessed the maximum number of cases to a maximum of 30. Recent and sustained increases in complaints, coupled with the emergence of new and complex workloads, along with the investigation caseload limitations, have put the Board under strain. The Board currently has 21 SI’s, which the proposal states are currently insufficient to handle growing investigation needs. Pending caseloads as well as the time to conduct assignments continue to increase.

Trends continue to see increases in the number of complaints the Board sees, with a three percent annual increase in complaints over the past four fiscal years. Complaints referred to the Investigations Division have grown by 64 percent since 2020-21. This increase is attributed to the increasing licensing population, lifting of COVID-19 pandemic restrictions, and increased med spa and IV hydration workload. The proposal states that a significant portion of this growth is associated with med spas and intravenous (IV) hydration clinics, which generate complex, multi-subject investigations requiring substantially more investigative time and coordination. These services are relatively new, and specific complaint tracking codes have not yet been established.

The request states that the additional eight SIs will allow the Board to complete investigations in a timely and efficient manner to support the Board’s mission of consumer protection. The additional SIs may also help the Board remain in compliance with the CSA audit caseload recommendations, and ensure complaints are being handled upon receipt.

Projected outcomes set forth in the proposal are detailed on the following page.

Workload Measure	Projected Outcomes				
	2025-26	2026-27	2027-28	2028-29	2029-30
Complaints Received <sup>1</sup>	8,492	8,661	8,835	9,011	9,191
Complaints Referred for Investigations <sup>2</sup>	1,189	1,213	1,237	1,262	1,287
Investigations Completed <sup>3</sup>	987	1,107	1,243	1,323	1,323
Investigations Pending	1,262	1,368	1,362	1,301	1,265
Permanent SIs	21	29	29	29	29
Average Number of Investigations Completed per Special Investigator <sup>4</sup>	42	42	42	42	42
Temporary Special Investigators <sup>5</sup>	2.5	2.5	2.5	2.5	2.5

<sup>1</sup>Assume complaints increase by two percent each fiscal year.

<sup>2</sup>Investigations Division receives an average of 14 percent of the total complaints received by the Board. The remainder are worked by the Board's Enforcement Division or DCA's DOI.

<sup>3</sup>Assume case closures in the first two years will be slow due to training. However, beginning in 2028-29 all investigators can close approximately 3.5 investigations a month.

<sup>4</sup>Average case closure should be 3.5 investigations/month for a fully trained investigator.

<sup>5</sup>Assume continuation of 2.5 temporary Special Investigators.

**Staff Comment:** The Legislature may wish to inquire as to the rate at which certain categories of investigations lead to the discovery of violations, and whether the eight requested special investigators will focus on any specific categories of investigations.

**Staff Recommendation:** Hold Open.

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# Vote Only Items

**1701 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION****Item #7: Continuation of Broker Dealer Investment Adviser Workload**

**Request:** The Governor's budget requests, for the Department of Financial Protection and Innovation (DFPI), two positions and an increase in expenditure authority of \$499,000 Financial Protection Fund in 2026-27 and ongoing to continue overseeing continuing education requirements by investment adviser representatives regulated under the Broker-Dealer and Investment Advisor Program.

**Background:** Pursuant to the Corporate Securities Law of 1968, the Broker-Dealer and Investment Adviser Program (BDIA) within DFPI is responsible for licensing and regulating broker-dealers, their agents, investment advisers, and investment adviser representatives (IAR). The program provides regulatory oversight to safeguard the investing public from unethical and fraudulent activities.

In the fall of 2020, the North American Securities Administrators Association (NASAA) issued a model rule on continuing education for IARs. The model rule was intended for adoption by individual states and placed requirements for continuing education on the IARs themselves. Following adoption in substantially similar form, and beginning on May 1, 2024, Title 10 of the California Code of Regulations section 260.236.2 requires IARs complete twelve credits of continuing education annually.

The 2024 Budget Act included two positions (A Senior Financial Institutions Examiner and a Financial Institutions Examiner) along with a corresponding increase in expenditure authority of \$456,000 Financial Protection Fund in 2024-25 and \$432,000 in 2025-26 for implementing and engaging in compliance monitoring of the specific CE requirements applying to IARs.

