

**Senator Bob Wieckowski, Chair**  
**Senator Brian Dahle**  
**Senator Mike McGuire**  
**Senator William W. Monning**  
**Senator Henry I. Stern**



**Thursday, March 12, 2020**  
**9:30 a.m. or upon adjournment of session**  
**State Capitol – Room 112**

Consultant: James Hacker

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## VOTE-ONLY CALENDAR

### 2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

#### Issue 1: Continuation of ADA Infrastructure Program

**Governor's Proposal.** The budget includes a permanent increase of \$1,000,000 from the State Highway Account (SHA) to fund the Americans with Disabilities Act (ADA) Infrastructure Program. The resources will be used for consultant contracts to continue implementing and administering ADA requirements the “Californians for Disability Rights, Inc v. California Department of Transportation, Case No. C 06 5125 Settlement Agreement re Class Action Settlement.”

The Class Action Settlement required Caltrans to retain an “Access Consultant” to provide an annual report of compliance of Caltrans ADA projects and to review the Caltrans ADA Annual Report. Caltrans received temporary funding for the current consultant contract through a 2014-15 BCP. However, that funding expires in June 2020. The request provides permanent funding for the required consultants, so it can continue doing the mandated work. The consultant workload began in 2008 and is expected to continue at current levels throughout the term of the settlement agreement.

#### Issue 2: Highway Fund Shift

**Governor's Proposal.** The budget includes a \$95,993,000 fund conversion from federal resources to the State Highway Account (SHA) within the Maintenance Program. In 2009-10, Caltrans requested \$84,989,000 in the Maintenance Program to be converted from SHA to federal funds. Similarly, in 2012-13, Caltrans requested \$11,004,000 to be converted from SHA to federal funds, for a total conversion of \$95,993,000.

Caltrans converted these funds because at the time, the Capital Outlay Projects Program was not receiving enough state funding to match all available federal funds. Caltrans began using federal funds on some maintenance projects so that California was able to use all available federal funds. The state's transportation funding situation has changed with the enactment of the Road Repair and Accountability Act of 2017 (SB 1). Caltrans has sufficient state funding to fully utilize all federal funding within the Capital Outlay Projects Program. Converting this money from federal to state resources allows Caltrans to fund highway maintenance projects more efficiently without added federal requirements.

#### Issue 3: Continuation of Proposition 1B Administrative Support

**Governor's Proposal.** The budget includes funding to continue the administration of the workload associated with Caltrans' responsibilities under Proposition 1B, the “Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006”. This includes 2020-21 funding for the continuation of 19.5 positions totaling \$4,992,000 and 2021-22 funding for the continuation of 18.5 positions totaling \$4,874,000. Total funding requested in each fiscal year includes \$2,300,000 in operating expenses for a project and program audit contract administered by the Department of Finance. This request reduces the 2019-20 Proposition 1B staffing level of 30 positions by 10.5 positions in 2020-21 and by one additional position in 2021-22, for a total reduction of 11.5 positions. This proposal does not include resources needed for project delivery.

**Issue 4: Pedestrian and Bicyclist Safety Investigations**

**Governor's Proposal.** The budget includes a two-year limited-term increase of 12 positions and \$2,209,000 in State Highway Account funds for Pedestrian and Bicyclist Safety Investigation Programs consistent with the Federal Highway Safety Improvement Program (HSIP) and Caltrans' Strategic Management Plan (SMP) pedestrian and bicyclist safety targets. Caltrans Traffic Operations routinely performs traffic safety investigations to determine whether improvements are needed in locations with high collision concentrations. A timely response to identified traffic safety concerns improves the safety of the public and reduce traffic fatalities, injuries and property damage collisions. Currently, there are six traffic safety programs for the state highway system. However, none of these programs specifically identify or address potential issues related to pedestrian and/or bicyclist safety. Without a specific pedestrian or bicyclist safety improvement program, Caltrans has no mechanism dedicated to specifically improve safety for pedestrians and bicyclists. This request would allow Caltrans to pilot the creation of such a mechanism before deciding whether or not to make it a permanent part of the department's budget.

**Issue 5: Transportation System Network Replacement**

**Governor's Proposal.** The budget includes \$5,424,000 one-time to develop an updated Transportation Network System (TSN) for California's public roadways that meets federal mandates, through the Transportation Network System Replacement project. Caltrans must comply with federal mandates and avoid the loss of federal funding by developing an updated TSN system with the required capabilities. The current TSN does not meet federal requirements for data collection and coverage of all public roads. The Department has indicated that project implementation is scheduled to start November 1, 2020 and end in June 2023, with an estimated total cost of \$21.9 million.

**2720 CALIFORNIA HIGHWAY PATROL (CHP)****Issue 6: Increased Reimbursement Authority**

**Governor's Proposal.** The budget includes a permanent budget augmentation of \$4.040 million in reimbursement authority to provide protective services to the Department of Industrial Relations' (DIR) Division of Workers' Compensation (DWC) district offices statewide. The CHP currently has an interagency agreement with the DIR to provide full-time protective services to 15 various DWC district offices from 8:00 am to 5:00 pm, five days a week. Additionally, two offices are secured through agreements with the Department of General Services (DGS). The DWC has 24 district offices in total and is requesting additional funding to expand security to all district offices, and improve security statewide.

The CHP's current interagency agreement with DIR allocates only \$2.202 million in FY 2019-20. However, the estimated cost for the CHP to provide protective services for all 24 DWC district offices in FY 2020-21 amounts to approximately \$6.242 million, an increase of \$4.040 million.

**Staff Recommendation:** Approve all Vote Only items as budgeted.

## ISSUES FOR DISCUSSION

### 2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

The California Department of Transportation (Caltrans) designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local transportation projects. Through its efforts, Caltrans supports a safe, sustainable, integrated, and efficient transportation system to enhance California's economy and livability.

**Budget Overview:** The budget proposes \$15.5 billion to support 20,755 positions at Caltrans. This is an increase of nearly \$2 billion, mostly due to an increase in funding for Capital Outlay and Local Assistance projects. The budget includes \$2.3 billion in SB 1 funding for a variety of transportation programs at Caltrans.

