

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 4

Agenda

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Senator Anna Caballero

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Upon Adjournment of Session
O Street Building - Room 2100

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ITEMS FOR VOTE ONLY

0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY

Issue 1: Workload Resources

Request. The budget includes \$1.5 million and seven positions in 2022-23 and ongoing to address the current and anticipated ongoing workload stemming from an increase in oversight and strategic coordination required to support existing Agency programs along with significant growth in new program responsibilities, specifically in the housing and homelessness portfolio of programs. The requested positions include two Deputy Secretaries, one Senior Advisor, a Budget Manager, and several technical staff. Four of these positions are currently being redirected from other departments.

BCSH has one of the smaller staff sizes among the various statewide department, with 19 full time staff as compared to 26 at the Transportation Agency, 33 and Health and Human Services, and 43 at Labor and Workforce Development. Given the dramatic increase in budgets and programs under BCSH's purview, additional staff seems warranted. Doing so would also allow the redirected resources to return to the work for which they were originally budgeted. However, given the uncertainty of the Agency's future workload, limited term resources are more appropriate to permanent position authority.

Staff Recommendation. Approve the requested positions for three years.

0650 GOVERNOR'S OFFICE OF PLANNING AND RESEARCH**Issue 2: California Learning Lab**

Request. The budget includes ongoing funding of \$3 million General Fund beginning in 2022-23 for the California Education Learning Lab. This includes \$2 million to restore 2020 Budget Act reductions to Learning Lab's grant pool and \$1 million to support the Individualized Adaptive Learning Open Educational Resources (IAL-OER) project, which aims to address equity gaps in chemistry while also working towards reducing equity gaps in other Science, Technology, Engineering, and Mathematics (STEM) fields.

The Learning Lab was reduced as part of the 2020 Budget due to anticipated fiscal pressures resulting from the Covid 19 pandemic. As the fiscal picture has improved it is reasonable to return the Lab's funding to previous levels.

Additionally, the state has prioritized efforts to improve STEM education across the state. The requested funding for the IAL-OER project furthers this goal. It is also consistent with the Learning Lab's statutory mission. Pursuant to Section 650592.2 of Government Code, Learning Lab's purpose is "to increase learning outcomes and to close equity and achievement gaps, using learning science (also known as the science of human learning) and adaptive learning technologies in online or hybrid college-level lower division courses in science, technology, engineering, and mathematics (STEM) and other disciplines."

This proposal was first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve the requested resources through the 2025/26 Fiscal Year.

Issue 3: California Volunteers: Neighbor to Neighbor

Request. The budget includes \$10 million General Fund in 2022-23 and ongoing to support the mobilization and unification of California around service, volunteerism, and neighbor-to-neighbor outreach. The resources will expand California's existing volunteer infrastructure and bolster a statewide Neighbor-to-Neighbor initiative to recruit, train, equip and organize neighbors in response to community needs.

California Volunteers proposes to use the requested funding for the Neighbor-to-Neighbor program to build a statewide network of neighborhood leaders and train them to organize neighborhood activity in response to community needs. This proposal builds on and formalizes previous efforts begun during the Covid 19 pandemic.

This proposal was first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve the requested resources through the 2025/26 Fiscal Year.

Issue 4: California Volunteers: Foster Grandparents and Senior Companions

Request. \$10 million General Fund one-time in 2022-23 to develop and implement the Foster Grandparent and the Senior Companion Programs to increase older adult volunteerism, help people age in place, reduce isolation, enhance intergenerational partnerships and relationships, and provide benefits to schools, libraries, local community sites, and more.

California's 10-year Master Plan for Aging provides a blueprint to prepare the state for the coming demographic changes and to continue California's leadership in aging, disability, and equity. According to the Master Plan for Aging, California's over-60 population will increase from 16 percent of the total in 2010 to 25 percent in 2030. Providing opportunities for older adults to share their talents, experience, and time will be key to meeting the state's growing needs. The Master Plan for Aging specifically addresses engagement.

The LAO has noted that the AmeriCorps Foster Grandparent and Senior Companion programs were established in 1973 and are evaluated on a three-year cycle. Recent studies show that these programs expand service opportunities to diverse group of participants. Participants reported fewer symptoms of depression and feeling less socially isolated. Further, expanding the number of FG and SC service opportunities likely would be consistent the state's Master Plan for Aging by increasing the number of opportunities to volunteer.

This proposal was first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve as budgeted.

Issue 5: Precision Medicine Proposals

Request. The budget includes several proposals related to the California Institute to Advance Precision Medicine (CIAPM). These include:

- \$10 million General Fund one-time in 2022-23 to provide grants for projects focusing on depression, and that apply a precision medicine approach to using data in county behavioral health settings.
- \$9.25 million General Fund one-time in 2022-23 to address health disparities and enhance equity by increasing participation by underrepresented minorities in biomedical research projects.