The proposal states that BDIA must provide guidance and support to its roughly 60,000 registered IARs in addition to monitoring their annual compliance. BDIA undertakes a variety of tasks in relation to this monitoring including:

- Notifying IARs of the Continuing Education Requirements.
- Providing explanations of program requirements and timelines, including sending annual reminders.
- Directing IARs to the list of authorized CE providers and assisting with account setup.
- Drafting and mailing revocation notices to IARs who fail to comply.

The proposal states that the passage of continuing education rules created a new function within BDIA's licensing unit. In addition, the proposal states that the number of IARs monitored in the December 2024 renewal period was very low compared to the number of IARs that were required to meet the CE requirement by December 31, 2025 due to timing of the initial continuing education cycles.

**Staff Recommendation:** Approve as budgeted.

**1111 DEPARTMENT OF CONSUMER AFFAIRS****Item #8: California State Athletic Commission - Expenditure Authority**

**Request:** The Governor’s budget requests, for the California State Athletic Commission (Commission), \$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.

**Background:** The Commission was created in 1924 and is under the umbrella of the Department of Consumer Affairs. The Commission was established due to boxer injuries and deaths occurring in the ring, and ethical concerns within sport. Prior to the Commission, no government agency existed to provide oversight of managers, promoters, and event officials, or to protect the health and safety of participants. Today, the Commission oversees licensing, prohibited substance testing, and event regulation for professional and amateur boxing, kickboxing and mixed martial arts throughout the state with a seven-member Commission. The Commission licenses fighters, promoters, managers, seconds, matchmakers, referees, judges, and timekeepers, and approves ringside physicians. The Commission also regulates events within its jurisdiction and oversees individual events with trained staff.

In 2017-18 the Commission was provided budget bill language allowing the Commission to request current year budget augmentations up to \$200,000 for costs associated with athletic inspectors’ attendance at combat sporting events and their statutorily required training. Since 2018, the Commission has utilized their provisional language four times for a total of \$575,000.

In recent years, the Commission states that it has seen an increase in its Attorney General expenses resulting in the need to request current year budget augmentations utilizing Item 9840 of the Budget Act. Since 2021-22, the Commission has utilized this authority three times for a total of \$766,000 to address expenditure increases related to litigation against the Commission.

In response to the Commission’s 2024-25 current year budget augmentation requests, the Joint Legislative Budget Committee (JLBC) expressed their expectation that the Administration put forward a plan to avoid use of Item 9840 by the Commission in the future. To address the JLBC’s concerns and to align the Commission’s budget with expenses required to regulate the growing number of combat sporting events in California, the Commission is proposing to increase its budget authority by \$162,000 in 2026-27 and ongoing to support personal service costs, including athletic inspector salaries, and travel costs. Additionally, the Commission is requesting to increase the budget augmentation authority under provision two of their Budget Act item from \$200,000 to \$300,000 to address potential cost increases to regulate combat sporting events scheduled in California and expand the purposes of the augmentation to also cover increased Attorney General expenses.

**Staff Recommendation:** Approve as budgeted.

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**Item #9: Board of Pharmacy – Chief of Licensing**

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**Request:** The Governor’s budget requests, for the California State Board of Pharmacy (Board), \$251,000 Pharmacy Board Contingent Fund, Professions and Vocations Fund in 2026-27 and \$243,000 in 2027-28 for 1 Career Executive Assignment, to serve as the Chief of Licensing overseeing the Board’s licensing program.

**Background:** The California Board of Pharmacy (Board) regulates the pharmaceutical drug supply chain by licensing and overseeing wholesale drug distributors, third-party logistics providers, and dispensers (such as pharmacies). The Board’s regulations include requirements for licensure, self-assessments for wholesalers, and compliance with the federal regulations. Emerging practice models throughout the Board’s supply chain necessitate evaluation of patient safety risks further increasing the regulatory scope of the Board. The proposal states that this growth in regulatory oversight has substantially impacted the Board, affecting multiple areas of its operations. Despite overseeing 48 license types, many of which operate under separate provisions of the law, the Board states that it lacks the capacity for comprehensive review and oversight of those programs.