#### 3-YEAR EXPENDITURES AND POSITIONS <sup>†</sup>

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
1830019	Aeronautics	21.5	24.0	24.0	\$5,561	\$9,690	\$8,998
1835010	Capital Outlay Support	8,092.5	8,880.6	8,880.6	1,880,505	2,194,058	2,206,050
1835019	Capital Outlay Projects	-	-	-	4,309,379	4,933,668	5,022,371
1835020	Local Assistance	269.3	264.5	262.5	1,677,160	2,716,396	3,245,124
1835029	Program Development	217.6	201.2	195.2	66,979	78,001	81,205
1835038	Legal	258.6	276.6	276.6	145,864	147,764	149,509
1835047	Operations	1,097.0	1,077.2	1,089.2	279,455	278,142	278,608
1835056	Maintenance	7,149.9	6,906.5	6,906.5	2,218,186	2,115,349	2,137,927
1840019	State and Federal Mass Transit	61.0	62.7	61.7	240,183	365,417	1,129,935
1840028	Intercity Rail Passenger Program	49.5	43.7	40.7	313,358	351,440	916,649
1845013	Statewide Planning	650.5	725.3	725.3	144,281	169,502	167,470
1845022	Regional Planning	98.4	38.5	38.5	122,800	126,628	125,538
1850010	Equipment Service Program	660.4	647.6	647.6	210,369	231,814	228,297
1850019	Distributed Equipment Service Program Costs	-	-	-	-210,369	-231,814	-228,297
1870	Office of Inspector General	55.1	92.0	91.5	10,778	16,361	16,479
9900100	Administration	1,546.3	1,518.5	1,515.5	437,194	419,045	425,042
9900200	Administration - Distributed	-	-	-	-437,194	-419,045	-425,042
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>20,227.6</b>	<b>20,758.9</b>	<b>20,755.4</b>	<b>\$11,414,489</b>	<b>\$13,502,416</b>	<b>\$15,485,863</b>

**Issue 7: Airport Improvement Grants Matching Funds**

**Governor's Proposal.** The budget includes a \$10,000,000 interfund transfer (\$2,500,000 annually over four years) from the Local Airport Loan Account (LALA) to the Aeronautics Account (Account). The transfer will provide increased annual Local Assistance funding capacity of \$2,500,000 to fund the Aeronautics Program (Aeronautics) Airport Improvement Program (AIP) Matching Grant Program.

**Background.** State excise tax on general aviation (GA) fuel is the Caltrans Aeronautics Program's primary source of revenue to fund and maintain its grant programs. Since the Great Recession, these figures have dropped to an average of \$5,600,000 annually, creating challenges to fund robust grant programs that benefit public-use airports statewide. The program is projected to receive approximately \$5,600,000 in revenue in 2020–21, and current projections reflect a steady decline over the next four years. Grants from Aeronautics are used to fund safety, maintenance, operations and capital improvements projects at airports by serving as a portion of the local match required for federal AIP grants. Grant recipients are required to provide a 10 percent match for federal AIP funds – Caltrans provides half of this (five percent total) for recipients, up to a max amount of \$150,000 per project.

The LALA was established with one-time seed money in the amount of \$1,000,000 from the Aeronautics Account to provide low cost loans to local General Aviation airports. LALA resources can be used to plan, acquire, construct, improve, maintain, or operate a statewide system of airports. It has been underutilized in recent years, leading to a high fund balance and under-utilized funds. Existing law allows for funds to be transferred from the LALA to the Aeronautics Account to provide matching AIP funds. In 2018-19, an additional \$1,400,000 was transferred from the LALA. The Department of Finance (DOF) also authorized transfers of \$1,400,000 and \$1,100,000 for the AIP in January 2019 and July 2019 respectively, providing \$2,500,000 for the AIP in 2019-20.

**Staff Comments.** The LALA has been historically underutilized by local airports which, combined with the repayment of the loans still outstanding, has led the fund to develop a significant fund balance. In 2020-21, the fund is estimated to begin the year with a fund balance of roughly \$31 million. Statutorily, the DOF, with concurrence from the Commission, is authorized to transfer funds from the LALA to the Account, with the caveat that the LALA cannot be depleted below \$5,000,000. The Department has indicated that the implementation of this proposal projects an ending balance of \$22,000,000, significantly above the statutory requirement.

The Department has indicated that revenues have not been adequate to sustain the historical level of AIP state support, and several transfers from the LALA have been required. Current revenue forecasts show continued reduced funding capacity for the AIP in future years. Aeronautics is requesting the multi-year transfer to sustain the historical level of local assistance for the AIP.

Additional funding in the Aeronautics Account will allow the Department to provide additional match for federal AIP funds, allowing airports in California to draw down more federal funds. The Department has indicated that, based on their estimates, a \$2.5 million transfer is appropriate. However, it is an open question of whether additional match funds will lead to additional local applications for AIP funds. Given the large fund balance in the LALA, and larger transfer could be explored without pushing the LALA below the statutorily –required fund balance of \$5 million.

**Staff Recommendation.** Hold Open.

**Issue 8: Litter Abatement**

**Governor’s Proposal.** The budget includes an increase of \$31,835,000 in 2020-21, increasing to a permanent increase of \$43,350,000 in 2024-25, all from the State Highway Account, for the Division of Maintenance to fund the Litter Abatement Program.

**Background.** The Litter Abatement Program, part of the Division of Maintenance, is designed to remove litter on the State Highway System throughout the state. The amount of litter collected by the department has increased by roughly 77 percent over that past four years. The number of service requests for litter abatement have increased from about 3,800 in 2014-15 to 5,300 in 2018-2019—a 40 percent increase. As the need for litter abatement has increased on the SHS, Caltrans has redirected resources from its overall maintenance budget to increase the capacity of the Litter Abatement Program. The department’s expenditure levels on the program have increased by \$39 million (62 percent) from 2014-15 to 2018-2019—from \$63 million to \$102 million.

**Staff Comments.** Given the large and growing issue of litter on state right of way, it is generally reasonable to increase funding for abatement activities. As noted above, Caltrans expenditures on litter abatement has increased by roughly \$39 million over the last several years – mostly by redirecting resources from elsewhere in the Maintenance budget. Additional funding would allow the Department to meet the Programs workload without significant redirection.