Especially as the state emerges from the COVID-19 pandemic and mental health challenges are at peak levels, new interventions could help to support the mental health and wellbeing of communities. Additionally, evidence shows that certain subpopulations are less likely to participate in biomedical research. These subpopulations include people with racially diverse

backgrounds and older, LGBT, rural, youth, and/or physically or developmentally disabled people. Because members of these groups are underrepresented in research, advances in biomedical research might not be as effective for them or may even be harmful.

These proposals were first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve as budgeted.

Issue 6: Transfer of the Office of Tribal Affairs

Request. The Governor’s budget includes a net-zero transfer of \$115,000 Environmental License Plate Fund (ELPF) ongoing and \$441,000 General Fund ongoing and 3 positions from the Native American Commission to establish the Office of Tribal Affairs within the Governor’s Office, the net-zero transfer of \$450,000 ELPF through FY 2024-25 to the Governor’s Office of Planning and Research to support the California Truth & Healing Council.

This proposal is net-zero and predominantly administrative in nature.

This proposal was first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve as budgeted.

Issue 7: Legislative Staff Increase

Request. The budget includes \$438,000 General Fund and two positions in 2022-23 and ongoing to support OPR’s growing amount of legislative workload across OPRs budget programs including the Strategic Growth Council (SGC), California Volunteers (CV), and OPR’s State Planning & Policy (SPPD) programs.

Past budgets have provided significant additional administrative resources for OPR, none of which have been focused on legislative work. Given the increase in legislation affecting OPR, additional resources are appropriate. However, given the uncertainty around future legislation, limited-term resources are more appropriate than permanent resources.

This proposal was first heard in Subcommittee 4 on February 9.

Staff Recommendation. Approve the requested positions through the 2025/26 Fiscal Year.

Issue 8: Legislative Proposals

Request. The budget includes several requests related to enacted legislation. These include:

- \$374,000 General Fund and one position in 2022- 23 and \$224,000 annually thereafter to modernize the California Environmental Quality Act (CEQA) process and filing of CEQA-related documents, and transfer the responsibilities of upgrading, hosting, and maintaining CEQANet to OPR pursuant to Chapter 97, Statutes of 2021 (AB 819).
- \$574,000 Greenhouse Gas Reduction Fund (GGRF) and 1.0 position in 2022-23 and ongoing to support the California Air Resources Board to update GGRF grant guidelines and eligibility, and support grant applicants connecting with workforce development resources in their region pursuant to Chapter 746, Statutes of 2021(AB 680).
- \$421,000 one-time General Fund in 2022-23 to contract with a third-party planning facilitator to support the newly created 16-member Associate Degree for Transfer Intersegmental Implementation Committee pursuant to Chapter 566, Statutes of 2021 (AB 928).

These proposals are in-line with earlier fiscal estimates and are consistent with legislative intent in drafting and passing the relevant bills.

Staff Recommendation. Approve as Budgeted.

Issue 9: Golden State Awards

Request. The budget includes \$30 million one-time General Fund to establish the Golden State Awards grant program. The program will provide between 20 and 30 grants to innovative projects based at or associated with a California public college or university.

The Administration has indicated that the Golden State Awards initiative would support at least 20 awards to individuals or teams at, or associated with, the public higher education segments who have developed or are developing innovative practices. Unlike past innovation award programs, this initiative not only would aim to improve student outcomes but also could cover any activity deemed innovative and high impact, including but not limited to programs that improve student outcomes, research on climate change, and research on low-carbon industries. CELL would administer the grant program, with oversight from a 12-member grant selection committee, with 10 members appointed by the Governor, 1 member by the President pro Tempore of the Senate, and 1 member by the Speaker of the Assembly. CELL would have three years to award the funds, and would be required to report by January 1, 2026, on how the awards were allocated.

While there is merit in incentivizing and rewarding innovation and cutting-edge research and education, the lack of structure and oversight in this proposal is concerning. Funding should be paired with reporting language to ensure that the legislature has insight into how and why certain awards are made.

Staff Recommendation. Approve \$30 million in one-time funding. Adopt provisional reporting language requiring OPR to report to the legislature on project selection and awards.

1700 DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING**Issue 10: Administrative Resources**

Request. The budget includes \$1.3 million General Fund and 7 positions in 2022-23, and \$836,000 General Fund and 7 positions in 2023-24 and ongoing, to provide additional resources to support DFEH's administrative workload, including appeals, public records requests, media outreach, contracts and procurement, and accounting processes, and help administer a Statewide Hate Crime Hotline.

This request was increased by 1 position ongoing to provide support for the implementation of a Statewide Hate Crime Hotline. The 2021 Budget Act included \$10 million one-time available until June 30, 2025, for the Department of Fair Employment and Housing to administer and implement a Statewide Hate Crime Hotline, which will fund this position.

