
Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 4

Agenda

Senator Maria Elena Durazo
Senator Jim Nielsen
Senator Thomas J. Umberg



Thursday, April 4, 2019
9:30 a.m. or Upon Adjournment of Session
State Capitol - Room 2040

Consultant: Yong Salas

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ITEMS PROPOSED FOR VOTE-ONLY**0511 SECRETARY OF THE GOVERNMENT OPERATIONS AGENCY****Issue 1: Blockchain Working Group (AB 2658)**

Governor's Budget. The Government Operations Agency (GovOps) requests one-time \$241,000 General Fund to administer the provisions of Chapter 875, Statutes of 2018 (AB 2658, Calderon).

Background. Chapter 875, Statutes of 2018 (AB 2658, Calderon) requires GovOps to appoint a blockchain working group that will report to the Legislature the potential uses, risks, and benefits of blockchain technology by January 1, 2020. Blockchain is typically used to describe decentralized ledgers and originally developed to accommodate virtual currency technology. The blockchain working group will consider the uses of blockchain technology in state government and California-based businesses.

This request will fund one limited-term staff person as well as a contract with a “content neutral” professional facilitator that can provide structure and process so that the group can function effectively.

Staff Recommendation. Approve as budgeted.

Issue 2: Permanent Establishment of the Director of Performance Improvement

Governor's Budget. The GovOps Agency requests ongoing expenditure authority of \$200,000 for one position to continue its Performance Improvement and Data-Driven Management Initiatives.

Background. The mission of GovOps is to improve management and accountability of government programs, increase efficiency, and promote better and more coordinated operation decisions. The 2017-18 Budget Act provided a two-year, limited-term funding for one position to develop and implement a data-driven management initiative that would help state departments achieve these goals.

Since hired, the director has led development and implementation of programs, and led and coordinated the work of GovOps colleagues and the Department of Human Resources staff. For example, the director developed and delivered the CalHR Workforce Planning Cohorts which engage department executives in assessing their current and future needs, and initiated the development of a Strategic Planning Cohort to build in-house capability to develop, implement, monitor, and measure department goals and objectives. The purpose of this work was to design a framework to develop, deliver, and align tools, training, and techniques that drive improved outcomes, and move state entities away from a compliance-oriented mindset.

Staff Recommendation. Approve as budgeted.

0845 DEPARTMENT OF INSURANCE**Issue 3: California Life and Health Insurance Guarantee (AB 2395)**

Governor's Budget. The California Department of Insurance (CDI) is requesting an increase of \$756,000 Insurance Fund in 2019-20 and \$720,000 Insurance Fund ongoing thereafter to support three permanent positions to comply with Chapter 651, Statutes of 2018 (Assembly Bill 2395, Calderon).

Background. AB 2395 authorized the California Life and Health Insurance Guarantee Association (CLHIGA) to request approval for actuarially justified rate increases for covered policies, and requires reporting by long-term care insurance (LTCI) carriers with more than 10,000 policies to annually report financial information to CDI and the Legislature.

CDI is requesting three positions to evaluate the required reports, of which the analyses are complex and require ongoing continuing education, as required for overall solvency monitoring of these LTCI carriers. CDI reports that there are 175 carriers actively writing LTCI in the state, and are currently carrying 6,543,230 policies for reporting year 2017.

Recommendation. Approve as budgeted.

Issue 4: Workers' Compensation Fraud Program

Governor's Budget. The CDI is requesting an ongoing increase of \$2.805 million Insurance Fund for local assistance to fund workers' compensation fraud investigation and prosecution workload increases.

Background. The Fraud Assessment Commission (FAC), which is comprised of seven members appointed by the Governor, annually determines the level of funding necessary to support investigation and prosecution of workers' compensation insurance fund. The source of funding for these activities comes from insured or self-insured California employers. Existing law states that after incidental expenses, at least 40 percent of the funds are provided to CDI's Fraud Division state operations, and at least 40 percent of the funds are distributed to local District Attorney offices—historically, however, District Attorneys have received 60 percent of the funding. The increase in local assistance for district attorneys is commensurate with the assessment approved by the FAC.