However, questions remain about the implementation of this funding. Some regions are experiencing greater litter issues than others. Litter issues have created significant legal issues for the department in some jurisdictions. The Department should explain how this funding will be prioritized across the state.

**LAO Comments.**

**Approve Funding for Litter Abatement and Require Assessment.** Given the likelihood that current litter conditions will continue, we recommend that the Legislature approve the Governor’s proposal to increase funding for the department’s Litter Abatement Program. We also recommend the Legislature adopt supplemental reporting language requiring Caltrans to provide an assessment to inform future litter prevention strategies. This assessment should identify, to the extent possible, (1) the type of litter being left on state highways, (2) the source of litter, (3) the degree to which increases in litter are concentrated in certain geographical regions, (4) best practices to reduce litter from other states, and (5) potential recommendations to prevent litter on the SHS.

**Staff Recommendation.** Hold Open.



**Issue 9: Wildfire Litigation**

**Governor's Budget.** The budget includes \$1,747,000 per year for four-year limited term resources in State Highway Account funds for the increases in the Legal Division's workload resulting from wildfire litigation.

**Background.** Caltrans' Legal Division advises on federal and state statutes, regulations, and case law along with how those laws impact Caltrans policy makers, operational needs, and associated risks. California's tort liability laws make public entities such as Caltrans a party to liability lawsuits when personal injuries or fatalities occur on the State Highway System.

As part of its larger maintenance responsibility, Caltrans conducts vegetation control to reduce the risk of fire. Caltrans annually assesses its ability to service the state highway system through level of service scores. Level of services scores range from 0 to 100, with lower scores indicating a higher maintenance need. The department's level of services scores for tree and brush encroachment have been about 70 in recent years. The department stated a goal of increasing these scores to at least 90.

**Staff Comments.** The department indicates that it currently is facing lawsuits related to recent wildfires that started along state highways. Wildfire litigation will likely begin July 1, 2020, with pre-litigation work beginning immediately including instituting litigation holds to preserve evidence from an expansive group of entities and individuals, as well as, securing expert witnesses. Multiple wildfire litigations may coincide with each other, and the number of plaintiffs may range from 600 to over 1,500. As such, additional legal resources seem appropriate. While it is unclear whether improper vegetation management contributed to the wildfire that is the subject of the recent lawsuit, Caltrans' low scores for tree and brush encroachment are concerning, particularly given recent wildfires and projections of increased risks over the long-term due to climate change.

**LAO Comments.**

**Recommend Approving Funding for Wildfire Litigation.** It appears likely that Caltrans will face increased workload associated with recent wildfire litigation, and it is in the best interest of the state for the department to have sufficient resources to engage in the litigation effectively. Accordingly, we recommend the Legislature approve the proposed \$1.7 million to augment the department's legal division.

**Report at Budget Hearings on the Implementation of Vegetation Control.** We also recommend that the Legislature use spring budget hearings as an opportunity to exercise additional oversight of Caltrans' vegetation management activities by requiring the department to report at budget hearings on the following topics:

- **Vegetation Management Plan.** What are the department's current vegetation management policies to reduce wildfire risk?
- **Low Level of Service Scores.** Why are level of service scores for tree and brush encroachment relatively low?
- **Level of Service Score by Location.** To what extent do level of service scores vary geographically, such as based on an area's risk of wildfire?
- **Steps to Improve Scores.** What steps has the department taken (or plan to take) to improve level of service scores related to tree and brush encroachment?

**Staff Recommendation:** Hold Open.



## 2665 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

The California High-Speed Rail Authority's mission is to plan, design, build, and operate a high-speed train system for California. Planning is currently underway for the entire high-speed train system, which consists of Phase 1 (San Francisco to Los Angeles/Anaheim), and Phase 2 (extensions to Sacramento and San Diego). The Authority continues to develop the first section of the high-speed train system, extending 119 miles from Madera to just north of Bakersfield.

**Budget Overview:** The budget provides roughly \$2.9 billion for the High-Speed Rail project in 2020-21. This includes \$2.4 billion in capital spending for the continued construction of the Phase 1 Blended System, predominantly in the Central Valley.

### 3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
1960	High-Speed Rail Authority Operations	-	-	289.0	\$-	\$-	\$60,223
1970	High-Speed Rail Authority--Administration	197.7	274.0	-	40,229	54,004	-
1975	Program Management and Oversight Contracts	-	-	-	1	1	-
1980	Public Information and Communications Contracts	-	-	-	226	500	-
1985	Fiscal and Other External Contracts	-	-	-	-	3,750	-
1990	Blended System Projects	-	-	-	617,147	59,518	423,335
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>197.7</b>	<b>274.0</b>	<b>289.0</b>	<b>\$657,603</b>	<b>\$117,773</b>	<b>\$483,558</b>
<b>FUNDING</b>		<b>2018-19*</b>			<b>2019-20*</b>	<b>2020-21*</b>	
3228	Greenhouse Gas Reduction Fund	\$-			\$103	\$103	
6043	High - Speed Passenger Train Bond Fund	657,293			116,920	482,705	
9331	High-Speed Rail Property Fund	310			750	750	
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>		<b>\$657,603</b>			<b>\$117,773</b>	<b>\$483,558</b>	
		<b>2018-19*</b>			<b>2019-20*</b>	<b>2020-21*</b>	
<b>State Building Program Expenditures</b>							
1995	<b>CAPITAL OUTLAY Projects</b>						
	Design Build	3,149			69,571	-	
0000727	Phase 1 Blended System	69,393			804,750	2,427,987	
	Design Build	69,393			804,750	2,427,987	
<b>TOTALS, EXPENDITURES, ALL PROJECTS</b>		<b>\$221,203</b>			<b>\$983,440</b>	<b>\$2,427,987</b>	
<b>FUNDING</b>		<b>2018-19*</b>			<b>2019-20*</b>	<b>2020-21*</b>	
0890	Federal Trust Fund	\$266			\$-	\$-	
3228	Greenhouse Gas Reduction Fund	69,393			804,750	2,427,987	
6043	High - Speed Passenger Train Bond Fund	151,544			178,690	-	
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>		<b>\$221,203</b>			<b>\$983,440</b>	<b>\$2,427,987</b>	

**Issue 10: IT Office Restructuring**

**Governor's Budget.** The budget includes \$2.63 million and 15 permanent positions in 2020-21 and ongoing. These positions will continue the transition of day-to-day information technology (IT) operational activities from contractor resources to state employees.