The requested positions are generally reasonable and consistent with the workload faced by the department.

Staff Recommendation. Approve as budgeted.

ITEMS FOR DISCUSSION

0650 GOVERNOR'S OFFICE OF PLANNING AND RESEARCH

Issue 11: Community Partnerships and Strategic Communications

Governor's Budget. The Governor's budget includes \$65 million General Fund in 2022-23 and ongoing to create and implement the Office of Community Partnerships and Strategic Communications (OCPSC) to manage the state's highest priority public awareness and community outreach campaigns.

Background. The state made significant communication and community outreach efforts in recent years, including communications around the 2020 Census (for which \$187 million was appropriated over three years) as well as ongoing communications related to the COVID-19 pandemic and related public health issues.

Staff Comments. The Administration has indicated that a number of important lessons have been learned from the 2020 Census and COVID-19 communication campaigns, including the importance of data, the important of engaging communities directly, and the need for closer coordination between involved state entities. The Administration has indicated that these communication efforts were typically separate from one another, even if they were communicating with the same communities or organizations.

The Administration has indicated that this proposal is split into two components:

- Resources to stand up the new Office of Community Partnerships and Strategic Communications (OCPSC) to coordinate and manage statewide communications campaigns across state government.
- Contracting resources to establish and maintain a network of community-based organizations with which to partner on communications efforts in impacted communities across the state.

The LAO has noted that the Administration has identified a legitimate need for this kind of investment. The state has several disparate efforts to raise awareness of critical issues across state government. There is no single entity that coordinates or standardizes these activities. For this reason, there could be benefits from designating a single entity to focus on maintaining a statewide network of CBOs and other trusted messengers, managing communication grant programs, and coordinating interagency expertise and resources. However, the LAO has noted that this proposal is high-level, and it is unclear to what extent it will meet the identified need, or if it will be cost-effective in doing so.

As the Legislature considers making a significant, ongoing investment in community outreach and coordinated communications, it should consider the extent to which the Administration's proposal

would address the issues identified above. As such, the committee may wish to ask the following questions:

- How will this proposal improve statewide communications efforts? How will the office coordinate efforts between state departments and agencies? Will it improve efforts, or just add another layer of administration?
- Is this the most cost-effective model for establishing a network of community-based organizations? For example, could contract administration be streamlined, or could OPR adopt innovative contracting models to accomplish the same goal at lower cost?

This proposal was first heard in Subcommittee 4 on February 9th.

Staff Recommendation: Hold Open.

Issue 12: California Climate Action Corps State Service Program

Governor’s Budget. The Administration requests \$3.86 million General Fund in 2024-25 and ongoing to support statewide cohorts of fellows dedicated to addressing climate change through direct service and community outreach in local communities across California.

Background. The California Climate Action Corps was established through executive action in 2020. The Climate Action Corps provides AmeriCorps service opportunities—such as urban greening and wildfire prevention home hardening—to respond to climate change. The 2021-22 budget package included \$4.7 million one-time General Fund to expand the climate corps program and fund stipends and administrative costs through 2023-24. This provided 236 service opportunities in the summer of 2021 and 50 full-time service opportunities for the 2021-22 year. Climate Corps received 562 applicants for the summer program and 285 applicants for the full-time program.

Staff Comments. California Volunteers requests funding for the Climate Action Corps program in 2024-25 in this budget cycle so that it can demonstrate the state’s funding commitment to this program when it applies for continued federal AmeriCorps funding in spring 2023. As this request is for out year funding, it has no impact on the 2022-23 budget.

LAO Comments. While ongoing funding for the Climate Action Corps program likely would strengthen their AmeriCorps application, it seems premature. Should the Legislature support the efforts of California Volunteers to enhance its AmeriCorps application for this program with a firm funding commitment, we would recommend instead providing another round of temporary funding (through 2026-27). The Legislature should plan to review the effectiveness of the Climate Action Corps program in several years, when more information is available.

Staff Recommendation: Hold Open.

0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY**Issue 13: Encampment Remediation Grants**

Governor’s Budget. The budget includes \$500 million one-time General Fund, and trailer bill language, to continue the Encampment Resolution Grant Program established in the 2021 budget.

This proposal was first heard in Subcommittee 4 on February 16.

Background. The 2021-22 budget included a \$12 billion package of homelessness services and rehousing funds to expand strategies and interventions across the full continuum of homelessness services. The Cal Interagency Council on Homelessness (ICH, formerly the Homeless Coordinating and Financing Authority) received \$50 million General Fund and staff resources for grants to aid in the resolution of encampments.