Staff Recommendation. Approve as budgeted.

0890 SECRETARY OF STATE**Issue 5: Office of Voting Systems Technology Assessment Staffing**

Governor's Budget. The Secretary of State requests \$165,000 General Fund in 2019-20 and \$160,000 ongoing thereafter to serve as lead technology specialist of the unit responsible for oversight and quality assurance in testing, documentation, and certification.

Background. The Office of Voting Systems Technology Assessment (OVSTA) under the Secretary of State was created with two main responsibilities: (1) voting system examination, testing, and certification for use in California elections; and (2) overseeing the approval of ballot printers, as well as authorizing and monitoring the manufacture and distribution of ballots for an election. This scope has expanded to voting technologies including electronic poll books, ballot on demand, and remote accessible vote-by-mail systems.

California received \$34 million in federal funding for election purposes, including the replacement of voting technologies, as described in the Help America Vote Act spending proposal. Pursuant to state law, the Secretary of State is responsible for review, testing, and certification of voting technology, and this request would provide funding for the position that would be responsible for the oversight and quality assurance for these duties.

Staff Recommendation. Approve as budgeted.

Issue 6: Trailer Bill Language: Full Text of State Bond Measures

Governor's Budget. The Secretary of State proposes trailer bill language that would require the full text of measures related to debts and liabilities to be printed in the state voter information guide, consistent with the State Constitution.

Background. The proposed trailer bill language will eliminate a conflict created by Chapter 656, Statutes of 2017 (AB 606, Berman), which discontinued the printing of ballot measures in the state voter information guide beginning with the June and November 2018 elections. However, the California Constitution requires ballot pamphlets printed by the Secretary of State to include the complete text of proposed measures that create debts or liabilities of the state. The proposed trailer bill language clarifies the State Constitution requirement that the full text of a state measure relating to debts and liabilities, including a bond measure, be printed in the state voter information guide.

According to SOS, the fiscal impact of this trailer bill language will vary from election to election depending on the number and length of state measures relating to debts and liabilities, including bond measures that are included in the voter information guide. For example, if this clarification had been in place for the November 2018 election it would have increased the printing and mailing of the voter information guide costs by approximately \$3.5 million. In the November 2018 election, there were four separate state bond measures on the ballot totaling 54 pages. The actual voter information guide had 96

pages in the November and adding the additional 54 pages would have brought the total to 150 pages, but pages are in multiples of 16, so it would have rounded up to 160 pages. While final costs are not available for the November 2018 election, a prior election with a voter information guide of a similar size came to \$56,000 per page to print and mail.

Given the volatility of election-related costs and consistent with past practice, a budget augmentation for the potential additional costs associated with this trailer bill language will not be made at this time. There was no budget reduction with the passage of AB 606. To the extent future voter information guide costs exceed the existing elections appropriation; the Secretary of State will seek a supplemental appropriation. This is consistent with past practice for election-related costs. The proposed language is shown on the next page.

(a) (1) Upon the top portion of the first page, and not exceeding one-third of the page, shall appear:

(A) Identification of the measure by number and title.

(B) The official summary prepared by the Attorney General.

(C) The total number of votes cast for and against the measure in both the State Senate and Assembly, if the measure was passed by the Legislature.

(2) The space in the title and summary that is used for an explanatory table prepared pursuant to paragraph (2) of subdivision (e) of Section 9087 and Section 88003 of the Government Code shall not be included when measuring the amount of space the information described in paragraph (1) has taken for purposes of determining compliance with the restriction prohibiting the information described in paragraph (1) from exceeding one-third of the page.

(b) Beginning at the top of the right page shall appear the analysis prepared by the Legislative Analyst if the analysis fits on a single page. If it does not fit on a single page, the analysis shall begin on the lower portion of the first left page and shall continue on subsequent pages until it is completed.