**Background.** Certain IT staff are currently contracted through HSRA's Rail Delivery Partner (RDP). This includes the licensing and support agreements necessary for critical IT functions, such as the use of the cost management, asset management, right-of-way management, and contract management systems. These agreements must transfer from the RDP to the state prior to the end of the RDP contract in June 2022 to ensure the continuity of IT services. Once transferred to the state, licenses and support agreements will require periodic renewal to comply with software licensing terms and to ensure these systems receive ongoing support from the software vendor, including maintaining service levels, access to updates and security patches, and troubleshooting incidents and problems.

In November 2018, the California State Auditor's Office concluded an audit of the Authority and released California State Auditor Report 2018-108. Key amongst its findings, the report called out the Authority's reliance on contractors as a key risk area to the ongoing success of the program. In response, HSRA began transitioning contractor resources to state staff in certain administrative roles, including IT. The 2019-20 budget included five permanent positions and \$2.2 million in Proposition 1A funds (\$1.53 million ongoing) to transition certain IT security roles from contractors to HSRA staff, as well as five permanent positions and \$2.2 million to enhance baseline IT capabilities and acquire licensing and maintenance agreements.

**Staff Comments.** HSRA has indicated that the requested positions will focus on several key IT functions that are core to the transfer of IT roles from the RDP to state staff. This includes two PYs focused on the transition of key roles and licenses to state staff.

HSRA has also indicated that the 15 requested positions will be offset by a reduction of 15 vendor FTEs from the RDP contract. This will result in a reduction of \$4.2 million in IT consulting resources and net ongoing IT savings of \$1.5 million per year.

There is significant merit in moving these core IT functions from contractor to state staff. It is consistent with the recommendations of the State Auditor and will result in cost savings to the state. However, given the larger questions around the direction and future of the project, it is prudent to withhold action on this proposal until those larger questions are answered.

**Staff Recommendation:** Hold Open.

## 2720 CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) promotes the safe, convenient, and efficient transportation of people and goods across the state highway system and provides the highest level of safety and security to the facilities and employees of the State of California.

**Budget Overview:** The budget requests \$2.7 billion and 10,760.5 positions for 2020-21, a decrease of roughly \$100 million and an increase of 17 positions.

### 3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
2050	Traffic Management	8,294.1	8,293.1	8,310.1	\$2,232,996	\$2,468,605	\$2,368,916
2055	Regulation and Inspection	1,094.7	1,047.0	1,047.0	256,371	274,851	272,737
2060	Vehicle Ownership Security	227.9	222.4	222.4	56,322	60,520	59,845
9900100	Administration	1,134.6	1,181.0	1,181.0	197,901	230,331	221,453
9900200	Administration - Distributed	-	-	-	-197,901	-230,331	-221,453
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>10,751.3</b>	<b>10,743.5</b>	<b>10,760.5</b>	<b>\$2,545,689</b>	<b>\$2,803,976</b>	<b>\$2,701,498</b>
<b>FUNDING</b>					<b>2018-19*</b>	<b>2019-20*</b>	<b>2020-21*</b>
0001	General Fund				\$8,048	\$78,269	\$6,737
0042	State Highway Account, State Transportation Fund				81,858	85,868	85,970
0044	Motor Vehicle Account, State Transportation Fund				2,296,334	2,450,707	2,423,687
0293	Motor Carriers Safety Improvement Fund				1,680	1,919	1,921
0840	California Motorcyclist Safety Fund				2,622	3,191	3,191
0890	Federal Trust Fund				16,140	26,440	22,033
0942	Special Deposit Fund				968	20,336	2,336
0974	California Peace Officer Memorial Foundation Fund				140	300	300
0995	Reimbursements				136,840	119,340	123,397
3314	California Cannabis Tax Fund				1,059	-	-
3347	Cannabis Tax Fund - California Highway Patrol - Allocation 2				-	3,000	3,000
3353	Cannabis Tax Fund - California Highway Patrol, State and Local Government Law Enforcement Account - Allocation 3				-	14,476	21,796
3366	Electronic Cigarette Products Tax Fund				-	-	7,000
8122	National Alliance on Mental Illness California Voluntary Tax Contribution Fund				-	130	130
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>					<b>\$2,545,689</b>	<b>\$2,803,976</b>	<b>\$2,701,498</b>

**Issue 11: Motor Vehicle Account Fund Condition**

**Background.** The Motor Vehicle Account (MVA), part of the State Transportation Fund, is the primary fund source for the Department of Motor Vehicles (DMV) and the Department of the California Highway Patrol (CHP). The MVA supports the administration and enforcement of laws regulating the operation and registration of vehicles used on public streets and highways, as well as mitigation of the environmental effects of vehicle emissions.

The MVA receives most of its revenues from vehicle registration fees. In 2020-21, the MVA is projected to receive roughly \$4.4 billion in revenues, with vehicle registration fees accounting for \$3.7 billion (84 percent). For 2020-21, the state is expected to collect \$599 million from other fees, including driver's license registration fees, late fees, identification card fees, and miscellaneous fees for special permits and certificates (such as fees related to the regulation of automobile dealers and driver training schools). These revenues tend to fluctuate based on the number of licenses renewed each year. The MVA is also projected to collect \$95 million in both 2019-20 and 2020-21 in REAL ID conversion fees – fees paid by individuals to convert a non-compliant to a REAL ID compliant ID prior to their license renewal date.

**Governor's Budget.** The Governor's budget estimates the MVA will receive a total of \$4.4 billion in revenues in 2020-21 and proposes a total of \$3.9 billion in expenditures. The budget proposes a total of \$3.8 billion in expenditures from the MVA for CHP, DMV, and Air Resources Board (ARB)—about 91 percent of total MVA support expenditures. A small share of MVA revenues (from miscellaneous fees) are not restricted by the State Constitution. Because they are available for broader purposes, since between 2009-10 and 2018-19 the state has transferred these revenues to the General Fund. In 2018-19, this transfer was \$93 million.