Additionally, effective January 1, 2025, Proposition 34 (Prop. 34), known as the “Protect Patients Now Act” (2024), added Division 9, Chapter 7, Article 3.3 (sections 14124.39 through 14124.52) to the Welfare and Institutions Code, and introduced significant regulatory changes for health care entities, including pharmacies. The changes have also increased the Boards oversight responsibilities. The new provisions require that any Prescription Drug Price Manipulator (PDPM), which holds a pharmacy or clinic license in California, is required to annually submit a detailed accounting of its revenues generated from participation in the federal discount prescription drug program. The entity must also report how its net revenues were spent during the prior calendar year.

Due to the workload requirements triggered by the Protect Patients Now Act, the proposal requests an executive level manager to serve as the subject matter expert on PDPMs. The Board must also establish reporting requirements for entities identified as PDPMs and issue independent written determinations regarding their compliance with the initiative’s criteria within specified timeframes. The request is for two-year limited-term funding of a Career Executive Assignment (CEA) position to serve as its Chief of Licensing. The CEA will be responsible for developing and implementing licensing policy initiatives based on Prop. 34, serving as a subject matter expert to the Board’s Licensing Committee, performing comprehensive evaluations of the Board’s licensing programs. The limited-term funding will allow the Board to track and re-evaluate its ongoing resource needs as more workload data becomes available. The proposal states that lacking the CEA would mean the absence of a dedicated licensing policy executive to adequately evaluate the Board’s licensing programs on a routine basis, leaving the Board with challenges in carrying out their requirements. As the responsibilities of this executive position have widespread political, health, and safety consequences significantly impacting the pharmaceutical care of consumers in California, the Board sees the position as critical.

**Staff Recommendation:** Approve as budgeted.

Item #10: CA Veterinary Medical Board – Enforcement

**Request:** The Governor’s budget requests, for the Veterinary Medical Board (Board), an increase in expenditure authority of \$876,000 Veterinary Medical Board Contingent Fund in 2026-27 and ongoing to continue funding for four existing Analyst IIs and one Supervisor II, to address investigation and complaint workload in the Enforcement Unit.

**Background:** The Board regulates the largest population of veterinarians, registered veterinary facilities, registered veterinary technicians (RVTs), and veterinary assistant-controlled substance permit holders in the United States. The Board is mandated to make consumer and animal protection their highest priority. To that end, the Board has many regulatory functions and enforcement mandates as part of its core duties.

The 2024 Budget Act included permanent position authority for one Supervisor II and four Analyst IIs (with limited-term funding) through June 30, 2026, to address increased workload in the Board’s Enforcement Unit. As funding to support the positions is set to expire, the Board is requesting ongoing funding to permanently fund these positions.

The proposal states that the board has historically struggled to keep up with its enforcement workload due to the high number of complaints received and subsequent investigations to be completed. As demonstrated in the Workload History table below, in 2021-22, the Board received 1,705 complaints but completed only 1,297 investigations. The number of complaints pending rose by 340 from the beginning of fiscal year 2021-22. As the number of complaints received increased by approximately six percent annually, the Board required a change in its organizational structure to address its enforcement workload.

**Workload History**

Workload Measure	2020-21	2021-22	2022-23	2023-24	2024-25
Complaints Received	1,645	1,705	1,797	1,873	2,163
Complaints Referred for Investigation	1,626	1,632	1,717	1,787	2,057
Investigations Completed	560	1,297	1,976	2,029	2,166
Pending Investigations	3,545	3,885	3,706	3,557	3,487

**Licensee Population**

License Type	2020-21	2021-22	2022-23	2023-24	2024-25
Veterinarian	15,400	15,817	16,264	16,711	16,977
Registered Veterinarian Technician	10,071	10,518	11,105	11,826	11,976
Veterinary Assistant Controlled Substance Permit	8,616	10,126	12,108	13,121	14,241

The proposal further states that the Board is unique among healing arts boards, with complaints being received following a poor outcome with a licensed professional and having no other regulatory entities that also license professionals that provide services to animal patients. With no other regulatory boards to investigate complaints against licensees within the industry, the Board is responsible for investigating all complaints that cover a multitude of species and breeds, and all of their bodily systems.

The proposal argues that the positions that were approved with limited term funding are critical to allow the board to adequately carry out their required duties and provide adequate consumer protection within the State. As these positions are of such relative importance, the Board is asking that the funding be made permanent.