(c) Immediately below the analysis prepared by the Legislative Analyst shall appear a printed statement that refers voters to the Secretary of State's ~~Internet Web site~~ internet website for a list of committees primarily formed to support or oppose a ballot measure, and information on how to access the committee's top 10 contributors.

(d) Arguments for and against the measure shall be placed on the next left and right pages, respectively, following the final page of the analysis of the Legislative Analyst. The rebuttals shall be placed immediately below the arguments.

(e) If an argument against the measure has not been submitted, the argument for the measure shall appear on the right page facing the analysis.

(f) Before each state measure, a conspicuous notice identifying the location on the Secretary of State's ~~Internet Web site~~ internet website of the complete text of the state measure. The Secretary of State's ~~Internet Web Site~~ internet website shall contain the provisions of the proposed measure and the existing laws repealed or revised by the measure. The provisions of the proposed measure differing from the existing laws affected shall be distinguished in print, so as to facilitate comparison. There shall be printed immediately below each state measure, except for a measure relating to debts and liabilities under Section 1 of Article XVI of the Constitution, including a bond measure, in no less than 10-point bold type, a legend substantially as follows: "If you desire a copy of the full text of the state measure, please call the Secretary of State at (insert toll-free telephone number) and a copy will be mailed at no cost to you."

(g) The following statement shall be printed at the bottom of each page where arguments appear: "Arguments printed on this page are the opinions of the authors, and have not been checked for accuracy by any official agency."

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 9084 of the Elections Code is amended to read:

9084. The state voter information guide shall contain all of the following:

- (a) A complete copy of each state measure.
- (b) ~~Before (1) Except as provided in paragraph (2), before each state measure,~~ a conspicuous notice that identifies the location on the Secretary of State's ~~Internet Web site~~ internet website of the specific constitutional or statutory provision that the state measure would repeal or revise.
- (2) The text of a measure relating to debts and liabilities, including a bond measure, shall be printed in the state voter information guide as required by Section 1 of Article XVI of the California Constitution.
- (c) A copy of the arguments and rebuttals for and against each state measure.
- (d) A copy of the analysis of each state measure.
- (e) Tables of contents, indexes, art work, graphics, and other materials that the Secretary of State determines will make the state voter information guide easier to understand or more useful for the average voter.
- (f) A notice, conspicuously printed on the cover of the state voter information guide, indicating that additional copies of the state voter information guide will be mailed by the county elections official upon request.
- (g) A written explanation of the judicial retention procedure as required by Section 9083.
- (h) The Voter Bill of Rights pursuant to Section 2300.
- (i) If the ballot contains an election for the office of United States Senator, information on candidates for United States Senator. A candidate for United States Senator may purchase the space to place a statement in the state voter information guide that does not exceed 250 words. The statement shall not make any reference to any opponent of the candidate. The statement shall be submitted in accordance with timeframes and procedures set forth by the Secretary of State for the preparation of the state voter information guide.
- (j) If the ballot contains a question on the confirmation or retention of a justice of the Supreme Court, information on justices of the Supreme Court who are subject to confirmation or retention.
- (k) If the ballot contains an election for the offices of President and Vice President of the United States, a notice that refers voters to the Secretary of State's ~~Internet Web site~~ internet website for information about candidates for the offices of President and Vice President of the United States.
- (l) A written explanation of the appropriate election procedures for party-nominated, voter-nominated, and nonpartisan offices as required by Section 9083.5.
- (m) A written explanation of the top 10 contributor lists required by Section 84223 of the Government Code, including a description of the ~~Internet Web sites~~ internet websites where those lists are available to the public.

SEC. 2. Section 9086 of the Elections Code is amended to read:

9086. The state voter information guide shall contain as to each state measure to be voted upon, the following, in the order set forth in this section:

Staff Recommendation. Approve as requested.

Issue 7: Risk Limiting Audits (AB 2125)

Governor's Budget. The Secretary of State requests one-time \$305,000 General Fund to assist with the implementation of Chapter 913, Statutes of 2018 (AB 2125, Quirk).