The Department of Finance's five-year projection (2020-21 through 2024-25) estimates that the MVA will have small and declining operating surpluses through 2023-24, before it turns negative in 2024-25. These projections reflect expenditures already approved by the Legislature and those proposed in the Governor's budget.

The January five-year fund condition is detailed below.

Motor Vehicle Account (0044) Fund Condition									
(dollars in millions)									
2020-21 Governor's Budget									
	Past Year 18-19	Current Year 19-20	BY 20-21	BY+1 21-22	BY+2 22-23	BY+3 23-24	BY+4 24-25		
BEGINNING RESERVES	\$532	\$569	\$433	\$530	\$411	\$252	\$68		
REVENUES & TRANSFERS									
<u>Revenues</u>									
Registration Fee	\$3,415	\$3,535	\$3,672	\$3,828	\$3,957	\$4,088	\$4,226		
Other Fees	\$628	\$586	\$599	\$574	\$621	\$635	\$650		
REAL ID Fee Revenue - Conversions	\$0	\$95	\$95	\$0	\$0	\$0	\$0		
Total Fee Revenue	\$4,043	\$4,216	\$4,366	\$4,402	\$4,578	\$4,723	\$4,876		
<u>Transfers</u>									
Transfers To Other Funds	-\$93	\$0	\$0	\$0	\$0	\$0	-\$106		
Total Resources	\$4,482	\$4,785	\$4,799	\$4,932	\$4,989	\$4,975	\$4,838		
EXPENDITURES									
<u>Baseline Support Expenditures</u>									
CHP - Base Budget	\$2,296	\$2,426	\$2,424	\$2,679	\$2,872	\$3,029	\$3,171		
CHP - Patrol Member Retirement Contribution	\$0	\$25	\$25	\$25	\$25	\$0	\$0		
CHP - Dash Cam Costs*	\$0	\$0	\$0	\$14	\$14	\$14	\$14		
DMV - Base Budget	\$1,121	\$1,109	\$1,125	\$1,198	\$1,235	\$1,278	\$1,313		
DMV - Operational Improvements*	\$63	\$242	\$200	\$86	\$72	\$34	\$34		
DMV - Swap Admin Costs for Collecting TIF from MVA to RMRA			-\$6.6	-\$6.6	-\$6.6	-\$6.6	-\$6.6		
ARB - Base Budget	\$148	\$153	\$152	\$155	\$158	\$161	\$165		
Other (Other Departments, Local Assistance, Assessments including Pro Rata)	\$278	\$263	\$268	\$273	\$279	\$284	\$290		
Switch CalSTA funding from MVA to SHA/PTA			-\$3	-\$3	-\$3	-\$3	-\$3		
Supplemental Pension Plan Payments	\$0	\$124	\$64	\$66	\$69	\$72	\$75		
Subtotal, Support	\$3,906	\$4,342	\$4,248	\$4,487	\$4,715	\$4,863	\$5,052		
<u>Capital Outlay Expenditures</u>									
CHP	\$4	\$8	\$16	\$13	\$10	\$22	\$35		
DMV	\$3	\$2	\$5	\$13	\$4	\$14	\$9		
ARB	\$0	\$0	\$0	\$8	\$8	\$8	\$8		
Subtotal, Capital Outlay	\$7	\$10	\$21	\$34	\$22	\$44	\$52		
Expenditure Total	\$3,913	\$4,352	\$4,269	\$4,521	\$4,737	\$4,907	\$5,104		
FUND BALANCE	\$569	\$433	\$530	\$411	\$252	\$68	-\$265		

In recognition of the estimated operational shortfalls facing the MVA, and the projections that the account will become insolvent in the future, the Governor's January budget included various proposals intended to benefit the MVA.

Specifically, the January budget proposes to:

- **Shift from "Pay-As-You-Go" to Financing for Most DMV and CHP Area Office Replacements.** The state has typically funded the replacement of CHP and DMV area offices from the MVA on a pay-as-you go basis. The Governor's budget proposes to finance the replacement of most CHP and DVM area offices through the Public Buildings Construction Fund, rather than paying for the construction of these facilities on a cash basis as was done in

the past. The financing (principal and interest costs) for the projects would be repaid from the MVA over many years.

- ***Continue Suspension of the Transfer of Certain MVA Revenues to General Fund.*** The Administration proposes to suspend the transfer of non-constitutionally restricted revenues to the General Fund (savings of roughly \$90-\$100 million a year) until 2024-25.
- ***Suspend Supplemental Pension Plan Payments (SB 84).*** The 2017 Budget Act (SB 84) borrowed \$6 billion from the state's cash balances to make a one-time supplemental payment to the California Public Employees' Retirement System (CalPERS). All funds that make employer contributions to CalPERS—including the MVA—will repay a share of this loan. Suspending these repayments creates savings of roughly \$60 million a year for five years, but results in greater out-year costs due to interest costs.
- ***Shift Certain Costs from the MVA to Other Funding Sources.*** The Administration proposes to shift costs from the MVA to more appropriate fund sources. This includes :1) the administrative costs from collecting the transportation improvement fee to the Road Maintenance and Rehabilitation Account resulting in savings of about \$6.6 million annually;and,2) switching some of the funding for the State Transportation Agency from the MVA to the State Highway Account.

**LAO Comments.** The LAO notes that, while the Governor's budget proposals would help alleviate the operational shortfalls in the MVA over the next few years, they would not fully address the account's structural imbalance. The LAO also notes that the Governor's forecast of the MVA fund condition assumes the future adoption of two proposals that would increase MVA expenditures in 2021-22 and beyond. Specifically, the forecast assumes additional annual costs for CHP dash cams (\$14 million) and DMV operational improvements for customer service, communication, training, management, and technology (\$86 million, which would decrease to \$34 million annually beginning in 2023-24).