**Staff Recommendation:** Approve as budgeted.

Item #11: Contractors State License Board - Expenditure Authority for IT

**Request:** The Governor’s budget requests, for the Contractors State License Board (Board), 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.

**Background:** The Board regulates 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 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 BreZze system or receive direct support from the DCAs 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, the proposal states that the Board is solely responsible for the security, modernization, and operational reliability of its own IT infrastructure.

The board currently has an operating IT budget of \$497,000 per year, but the proposal states that increasing demand for online services, and the need for evolving cybersecurity regulation, has increased costs and necessitated upgrades to IT infrastructure.

The follow chart provided within the proposal details budget shortfalls within the Boards operations, as expenditures have steadily increased over time.

**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)

Currently the Board has increasingly relied on personal services (PS) savings to close the funding gap, which the Board feels is an unsustainable approach, that limits flexibility and creates fiscal pressure on other core program areas. Further, deferred IT hardware replacements and software updates may introduce operational risks including service delays, increased system downtime, and potential security vulnerabilities. This shortfall has precipitated the current proposal, which is intended to size the Board’s IT budget to current expenditures, and ensure that the Board does not need to rely on inconsistent and unsustainable savings.

**Staff Recommendation:** Approve as budgeted.

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Item #12: Osteopathic Medical Board – Enforcement
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**Request:** The Governor’s budget requests, for the Osteopathic Medical Board (Board), 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.

**Background:** The Board is mandated by law to exercise its licensing, regulatory, and disciplinary functions. California Code of Regulations, tit. 16, section 1600 and Business and Professions Code (BPC) section 3600 authorizes the Board to license qualified osteopathic physicians and surgeons to practice osteopathic medicine, and exercise fair and judicious enforcement of laws and regulations governing their practice. The Medical Practice Act, BPC section 2001, requires the Board to ensure that protection of the public is the highest priority in exercising its licensing, regulatory and disciplinary functions. The Board’s Enforcement Unit investigates the circumstances of each complaint filed by the public, other licensees, and health care facilities to determine if cause exists to revoke or suspend a physician’s license, place the license on probation, or publicly reprimand the physician for unprofessional conduct.

Since 2005, the number of osteopathic colleges in the United States have increased from 23 to 43, which creating additional licensees in the profession. Since fiscal year 2020-21, the Board’s licensee population has increased from 13,212 to 17,739, which is a 34 percent increase. Over the last five fiscal years, the Board’s enforcement workload has significantly increased, largely due to the population of licensed osteopathic physicians and surgeons substantially increasing.

The Board regulates two professional license types: Osteopathic Physician and Surgeons and Postgraduate Trainees. Currently, there are 16,565 osteopathic physicians and surgeons, and 1,174 postgraduate trainees. As the Board’s licensee population continues to grow, consumer complaints will continue to increase.

Since 2020, the Board has seen a consistent rise in complaints and cases referred to Health Quality Investigation Unit (HQIU) within the Department of Consumer Affairs have increased sharply. HQIU and related programs were established within the Department of Consumer Affairs to provide centralized investigative services for the various regulatory boards, bureaus, programs, committees, and commissions. As of 2022-23, the Board began to consistently exceed its HQIU budget allocation due to the growing licensee population. To continue to comply with the enforcement operations and public protection mandate under BPC section 2450.1, the Board has utilized savings in its personal services and operating expenses budget to absorb the increase in HQIU costs. Such savings are unable to provide a sustainable and consistent path to continued service offerings by the Board.

The Board’s current budget for HQIU investigations is \$294,000 annually; however, costs are projected to continue increasing due to the complexity of cases. In 2024-25, the Board expended \$530,000 for investigative services provided by HQIU, with an average 15 percent increase over the last two fiscal years, and 353 percent increase since 2020-21. The Board expects this trend to continue. The proposal states that failure to align the Board’s HQIU budget with actual usage of its services will be detrimental to the Board’s enforcement program, and California consumers.

**Staff Recommendation:** Approve as budgeted.

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Item #13: Physician Assistant Board – Enforcement
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**Request:** The Governor’s budget includes, for the Physician Assistance Board (Board), increase in expenditure authority of \$836,000 Physician Assistant Fund in 2026-27 and \$828,000 in 2027-28 and ongoing and 1 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.