Background. The state's post-election audit is currently a manual tally of one percent of precincts that are randomly chosen. Chapter 913, Statutes of 2018, authorizes a risk-limiting audit, which is a statistical method involving a manual tally of randomly selected ballots that stops as soon as it is implausible that a full recount would alter the result, in lieu of the one percent manual tally. This legislation is in effect until January 2021. This request will fund the promulgation of regulations, and testing of potential software solutions for conducting risk-limiting audits.

Staff Recommendation. Approve as budgeted.

Issue 8: Records Management Services

Governor's Budget. The Secretary of State requests \$660,000 General Fund in 2019-20 and \$630,000 ongoing thereafter to support six positions for the State Archives' California Records and Information Management (CalRIM) unit.

Background. The CalRIM unit, which is currently staffed with three positions, is responsible for training, reviewing records retention schedules, coordinating transfers of public records with historical value, and ensuring State Records Management Act compliance from 234 state entities in addition to the members of the State Legislature. In the past five years, 1,713 records retention schedules have been filed and approved, many with over 100 entries.

There is currently a backlog of more than 100 records retention schedules. CalRIM is also responsible for administering the Local Government Records Management program, which provides local government entities with records management, historical record preservation, and disaster preparedness guidance and training to local governments; however, CalRIM states that they have insufficient staff to meet this mandate.

CalRIM, as well as three archivists outside of the unit, are currently managing the workload. This request would allow CalRIM to address the backlog, as well as its duties in relation to local government records management.

Staff Recommendation. Approve as budgeted.

Issue 9: Help America Vote Act Spending Plan - VoteCal

Governor's Budget. The Secretary of State requests \$10.8 million (\$10,838,000) federal funds in 2019-20 to cover the maintenance and operations and support for security enhancements for the VoteCal statewide voter registration system.

Background. Federal law, the Help America Vote Act (HAVA of 2002) mandates that each state implement, maintain and administer the state-level, uniform, centralized, interactive computerized voter registration database. VoteCal serves as the single system for storing and managing the official list of registered voters in the state, and is jointly supported by the Elections Division under the Secretary of State and county elections officials.

In April 2018, Congress approved and the President signed \$380 million in HAVA funding, of which California received \$34 million. Of this amount, the Secretary of State is proposing \$3 million to fund local assistance support for county efforts associated with cyber security risks and the associated infrastructure needs, \$2.3 million for external consulting that includes security training curriculum and training of counties, and \$5.5 million for the maintenance and operation of VoteCal.

Staff Recommendation. Approve as budgeted.

Issue 10: Help America Vote Act Spending Plan

Governor's Budget. The Secretary of State requests \$19.6 million (\$19,635,000) federal fund in 2019-20 to continue implementation of the statewide mandates of the Help America Vote Act of 2002.

Background. In April 2018, Congress approved and the President signed \$380 million in HAVA funding, of which California received \$34 million. The Secretary of State is proposing to use \$10.8 million of these federal funds for the VoteCal system, as described in the previous item. This request would use approximately \$17 million for county assistance for improving voting systems, election assistance for individuals with disabilities, and improving the secure administration of elections, and \$2.6 million for voter education, voting system testing and approval, and continued administration of HAVA activities.

Staff Recommendation. Approve as budgeted.

1111 DEPARTMENT OF CONSUMER AFFAIRS

Issue 11: Medical Expert Reviewers

Governor's Budget. The Medical Board of California (MBC) requests \$499,000 Contingent Fund of the Medical Board of California in 2019-20 and ongoing annually to increase the hourly rate for trained Medical Expert Reviewers.

Background. The Expert Reviewer Program was established in July 1994, as an impartial and professional means to support the investigation and enforcement functions of the Board. Expert reviewers review the facts of medical cases and determine if the standard of care has been met, and can only be utilized five times per year. Experts also conduct professional competency, physical, and psychiatric examinations.