In developing its plan for addressing the projected insolvency of the MVA, the LAO notes that the Legislature will want to consider the impacts on the MVA beyond the Administration's forecast period of the next five years. For example, the condition of the fund has shaped both the DMV's and CHP's approach to capital outlay expenditures. Both departments have aging facilities with safety, structural, and size deficiencies. However, due to the condition of the MVA, the Administration is proposing to fund only one new facility replacement or renovation project per year for each department. CHP has 111 total offices, and DMV has 172 field offices. The current rate of replacing or reconfiguring these aging facilities is not likely to be sufficient over the longer term and could affect the ability of these departments to fulfill their responsibilities as effectively as possible.

In order to assist the Legislature in developing its plan and mix of strategies for addressing the MVA's condition, the LAO has identified the following options for its consideration:

- ***Delay Supplemental Pension Plan Repayments.*** The Legislature could delay the supplemental pension plan repayments from the MVA that began in 2019-20. The administration's MVA projections account for these annual payments, which are estimated to moderately grow from \$64 million in 2020-21 to \$75 million in 2024-25. While delaying these loan payments would increase costs when they are eventually made, it would provide immediate relief to the MVA until then. (Under current law, the principal and interest of the loan must be repaid by June 30, 2030.) This could be particularly beneficial to accommodate some of the increased cost



pressures on the MVA that are not ongoing, such as the increased workload associated with the implementation of REAL ID.

- ***Eliminate General Fund Transfer.*** As mentioned earlier, the MVA receives roughly \$90 million of the miscellaneous revenues that are not limited in their use by the California Constitution. In 2019-20, the Legislature suspended transfers of these revenues to the General Fund for five years in order to keep these revenues in the MVA, particularly given that these funds were initially transferred by the Legislature on a temporary basis to help address the state's General Fund condition at the time. The Legislature could eliminate such transfers on an ongoing basis to provide an additional \$106 million in 2024-25 to support MVA expenditures.
- ***Increase MVA Revenues.*** The Legislature could generate additional revenues by increasing vehicle registration or driver license fees—either on a limited-term or ongoing basis. In determining whether to increase such fees, the Legislature will want to consider the potential fiscal impacts on drivers and vehicle owners. The LAO estimates that roughly \$35 million in additional revenue could be generated annually from a \$1 increase in the base vehicle registration or CHP fee, and roughly \$5 million from a \$1 increase in the driver license fee. Given the magnitude of the future operation shortfalls in the MVA, if the Legislature wanted to increase existing DMV fees, it would need to do so by a significant amount or in combination with other actions.
- ***Reduce Operational Costs.*** As mentioned earlier, increasing employee compensation is one of the key cost pressures to the MVA. The Legislature could reduce employee compensation costs from the MVA by reducing the number of positions at DMV and CHP; however, such actions would result in a decrease in the level of service. Going forward, the Legislature also might want to consider the impact of employee compensation costs on the overall MVA fund condition when it evaluates future memoranda of understanding negotiated between the administration and the employee unions that represent the majority of DMV and CHP employees.

**Staff Comments.** As the above discussion should make clear, the MVA is under significant fiscal strain. While action was taken in the 2019-20 budget to improve the fund condition balance the fund over the short run, significant long-term issues remain. Some of the funding shortfall is attributable to the short-term need for increased funding to implement REAL ID. Other cost pressures have come from the need to replace numerous DMV and CHP offices that are not structurally sound and from increased employee compensation costs. While revenues are expected to rise, they are unlikely to keep up with increasing cost pressures.

Given the state of the MVA, its role as the primary funding source for both CHP and DMV, and the complexity of the issue, any MVA-funded budget request should be considered in the context of a complete MVA fund condition discussion involving long-term solutions to the fiscal issues facing the fund. To ensure that the most cost-effective strategies are used to reduce fiscal pressures on the MVA, the Subcommittee may wish to ask the Department of Finance (DOF) what analyses it has done to evaluate the cost-effectiveness of its proposals. For example, of the two, which is the least costly in the out years—suspending supplemental pension payments or financing capital outlay projects? The Subcommittee may also want to ask DOF if it has thoroughly examined all MVA expenditures to ensure they are consistent with the requirements of the State Constitution.

**Staff Recommendation.** Hold Open.



## Issue 12: Capital Outlay Proposals

**Governor’s Proposal.** The budget includes a total of \$141.5 million—from the Public Buildings Construction Fund and the MVA—for various capital outlay projects.

**Background.** The CHP operates 103 area offices across the state. In 2013-14, the Administration initiated a plan to replace a few of the most outdated and unsafe CHP field offices each year for the next several years. Accordingly, the Legislature has approved MVA funding in each of the past fiscal years for advanced planning and site selection, and for the replacement of offices. Nearly all of the office replacement projects over the last 10 years at CHP have been funded directly from the MVA. As discussed in the MVA Fund Condition write up earlier in this agenda, there will be fiscal pressure on the MVA in the near future.

As a result of various constraints on the MVA, it is anticipated that funds will be insufficient to provide for CHP office replacement projects over the next five years. The 2019-20 budget included the use of the Public Buildings Construction Fund for the design-build phase of several projects to allow these existing projects to continue while reducing pressure on MVA. The use of the PBCF will relieve pressure on the MVA in the near-term, but assuming 25-year lease revenue bonds, it is estimated that over time the total cost of the amount of funding financed--\$132.7 million—will be \$211.9 million, which over the long term puts greater fiscal pressure in the MVA.

The 2020-21 budget continues this practice by funding a total of \$141.5 million—from the Public Buildings Construction Fund and the MVA—for various capital outlay projects. This includes funding to continue four area office replacement projects, as well as initiate one new area office replacement project (Gold Run). These projects are detailed below.

### California Highway Patrol Capital Outlay Projects

(In Thousands)

	2020-21	Phase	Total Project Cost
Santa Fe Springs-office replacement	\$44,279	DB	\$46,226
Baldwin Park-office replacement	43,137	DB	44,869
Quincy-office replacement	38,112	DB	40,252
Enhanced radio system-towers and vaults replacement	10,208	C	13,034
Humboldt-office replacement	2,107	A, PC	44,197
Keller Peak-tower replacement (reappropriation)	1,819	C	2,323
Gold Run-office replacement	1,370	A	40,338
Statewide planning and site identification	500	A,S	500
<b>Totals</b>	<b>\$141,532</b>		<b>\$231,739</b>

DB = design-build; C = construction; A = acquisition; PC = performance criteria; and S = study.