**Background:** The Board protects healthcare consumers through proper licensing and regulation of physician assistants. The Board regulates the practice of physician assistants and ensures only qualified individuals are licensed, and that appropriate standards of competency and practices are established and enforced. The Enforcement Program investigates the circumstances of each complaint received by the public, licensees, or healthcare facilities to determine if cause exists to revoke or suspend a physician assistant's license, place the licensee on probation, or publicly reprove the physician assistant for unprofessional conduct. Further, applicable code mandates that the protection of the public shall be the Board’s highest priority.

In recent history, the proposal states that the Board has experienced an increase in enforcement costs due to a growing investigative caseload that has required additional services from the Office of the Attorney General and the Department of Consumer Affairs’ Division of Investigation, Health Quality Investigation Unit (HQIU). HQIU and related programs were established within the Department of Consumer Affairs to provide centralized investigative services for the various regulatory boards, bureaus, programs, committees, and commissions.

The Board recently conducted a multi-year analysis and determined that approximately two-thirds of cases referred to HQIU could be effectively managed by non-sworn staff. Between fiscal years 2020-21 and 2022-23, the Board referred 146 cases to HQIU. Upon review, approximately 97 of these cases fell within Categories 3 or 4 of the Referral Guidelines, indicating lower risk conduct that did not require the services of a sworn peace officer and could have been appropriately addressed in-house by trained, non-sworn staff. At the time, however, the Board lacked in-house investigative capacity, and all cases were referred to HQIU regardless of complexity.

This led to the Board hiring one limited-term non-sworn Special Investigator position in January 2024 to manage appropriate cases internally and improve enforcement efficiency. In 2024-25, a total of 152 cases warranted investigation, with 68 of them (45 percent) successfully handled by this Special Investigator within the Board. Without the Board having the limited-term SI position, the 68 cases would have been redirected to HQIU, further burdening its resources and increasing the Board’s investigation costs.

The proposal therefore requests for the Board the following:

- 1 Special Investigator position authority and \$178,000 in 2026-27 and \$170,000 in 2027-28 ongoing.
- \$435,000 in 2026-27 ongoing to address increased HQIU costs.
- \$223,000 in 2026-27 ongoing to address increased Attorney General costs.

The proposal argues that delays in Attorney General or HQIU services directly impact the Board’s ability to act against dangerous or unethical licensees resulting in the potential for consumer harm. Without

sufficient funding for these external services and the permanent retention of the Special Investigator position, enforcement timelines will increase, case backlogs will grow, and the Board’s capacity to carry out its public protection mandate will be compromised.

The proposal provided the following information on resource history, workload metrics, and data on Attorney General and HQIU use.

**Resource History**

*(Dollars in thousands)*

<b>Program Budget</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Authorized Expenditures	\$2,887	\$3,092	\$3,059	\$3,325 <sup>2</sup>	\$3,796 <sup>1</sup>
Actual Expenditures	\$2,429	\$2,883	\$2,969	\$3,231	\$3,448
Revenues	\$2,364	\$2,516	\$2,795	\$3,013	\$3,258
Authorized Positions	11.0	11.0	11.0	11.0	11.0
Filled Positions	9.0	10.0	10.0	10.0	11.0
Vacancies	2.0	1.0	1.0	1.0	0.0

<sup>1</sup> Includes AG and/or HQIU budget augmentations.

**Workload History (AG)**

*(Whole dollars)*

<b>Workload Measure</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
AG Hours <sup>1</sup>	2,716	2,581	2,970	3,522	3,142
AG Cases (Referred)	37	40	36	28	39
AG Appropriation	\$615,000	\$615,000	\$615,000	\$775,000 <sup>2</sup>	\$801,000 <sup>2</sup>
AG Expenditure	\$594,568	\$562,719	\$653,427	\$772,721	\$717,302

<sup>1</sup> Includes Attorney hours and Paralegal hours.

<sup>2</sup> Includes budget act item 1111-401 AG augmentations of \$160,000 in 2023-24 and \$186,000 in 2024-25.

**Workload History (HQIU)**

*(Whole dollars)*

<b>Workload Measure</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
HQIU Cases (Referred)	48	53	45	33	84
HQIU Appropriation	\$200,000	\$200,000	\$200,000	\$200,000	\$575,000 <sup>1</sup>
HQIU Expenditures <sup>2</sup>	\$135,351	\$290,156	\$429,726	\$328,611 <sup>2</sup>	\$545,467

<sup>1</sup> Includes a \$375,000 item 9840 augmentation to address increased investigative costs.