Since 2009, the MBC has compensated its expert reviewers at the rate of \$150 per hour. However, the market rate for comparable experts is much more competitive; MBC estimates the compensation for defense counsel experts can range from \$300 to \$1,000 per hour. In addition to the pay discrepancy, MBC states that they face a recruitment challenge for physicians in specialized fields, which is further aggravated by the five-per-year limit that each expert may be utilized.

This proposal would accommodate a \$50 increase to the hourly salary for the expert reviewers, on the condition that they take the Board's training. This training would provide eight hours of formal, interactive training to experts to improve the quality of the opinions received, testifying skills, and statewide uniformity. It would also educate the Experts in writing a legally sound opinion that cites the issue, the standard of care necessary to address the issue, the Expert analysis of the issue, and whether the expert in his or her opinion feels the quality of care was below the standard and is a departure from the practice of medicine.

Staff Recommendation. Approve as budgeted.

Issue 12: Business Modernization Plans

Governor's Budget. The Department of Consumer Affairs (DCA) requests one-year limited-term funding and staffing to allow the Board of Pharmacy and the Board of Accountancy to implement their respective Business Modernization Plans (BMP) and engage in critical planning efforts to transition to new information technology systems. Each board is requesting one-year limited-term funding of \$251,000 in 2019-20 and two positions to provide program support during the BMP.

Background. DCA oversees 37 boards and bureaus that provide professional licensure and regulatory oversight to their respective professions. In 2009, DCA began adopting the BreEZe IT system, which at that time was envisioned to be able to support the primary functions and responsibilities of all Department regulatory boards. The intent of BreEZe was to better service consumers, licensees, applicants, and other stakeholders with a more robust online presence including online application capabilities, online license maintenance functions, online payments, mobile enforcement capabilities, accessible data, and efficient reporting.

The transition was initially planned with three releases, with a specified number of boards and bureaus with each release. However, significant transition and adoption issues arose, which resulted in delays and increased costs. As a result, boards and bureaus scheduled to transition to BreEZe with the third release (also known as R3) canceled their transition and were directed to conduct BMPs to properly assess their respective IT, programmatic, and resource needs. While some boards and bureaus were able to conduct this workload within existing resources, some of the smaller boards and bureaus require additional resources to do so.

This request will provide the Board of Pharmacy and the Board of Accountancy with one-year, limited-term resources to assist in their respective BMPs.

Staff Recommendation. Approve as budgeted.

2320 DEPARTMENT OF REAL ESTATE

Issue 13: Education and Research Account

Governor's Budget. The Department of Real Estate requests ongoing \$200,000 Education and Research Account to fund real estate related research projects.

Background. Existing law establishes the Education and Research Account within the Real Estate Fund, and may collect up to eight percent of license fees. If the account exceeds \$400,000, the Real Estate Commissioner may transfer excess funds to the Real Estate Fund.

This request is for ongoing authority of \$200,000 from the Education and Research account, and in 2019-20, the Department is proposing to use the funds to conduct research of the Commissioner's regulations to determine if DRE-approved statutory courses completed for licensure are indeed equivalent in nature to those courses offered by colleges. After 2019-20, the Department proposes to use the funds to: (1) update the Real Estate Reference Book, and (2) prepare or revise consumer-protection related pamphlets.

Pre-license education courses are required for a real estate salesperson or broker license. These courses are provided by the University of California, California State University, California Community Colleges, or private vocational schools.

Staff Recommendation. Approve as budgeted.

8620 FAIR POLITICAL PRACTICES COMMISSION**Issue 14: Campaign Disclosures on Advertisements (AB 2188)**

Governor's Budget. The Fair Political Practices Commission (FPPC) requests \$200,000 General Fund in 2019-20 and ongoing \$193,000 General Fund thereafter for one Senior Commission Counsel position to implement the provisions of Chapter 754, Statutes of 2018 (AB 2188, Mullin).

Background. The Political Reform Act requires specified disclosures in advertisements regarding the source of the advertisement. For example, the act requires an electronic media advertisement, other than an Internet Web site, paid for by a committee, other than a political party committee or a candidate controlled committee, to include the text "Who funded this ad?" and a hyperlink to a web site containing specified disclosures regarding who paid for the advertisement.