Source: LAO

**Staff Comments.** Staff has no concerns with the specific proposals. However, there are concerns about the overall approach to addressing the MVA shortfall borrowing instead of funding with cash. While

financing will result in short-term MVA relief, it raises questions about the long-run strategy for balancing the fund while continuing to fund core CHP and DMV operations. As such, financing CHP's capital outlay projects should be considered as part of the overall approach to maintaining the solvency of the MVA.

**Staff Recommendation.** Hold Open.

**Issue 13: E-Cigarette Tax Enforcement**

**Governor's Budget.** The budget includes 10 positions and a \$7 million permanent augmentation from the Electronic Cigarette Products Tax Fund in 2020-21 for the purposes of creating a task force charged with combatting illicit vaping device and product import, export, manufacture, transportation, distribution, and sales. This request includes trailer bill language to clarify CHP's role in enforcing the proposed E-Cigarette tax.

**Background.** The increasing popularity of vaping products has led to the advent of an illicit vaping market, which many believe may be the cause of the numerous injuries and deaths associated with vaping nationwide. There are some indications these injuries may be associated with specific additives found in some vaping liquids (several reports cite vitamin E acetate), and/or vaping devices constructed with substandard and/or harmful materials. As of December 4, 2019, the Center for Disease Control places the number of electronic cigarette or vaping product use associated lung injuries at 2,291, and the number of deaths at 48. Currently, a variety of state agencies are responsible for regulating vaping devices and products, including the California Department of Public Health (tobacco/nicotine and manufactured cannabis products), the Bureau of Cannabis Control (cannabis product sales and distribution), and the California Department of Food and Agriculture (cannabis and industrial hemp-based cultivation).

In order to address the rapidly increasing youth use of potent nicotine-based vaping products, the Administration has proposed a new nicotine content-based E-cigarette tax. The new tax will begin on January 1, 2021, and will be \$2 for each 40 milligrams of nicotine in the product. The tax fee will be used for administration, enforcement, youth prevention, and health care workforce programs. A large part of the enforcement currently conducted consists of assessing fines based on the violation of administrative regulations.

**Staff Comments.** While vaping-related injuries and deaths are a serious public health issue, and the illegal vaping market may play a significant role, this proposal raises a number of issues. First, it is unclear what the scope of the illegal vaping market is, including the number and types of individuals or groups involved in the market for unregulated and untested vaping products, as well as whether such activity is taking place across the state or concentrated in particular regions.

Additionally, it is unclear whether CHP is the appropriate entity to perform this work. Currently, CHP does not have a dedicated unit that specializes in investigating illicit tobacco or cannabis products. The department reports they have not yet conducted any investigations into illicit vaping devices. However, other departments, such as the California Department of Public Health, Bureau of Cannabis Control, and Department of Justice have prior expertise in regulating and enforcing laws concerning tobacco and cannabis products.

Lastly, this request depends on the passage of the related trailer bills that 1. Create the tax to fund the task force, and 2. Name CHP as an enforcing agency. The tax trailer bill is currently under consideration in Budget Subcommittee No. 4 on State Administration and General Government. It is premature to take action on this proposal before the relevant subcommittee takes action on that language.

**LAO Comments.** It is unclear whether the Governor's proposal to create a CHP-led investigative task force would be the most effective approach to addressing the problem of illicit vaping products. However, given the number of illnesses and deaths attributed to illicit vaping products in recent years, it is reasonable for the Governor and the Legislature to be concerned and want to implement strategies

to address this potentially growing public health problem. To the extent the Legislature would like to direct more resources towards combatting illicit vaping products, we recommend that it consider the following questions as it develops its policy approach:

- ***What Is the Scope of the Problem?*** Currently, the problem of illicit vaping devices is poorly understood, both in terms of the size of the market and the extent to which the problem is geographically concentrated in some areas within California. To better understand the issue, the Legislature might want to consider providing resources to study the scope of the problem, which could better inform how best to target enforcement or other strategies.
- ***What Are the Most Effective Approaches?*** This proposal focuses on enforcement as an approach to addressing the problem of illicit vaping products. However, the Legislature might want to consider the degree to which it wants to rely on a law enforcement approach as compared to focusing on consumer awareness, implementation of regulations, or some combination of approaches.
- ***What Level of Resources Is Appropriate?*** The Legislature could appropriate more or less funding than proposed in the Governor's budget depending on how it prioritizes this issue, as well as what approach it wants to take to address the problem.
- ***What Is the Appropriate Fund Source?*** The Administration proposes to fund the task force with a new tax on vaping products. However, it currently is unclear whether the Legislature will approve this new tax. In the case that the proposed tax is rejected and addressing the illicit vaping problem remains a priority, the Legislature could consider using other fund sources, such as the General Fund or one of the various tobacco and cannabis-related funds.
- ***Who Should Lead the Effort?*** It is not clear that CHP currently has the most expertise to lead an anti-illicit vaping effort. Other state and local entities might be better suited to lead a coordinated effort due to their existing roles and responsibilities related to tobacco and cannabis law enforcement, product regulation, public health and education.

**Staff Recommendation:** Hold Open.

## 2740 CALIFORNIA DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers and protects consumers by issuing vehicle titles and regulating vehicle sales.

**Budget Overview.** The Governor's budget includes \$1.4 billion, mostly from the Motor Vehicle Account (MVA), and 8,563 positions for the Department of Motor Vehicles (DMV) in 2020-21, a decrease of roughly \$30 million from the current year level.