Staff Comments. ICH indicated that they received roughly \$120 million in applications for the \$50 million in funding provided as part of the 2021 budget. This suggests that there is additional demand for the program above and beyond the level budgeted in 2021. On February 24 ICH announced awards for the program, allocating the entire amount of funding made available in the 2021 budget.

As part of their analysis of the 2022 budget proposal, the LAO recommended that the Legislature focus on overseeing recent budget augmentations related to homelessness, consider the state’s long-term vision for addressing the issue, and set clear expectations and metrics for any new funding.

Considering the recent awards, and the LAOs comments, the committee may want to ask the following:

- What types of projects were funded in the recent round of program funding?
- What outcomes does ICH expect to see from these projects?
- How does the Encampment Resolution Grant program fit into the state’s broader strategy for addressing homelessness? What benefit does it provide that another program, such as the Homeless Housing, Assistance, and Prevention Program, does not?

Staff Recommendation. Hold open.

1700 DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING**Issue 14: Information Technology Workload Support**

Request. The budget includes \$521,000 General Fund and 3 positions in 2022-23 and \$517,000 General Fund in 2023-24 and ongoing to provide in-house support for the Information Technology Services Division (ITSD).

Background. DFEH receives, investigates, conciliates, mediates, and prosecutes complaints of alleged violations of the Fair Employment and Housing Act (FEHA), the Equal Pay Act, the Unruh Civil Rights Act, the Ralph Civil Rights Act, Civil Code section 51.9, the Disabled Persons Act, the California Trafficking Victims Protection Act, and other laws prohibiting discrimination. In 2018 DFEH received 27,840 complaints with 5,395 investigations opened; in 2019 DFEH received 28,739 complaints with 6,600 investigations opened; in 2020, DFEH received 28,897 complaints, with 7,235 open investigative cases.

The ITSD is integral to DFEH's mission as it supports all of the technological functions of the department, including information security, telecommunications (department-issued cell phones and the Virtual Contact Center for telephone customer service), the department's online case management system (CCRS), litigation support applications, external and internal websites, network and server integrity, social media accounts, Help Desk functions, project management resources, and telework-supportive applications.

Staff Comments. The department has grown in recent years. DFEH added 36.7 positions and funding for two additional locations in 2020-21, and 32 additional positions in 2021-22, representing a 29% growth rate. Multiple changes have since occurred, including the addition of the pay data reporting program and new requirements around information security

Chapter 363, Statutes of 2020 (SB 973)) requires that private employers of 100 or more employees (with at least one employee in California) must report certain pay and other data to DFEH by March 31, 2021, and annually thereafter to identify wage patterns and allow for targeted enforcement of equal pay or discrimination laws. As a result of the Pay Data program, DFEH has indicated that the number of service desk tickets has increased by 300% (5500 to 17000) from 2020 to 2022. Additionally, with the increase in litigation at DFEH, the department has purchased, and ITSD has needed to support, several new legal tools (Relativity, CaseMap, Legal Hold) to secure and track case-related documents. These new tools require constant support and updates by DFEH IT staff.

Given the increase in DFEH workload, additional resources are warranted. The requested positions are broadly reasonable and consistent with the needs of a growing department.

Staff Recommendation. Approve as Budgeted.

Issue 15: Enforcement Investigation and Conciliation Enhancements

Request. The budget includes \$1.4 million General Fund in 2022-23, 2023-24, and 2024-25 to decrease the wait time between complaint intakes and investigative appointments, and to increase the number of complaints successfully conciliated and settled by investigators.

Background. To file a complaint with DFEH, a complainant must submit an intake form and schedule an intake interview with a DFEH investigator to discuss their allegations. The Enforcement Division's Employment Unit is responsible for investigating employment cases. The Enforcement Division's Housing Unit is responsible for investigating housing cases.

Historically the typical average wait time between when an intake form is submitted and when the intake interview is conducted is about three months. In 2021, DFEH experienced a surge in complaints and intakes that increased the wait time for the Enforcement Division's Employment Unit from three months to four months, and for the Enforcement Division's Housing Unit from three months to six months.

Staff Comments. DFEH has indicated that this surge was, in part, due to an increased number of employment complaints as the labor market rebounded, and due to a greater number of complaints received at the approach of various state, local and federal eviction moratorium deadlines designed to protect tenants during the COVID-19 pandemic. However, the department also has a roughly 15 percent vacancy rate – high relative to other departments, and particularly acute in technical and difficult-to-fill positions, such as Legal Attorneys and Enforcement Investigators.

DFEH's service level goal is to decrease the wait time for both the Employment and Housing Units to 1-month to fulfill its mission. Based on current workload estimates, the requested positions may be adequate to reach this goal. However, the high vacancy rate is a concern, and may create issues with reaching the target wait time if the department is unable to reduce it. As such, the committee may want to discuss the department's efforts to reduce this vacancy rate and identify additional opportunities to address the issue.

Staff Recommendation. Hold Open