<sup>2</sup> The Board triaged cases and achieved savings within personal services and operating costs to avoid further augmentations in 2022-23 and 2023-24.

**Workload History (SI)**

<b>Workload Measure</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Complaints Received	390	432	436	503	699
Referred to HQIU for Investigation	48	53	45	33	84
SI Cases Assigned <sup>1</sup>	N/A	N/A	N/A	19	68
SI Cases Completed	N/A	N/A	N/A	0	46

<sup>1</sup> Limited-Term SI began January 2024.

**Staff Recommendation:** Approve as budgeted.

**8620 FAIR POLITICAL PRACTICES COMMISSION****Item #14: Public Campaign Financing (SB 42)**

**Request:** The Governor’s budget requests, for the Fair Political Practices Commission (FPPC), \$211,000 General Fund in 2026-2027, \$204,000 in 2027-2028 and ongoing, and one permanent position to implement the provisions of SB 42 Umberg, Chapter 245, Statutes of 2025.

**Background:** The FPPC was created by the Political Reform Act of 1974 as an independent non-partisan agency whose main duties are to ensure transparency in political campaign spending and that government officials comply with state government ethics laws. The FPPC has primary responsibility for the impartial and effective administration and implementation of the Act. The FPPC regulates and enforces actions performed by governmental officials and agencies and requires extensive disclosure reports to provide the public with access to government processes.

Existing law prohibits a public officer from expending, and/or a candidate from accepting, public money for the purpose of seeking elective office. In 2016, SB 1107 added an exception to allow public funds to be used for campaigns under specific conditions. The 2016 exception was challenged and was declared void and unenforceable by a Superior Court decision and affirmed by the Court of Appeals in 2019 as an improper legislative amendment of a voter initiative.

SB 42 repeals the provisions of SB 1107 that sought to authorize public campaign financing programs and repeals the general prohibition on using public funds for the purpose of seeking elective office, thereby authorizing state and local governments to offer public campaign financing programs, subject to certain conditions. This bill permits the use of public money for the purpose of seeking elective office under certain conditions and restrictions.

Due to the statutory changes within SB 42, the FPPC anticipates needing to repeal the current regulation and promulgate new regulations to interpret these requirements. It will also need to further develop subject matter expertise and compile legal research on public campaign financing programs so that the FPPC can be prepared to advise local jurisdictions and the state, which may begin to seek leadership and guidance on best practices and legal parameters for public financing systems. The Legal Division anticipates an increase in advice requests relating to the application of the legislation and how the public financing would be reported and interact with existing campaign reporting rules. Additionally, the campaign manual, fact sheet, and training materials must be updated and supplemented to address the new requirement.

As the FPPC expects these statutory changes to result in increased workloads, particularly within the legal division, this proposal requests one additional attorney position.

The proposal is in line with Senate Committee on Appropriations Analysis associated with SB 42, which stated, specifically that the FPPC indicated that it would “incur first-year costs of \$205,000, and \$198,000 annually thereafter, to implement the provisions of the bill (General Fund). FPPC would require one attorney position to accommodate additional workload resulting from the bill.” It should be noted that SB 42 also carries with it the potential for additional costs to the Secretary of State.

**Staff Note:** The statutory changes above which create the need for this current funding proposal are subject to voter approval in the November 3, 2026 Election in a corresponding ballot item. As the need

for the funding and positions requested in this proposal may depend on the passage of the ballot item, the Legislature may wish to include budget bill language to make the funding expressly contingent.

**Staff Recommendation:** Approve with modification to include budget bill language substantially similar in form and content to the following: “Of the funds appropriated in Schedule 2, \$211,000 shall only be available for expenditure to support implementation of Chapter 245, Statutes of 2025 (SB 42) upon voter approval in the November 3, 2026, General Election.”

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Item #15: AI Disclaimer for Campaign Advertisements - AB 2355 (2024)
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**Request:** The Governor’s budget requests, for the Fair Political Practices Commission (FPPC), \$360,000 General Fund in 2026-2027 and \$350,000 in 2027-2028 and ongoing, including \$100,000 AI-detection software annual license fee, and one and a half permanent positions to implement, interpret, enforce, and educate the provisions of AB 2355 (Carrillo and Cervantes) Chapter 260, Statutes of 2024.