### 3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
2130	Vehicle/Vessel Identification and Compliance	4,156.0	3,953.4	3,965.7	\$651,394	\$674,776	\$664,834
2135	Driver Licensing and Personal Identification	2,333.0	2,265.7	2,309.8	384,121	528,017	508,836
2140	Driver Safety	1,266.1	1,224.0	1,226.3	141,903	150,116	146,770
2145	Occupational Licensing and Investigative Services	479.6	454.5	455.5	61,167	63,965	62,782
2150	New Motor Vehicle Board	8.6	13.0	13.0	1,504	1,820	1,823
9900100	Administration	613.8	590.7	592.9	109,060	136,306	132,927
9900200	Administration - Distributed	-	-	-	-109,060	-136,306	-132,927
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>8,857.1</b>	<b>8,501.3</b>	<b>8,563.2</b>	<b>\$1,240,089</b>	<b>\$1,418,694</b>	<b>\$1,385,045</b>
<b>FUNDING</b>					<b>2018-19*</b>	<b>2019-20*</b>	<b>2020-21*</b>
0001	General Fund				\$4,202	\$6,407	\$9,556
0042	State Highway Account, State Transportation Fund				7,314	7,954	8,348
0044	Motor Vehicle Account, State Transportation Fund				1,183,778	1,351,037	1,318,166
0054	New Motor Vehicle Board Account				1,504	1,820	1,823
0064	Motor Vehicle License Fee Account, Transportation Tax Fund				18,876	19,445	20,479
0516	Harbors and Watercraft Revolving Fund				2,764	5,226	2,704
0890	Federal Trust Fund				126	2,790	2,789
0995	Reimbursements				13,694	15,249	14,549
3290	Road Maintenance and Rehabilitation Account, State Transportation Fund				7,831	8,766	6,631
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>					<b>\$1,240,089</b>	<b>\$1,418,694</b>	<b>\$1,385,045</b>

## Issue 14: Capital Outlay Proposals

**Governor’s Proposal.** The budget includes a total of \$54.7 million—from the Public Buildings Construction Fund and the MVA—for capital outlay projects, including continuation of four field office replacement and reconfiguration projects, as well as one new replacement project (San Francisco).

**Background.** DMV operates 249 facilities that include customer service field offices, telephone service centers, commercial licensing facilities, headquarters, and driver safety and investigations offices. Over half of DMV facilities are field offices. According to DMV, most of its field offices are programmatically deficient and/or do not meet seismic criteria. Beginning in 2015-16, the Administration initiated a plan to replace a couple of DMV field offices each year.

**Staff Comments.** This proposal includes the following components.

### Department of Motor Vehicles Capital Outlay Projects

(In Thousands)

	2020-21	Phase	Total Project Cost
Santa Maria-field office replacement	\$17,372	C	\$21,820
Reedley-field office replacement	17,354	C	20,944
Delano-field office replacement	15,291	C	18,003
San Francisco-field office replacement	2,905	PC	5,126
Oxnard-field office reconfiguration	1,229	W	13,537
Statewide-planning and site identification	500	A, S	500
<b>Totals</b>	<b>\$54,651</b>		<b>\$109,930</b>

C = construction; PC = performance criteria; W = working drawings; A = acquisition; and S = study.

Source: LAO

**Staff Comments.** While the state has typically funded the replacement of DMV facilities from the MVA on a pay-as-you-go basis, the Administration’s 2020-21 budget proposes that the construction phase of capital projects be financed through the Public Buildings Construction Fund. This includes three projects totaling roughly \$38 million. Staff has no concerns with the specific proposals. However, these proposals raise concerns about the overall approach to addressing the MVA fund balance issues. While financing will result in short-term MVA relief, it raises questions about the long-run strategy for balancing the fund while continuing to fund core CHP and DMV operations. As such, financing DMV’s capital outlay projects should be considered as part of the overall approach to maintaining the solvency of the MVA.

**Staff Recommendation.** Hold Open.

**Issue 15: Motor Voter Resources**

**Governor's Proposal.** The budget includes 38 additional ongoing positions and \$6.4 million in 2020-21, \$4.9 million in FY 2021-22, and \$4.1 million in 2022-23 and ongoing for continued administration of the Motor Voter Program, all from the General Fund. One-time funding of \$900,000 is requested in 2020-21 for continued information technology (IT) vendor support and knowledge transfer.

**Background.** Since 1993, the National Voter Registration Act required states to offer individuals an opportunity to register to vote when they apply for a driver's license or identification (DL/ID) card. AB 1461 (Gonzalez), Chapter 729, Statutes of 2015, established the New Motor Voter Program (NMVP), which in addition to the federal requirements, required the DMV to electronically provide information related to voter registration for all eligible individuals to the Secretary of State (SOS) automatically. Under NMVP, all eligible individuals who apply for an original or renewal DL/ID card or submit a Change of Address (COA) form at the DMV are automatically registered to vote, unless the person affirmatively declined to be registered to vote during the transaction.

DMV received one-time and ongoing augmentations to implement AB 1461 in 2016-17, 2017-18, and 2018-19. This funding was intended to allow DMV to develop and implement an electronic DL/ID card application, as well as to process new voter registration-related workload. Currently, DMV has baseline funding of \$3.2 million from the General Fund for 12 positions to implement the NMVP. In addition to the baseline funding, DMV has been redirecting 50 positions to administer and process the workload associated with the NMVP.

In September 2018, Finance contracted with Ernest & Young (E&Y) for an independent assessment of the NMVP program, processes, issues, and risks. E&Y's report provided recommendations on business process improvements. In response, the DMV implemented improved quality assurance processes, provided legal and compliance resources, and established data governance policies.

**Staff Comments.** The DMV has indicated that the 12 positions and \$3.1 million approved in 2017-18 is not sufficient to administer the workload associated with the Motor Voter Program, and that additional resources are needed to meet the requirements of AB 1461 without continuing to adversely affect the department's registration and licensing operations workloads.

Under this proposal, the 50 positions currently being redirected to Motor Voter workload would be returned to their usual work. This means that, under this proposal, fewer positions will be allocated to Motor Voter workload than are currently budgeted. The DMV has indicated that it is requesting fewer new positions than it has been redirecting because it assumes it can achieve some efficiencies in processing time. However, these efficiencies have not been fully implemented, meaning there some uncertainty in the actual workload. In addition, the voter registration deadline for the recent election was on February 18, 2020. As a result, over the coming months, the DMV will have more information on the outcomes of the process improvements. This information could help the Legislature determine the appropriate staffing levels for the NMVP.

**LAO Comments.** Although it is clear that the NMVP requires additional ongoing resources, it is unclear whether the proposed positions and funds would fully address the workload. Therefore, the LAO recommends the Legislature withhold action on the request until later in the spring when additional information might be available to determine the appropriate staffing level.

**Staff Recommendation.** Hold Open.