Chapter 754, Statutes of 2018 (AB 2188, Mullin) made substantial changes to the Act to include disclosure requirements for political advertisements on online social media platforms, which will go into effect beginning January 1, 2020. The FPPC is responsible for implementing and interpreting this legislation, and this request would provide the FPPC with resources to address potential litigation that may be filed as a result. While the FPPC can utilize attorneys at the Attorney General's Office to represent the FPPC, FPPC staff counsel will need to participate in the representation, manage the litigation as the client agency, and be the point of contact for factual and legal questions that arise throughout the litigation.

Staff Recommendation. Approve as budgeted.

ITEMS FOR DISCUSSION/VOTE

0511 SECRETARY OF THE GOVERNMENT OPERATIONS AGENCY

Issue 15: Establish the Office of Digital Innovation

Governor's Budget. The Government Operations Agency (GovOps) requests \$36.2 million (\$33.7 million General Fund and \$2.5 million reimbursements) in 2019-20 and \$14.6 million (\$9.6 million General Fund and \$5 million reimbursements) ongoing thereafter, as well as trailer bill language, to establish the Office of Digital Innovation (ODI). This request is for 50 positions, and includes a \$20 million Innovation Fund.

Background. The Administration states that “establishing the Office will enhance the usability and reliability of our state’s most important services by using business process improvement and leveraging digital innovation, as appropriate, to transform government services.” The Administration states that it would take a user-centric approach in reviewing government services and research user needs, how they engage with state programs, and then in response, design or redesign how services are delivered. These reviews would be done by an ODI team that would work with a department to review its service delivery model.

In addition to staff that would conduct these reviews, ODI will host an “Innovation Academy” that provides interdisciplinary training to executives, including in areas of continuous process improvement, human-centered design, and change management.

In January 2019, the Governor took a number of actions that performed similar functions as ODI:

- Issued an executive order that required California Department of Forestry and Fire Protection, in coordination with other state entities including GovOps, to make recommendations on a number of items. This list included policy changes to improve bureaucratic processes such as procurement or waivers that would allow for more rapid and effective management of resources.
- Issued an executive order that required state agencies to develop an Innovation Procurement Sprint, or an alternative procurement approach.
- Assembled a Department of Motor Vehicles (DMV) Reinvention Strike Team, which was tasked to lead a comprehensive modernization of the DMV.

In addition, the Governor recently appointed a Special Advisor on Innovation and Digital Services in the Office of the Governor.

Within the last couple of years, other state entities have embarked on similar business modernization paths. For example, approximately 17 boards and bureaus under the Department of Consumer Affairs (DCA) are also undergoing business modernization plans, which review their business processes as well as any technology needs that might arise, which are done in conjunction with the Administration division in DCA and the Department of Technology.

Innovation Fund. The Administration also proposes an Innovation Fund with one-time \$20 million General Fund, which will be used for small-scale demonstration projects with various state entities.

Trailer Bill Language. GovOps proposes trailer bill language that: (1) Establishes the Office of Digital Innovation; (2) authorizes the Director to change the State Administrative Manual or the State Information Management Manual; (3) requires the Director to train staff in leadership positions, and authorizes the Director to make this training mandatory; (4) establishes the Digital Innovation Services Revolving Fund, which would be able to receive public or private dollars; and (5) would authorize the Department of General Services' negotiation process for information technology and telecommunications goods and services for ODI's purposes.

Staff Comment. The trailer bill language and provisional language are unclear with regards to the transparency of the use of public funds for this new office. For example, trailer bill language states:

“Should the Office’s service delivery improvement efforts require a budget augmentation for either the Office or the state entity engaged by the Office, the entity whose budget requires an augmentation shall consult the Department of Finance prior to proceeding with the Office’s service delivery improvement effort.”

While trailer bill language requires an appropriation from the Legislature to pay for all costs related to the Office of Digital Innovation, this language would allow ODI and/or the department being assisted to move forward with a project requiring a budget augmentation prior to oversight or approval from the Legislature.