**Background:** AB 2355 amended the Political Reform Act of 1974 (the “Act”) to require a campaign committee that creates, originally publishes or originally distributes a political advertisement that is an image, audio, or video that was generated or substantially altered using artificial intelligence, as defined, to include on the advertisement a disclosure that the advertisement was generated or substantially altered using artificial intelligence.

AB 2355 also specified, subject to certain exclusions, that an image, audio, video, or other media is generated or substantially altered using artificial intelligence if either:

1. It was entirely created using artificial intelligence and would falsely appear to a reasonable person to be authentic.
2. It was materially altered by artificial intelligence such that a reasonable person would have a fundamentally different understanding of the altered media when comparing it to an unaltered version.

The Act requires the FPPC to investigate alleged violations and pursue legal remedies when evidence of violations is found, including seeking injunctive relief to compel compliance and pursuing administrative or civil remedies. The Act also requires the FPPC to provide advice and guidance to the regulated community.

In 2025 the budget included \$555,000 General Fund for 2025-26 and ongoing and three permanent positions to the FPPC to implement recently passed legislation, which included adjustments related to implementation of AB 2355. The proposal states, however, that the previous request did not include additional costs for artificial intelligence detection software or licenses to effectively implement AB 2355. According to the FPPC, due to limited resources in the market at the time, the costs for artificial intelligence detection software or licenses were unknown.

With the artificial intelligence detection software procurement expected in 2026 and an election year approaching, the Enforcement Division anticipates receiving a large number of complaints that artificial intelligence has been used without the required disclosure. It is believed that many complaints will lead to uncooperative investigations, causing an enhanced need for subpoenas, interviews, and third-party efforts. Enforcement Division would expect the need for significant training or the hiring of investigators with experience in the use of artificial intelligence, a significant increase in complaints, and a significant number of difficult investigations. The proposal also states that the Legal Division expects numerous advice requests, both as to the interpretation and application of the new requirement itself as well as its impact on existing disclosure requirements. This is due, in large part, to the novelty of Artificial intelligence and the unique and unpredictable challenges it may pose.

For the reasons above, the FPPC is requesting 1.5 positions: one Investigator in the Enforcement Division, and a half-time Attorney position in the Legal Division. These positions will perform all

functions necessary to advise committees on their obligations under these new state mandates and enforce those new mandates. These requests are in addition to the AI-detection software annual license fee.

The Senate Committee on Appropriations analysis indicated projected first-year costs of \$651,000, and \$630,000 annually thereafter, to implement the provisions of the bill, with those amounts reflecting new positions for both enforcement and legal activities, in addition to the AI detection software. This request is broadly in line with the appropriations analysis, including previously approved funding.

**Staff Recommendation:** Approve as budgeted.

**1703 PRIVACY PROTECTION AGENCY****Item #16: Enforcement Resources**

**Request:** The Governor’s budget requests, for the California Privacy Protection Agency (CPPA), an increase in expenditure authority of \$1.6 million in 2026-27 and \$1.5 million in 2027-28 split between the Data Brokers’ Registry Fund and the Consumer Privacy Fund for six positions to enforce the provisions of the California Consumer Privacy Act and the Delete Act.

**Background:** The CPPA is responsible for enforcing two laws: (1) the California Consumer Privacy Act of 2018 (the “Consumer Privacy Act”), which gives Californians rights over how businesses collect and use their personal information and requires the CPPA to receive and respond to complaints from consumers about potential violations, and (2) the Delete Act, which requires data brokers to register with the CPPA each year and, starting January 1, 2026, to delete consumers’ personal information upon request.

The proposal states that the CPPA has received an increasingly large number of CCPA complaints. Since launching the CPPA’s consumer complaint portal in 2023, consumers have submitted more than 10,000 complaints of violations. The number of annual complaints doubled between 2023 and 2024, with a 125 percent increase year-over-year. In 2025, consumers submitted more than 6,000 complaints. The CPPA estimates that, if current trends hold, the CPPA could receive more than 7,000 new complaints within the next year alone. A large portion of these complaints statutorily require a CPPA response under Civil Code section 1798.199.45(b)(1).

The Delete Act tasks the CPPA with establishing an accessible deletion mechanism to allow consumers to request the deletion of personal information maintained by data brokers beginning January 1, 2026. The 2024 and 2025 Budget Acts included resources for the CPPA to plan for the implementation of the Delete Act and develop the deletion mechanism. The 2025 budget act, specifically, included an increase in expenditure authority of \$2.5 million Data Broker’s Registry Fund in 2025-26, \$2.3 million in 2026-27 and two positions phased-in over two years. However, the CPPA has not yet requested resources to enforce this law due to the need to evaluate actual workload levels. Thus, for more than a year, the CPPA has redirected resources from its CCPA investigations to bring enforcement actions under the Delete Act while workload and resource needs were determined.

The current proposal requests:

- An increase in expenditure authority of \$1.0 million in 2026-27 and 2027-28 from the Consumer Privacy Fund for 1 Analyst II and 3 Attorney III positions. These positions are intended to process a larger volume of complaints, reduce the backlog in investigations arising from them, and bring more enforcement actions against businesses that violate the law.
- An increase in expenditure authority of \$568,000 in 2026-27 and \$552,000 in 2027-28 from the Data Brokers’ Registry Fund for two Attorney III positions. These positions relate to enforcement of the Delete Act’s new requirements in addition to annual registration rules. Specifically, the CPPA requires these resources to identify businesses which are operating as data brokers but have not registered. The requested staff will investigate these potential violations and bring enforcement actions as needed.

<b>Position</b>	<b>Positions</b>	<b>Funding Source</b>	<b>2026-27 Amount</b>
Analyst II	1.0	Consumer Privacy Fund	\$184,000
Attorney III	3.0	Consumer Privacy Fund	\$844,000
Consumer Privacy Fund Subtotal	-	-	\$1,028,000
Attorney III	2.0	Data Brokers' Registry Fund	\$568,000
<b>Total Request</b>	<b>6.0</b>	-	<b>\$1,596,000</b>

The proposal states that the analyst positions requested will help reduce backlog in handling consumer complaints and investigations. As the CPPA has a statutory mandate to accept complaints from consumers, it can face unique and consistent workload pressures. The CPPA's online portal for the submission of consumer complaints has been doubling each year.

The limited number of staff relative to the ever-increasing number of complaints has required the Agency to use about 25 percent of its enforcement attorneys' time to review and assess consumer complaints. Attorney review became necessary last year because the Agency developed a significant backlog in complaints, and it was necessary to have these positions step in to handle the initial review. This redirection of attorney time has, in turn, impeded the Agency from pursuing investigations.

For the requested attorney positions, the proposal states that the average current caseload per attorney is approximately 58 CCPA cases. This caseload exceeds the CPPA's target number of cases per attorney by a large extent, resulting in postponement of investigations and leave limited resources for following up on issues. This has led to a backlog of cases awaiting investigation (the proposal states the backlog is in the thousands). Most consumer complaints raise issues that fall within the Agency's jurisdiction and are therefore referred to the Enforcement Division.

**Staff Recommendation:** Approve as budgeted.

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Item #17: Procurement Support
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**Request:** The Governor’s budget requests, for the California Privacy Protection Agency (CPPA) \$178,000 General Fund and one position in 2026-27 and \$164,000 in 2027-28 and ongoing to support increased contracts and procurement workload.

**Background:** The CPPA’s procurement and contracting requests have increased across all of its programs. The CPPA is tasked with four primary responsibilities: rulemaking, policy and legislation, public awareness and outreach, and enforcement. As these functions have expanded in scope and complexity, the resources of the CPPA have been strained, particularly in the Business Operations Office. As a result, the proposal states that the Agency is experiencing delays and gaps in acquisitions and timely service delivery. To address this, the CPPA is requesting an analyst position within the Business Operations Office.

The CPPA states that this position will provide the administrative support necessary for procurement and contracting functions essential to the CPPA’s critical activities. As the current Business Operations Office is currently staffed with a single analyst and a single supervisor, the CPPA believes that this added position will allow the office to double its output potential and increase efficiency in responding to important tasks. Additional benefits may include reducing risk associated with CPPA contract expirations, late payments, and other administrative hurdles.

**Staff Recommendation:** Approve as budgeted.