Additionally, provisional language regarding the uses for the Innovation Fund, which is being proposed with an initial startup of \$20 million General Fund, is broad and unclear, and is as follows:

Of the amount appropriated in Schedule (3),
\$20,000,000 is provided for the Office of
Digital Innovation to assist state entities and
shall be available for encumbrance or
expenditure until June 30, 2021.

The subcommittee may wish to seek clarity on how public dollars will be used transparently and effectively for the purposes of the Office of Digital Innovation.

Staff Recommendation. Hold open.

Issue 16: Census Outreach

Governor’s Budget. The Administration requests \$50 million General Fund in 2019-20 to augment current statewide outreach and communication efforts related to the Census 2020, and \$4 million General Fund to conduct the California Housing and Population Sample Enumeration (CHPSE).

Background. Only once each decade, the U.S. Census Bureau attempts to count every resident in the United States. The next enumeration will be April 1, 2020, and will be the first to rely heavily on online responses. The primary and perpetual problem facing the Census Bureau is the undercount of certain population groups. Foreign-born residents, especially undocumented, non-white residents, children under five years old, especially those younger than one year old, and renters comprise the most undercounted populations. California has more residents in each of these categories than any other state.

The decennial census is one of the main factors that determine how hundreds of billions of dollars of federal assistance are distributed. For instance, the census count is used to determine states’ Federal Medical Assistance Percentage (FMAP) for Medicaid, known in California as Medi-Cal, which is based on per-capita income. A lower per-capita income can result in a higher FMAP and more federal funds per Medi-Cal participant. The census is also used to determine each state’s per-capita income. Other major federal assistance programs that use census data include highway funding, Section 8 housing vouchers, and special education grants.

California Complete Count effort was established in the 2017-18 fiscal year to encourage and support full participation by all Californians in the upcoming Census 2020, and states that it is focusing on communities historically undercounted in the Census. These hard-to-count (HTC) populations are defined by the federal Census Bureau using several variables, including housing conditions, low-income status, citizen and non-citizen status, English proficiency, mobility, and displacement by disasters.

Many areas that are within the federal Census Bureau’s purview are not open to state involvement, and these responsibilities include: (1) designing and conducting the Census; (2) updating the Census addresses; (3) protecting confidential data; and (4) training local Complete Count Committees. The state’s Census efforts will backfill any gaps to the federal Census Bureau’s outreach, communication and support, including: (1) providing outreach materials in languages not provided by the federal government; (2) publicizing Census enumerator hiring opportunities; and (3) funding outreach to HTC populations.

The 2017 Budget Act provided up to \$10 million for initial census preparation activities, of which \$7 million was provided for local governments participating in the federal Census Bureau’s Local Update of Census Address (LUCA) program. The 2018 Budget Act provided \$90.3 million for communications and outreach efforts for this purpose. As part of these outreach efforts, the state Census office is developing language and communication access standards to be used for counties and CBOs when they are putting together their language and communication access plans.

The Administration is proposing \$50 million General Fund to augment funding for current efforts in the following ways:

- \$10 million for regional community-based organizations, for a total of \$32.95 million.
- \$5.95 million for statewide community-based organizations, for a total of \$10 million.
- \$1 million for county offices of education, for a total of \$1.75 million. Education outreach will total \$2.25 million, and includes K-12 and higher education, as well as programmatic costs.
- \$1 million for non-education based sector outreach, for a total of \$2 million.
- \$30 million for public and media relations contracts, for a total of \$46.1 million.
- \$2 million for administrative costs, for a total of \$14.1 million.

California Housing and Population Sample Enumeration. The Administration re-appropriated \$1.3 million that was remaining from the LUCA Incentive program, and began initial contracts with the RAND Corporation to conduct the CHPSE. The Administration is requesting \$4 million General Fund for this effort, and would bring the total cost to \$5.3 million. The Administration states that it will conduct a sample, survey-based enumeration of 20,000 households to (1) gauge the accuracy of the federal Census Bureau's results, and (2) allow the Department of Finance to refine its population estimation techniques and validate its small area modeling that is used to budget for programs based on population estimates. These surveys will take place immediately after the April 1 Census date, during the period known as the Non-Response Follow-Up.

Stakeholder Funding Request. The Subcommittee received a stakeholder request from the Census Policy Advocacy Network (CPAN), which is comprised of several statewide organizations in California. CPAN requests \$93.4 million General Fund in 2019-20 for CBO outreach. With the \$50 million General Fund proposed for 2019-20, the funding for both regional CBOs and statewide CBOs totals \$42.95 million. CPAN states that the total resources CBOs would need is \$120.4 million to reach an estimated 16.2 million HTC Californians, \$77.5 million above what is currently proposed. CPAN states that these costs are derived from a cost-per-person calculation based on specific outreach activities, targeted HTC population strategies, staffing, operating costs, technology, travel, and translation.

Staff Comment. The state's Census outreach efforts are currently underway, and have recently announced the 10 regional CBOs for outreach based on census region, as well as 13 statewide CBOs for outreach based on demographic groups, and will announce another round of statewide CBOs after June 2019. While the language and communication access standards are currently in development, they will be used to inform and guide various implementation plans by the counties and the CBOs. The Subcommittee may wish to ask the state Census office the status of these standards, any changes they are planning to make in time for the counties and the CBOs to develop their implementation plans, and how these standards will help CBOs and counties reach HTC populations other than limited-English proficient or persons with disabilities, such as nonfamily households or renters.

Staff Recommendation. Hold open.

0890 SECRETARY OF STATE**Issue 17: National Voter Registration Act Maintenance and Expansion**

Governor's Budget. The Secretary of State requests an increase of \$535,000 General Fund in 2019-20 and \$520,000 General Fund in 2020-21 to support three additional positions and the translation of educational and training materials for the entities designated as voter registration agencies.

Background. Federal law, the National Voter Registration Act (NVRA), requires each state to designate agencies that provide public assistance, and state agencies that primarily serve persons with disabilities, as voter registration agencies. These directives are provided to states with federal funding. In 1994, at least seven NVRA agencies were designated and by 2013, an additional seven NVRA agencies were designated. In 2018, the Secretary of State designated an additional four agencies, which cover more than 100 different locations across the state, bringing the total number of designated agencies to 18.

Chapter 505, Statutes of 2012 (SB 35) placed new requirements in addition to federal law, including requiring the Secretary to coordinate with county elections officials and voter registration agencies, and preparing written training materials that describe the responsibilities under state law and the federal NVRA.

Additionally, Disability Rights California and the American Civil Liberties Union (ACLU) Foundation of Northern California sued the Secretary of State in July 2018, for “failing to provide voter registration services for low-income Californians and Californians with disabilities,” and argued that the Secretary “failed to designate state and local offices that serve more than seven million Californians as ‘Voter Registration Agencies’,” as required under NVRA and state law.

Given that the Secretary of State designated four new agencies as voter registration agencies in 2018, this request would provide three additional positions and the translation of educational and training materials for these new entities.

Staff Recommendation. Approve as budgeted.

1111 DEPARTMENT OF CONSUMER AFFAIRS

Overview. The department seeks to protect Californians by establishing and enforcing licensing standards for approximately 3.5 million professionals across 250 business and professional categories. DCA oversees 38 entities (25 boards, two committees, one commission, nine bureaus, and one certification program). The committees, commission, and boards are semi-autonomous bodies, whose members are appointed by the Governor and the Legislature. In general, the department's boards and bureaus provide exams and licensing, enforcement, complaint resolution, and education for consumers. License fees primarily fund DCA's operations.

Budget. The budget includes \$699.3 million total expenditures and 3,417.6 positions to support the department, its programs, and its services. The department is supported entirely by fees and other regulatory assessments.

Issue 18: Board and Bureau, Legislative Workload

Governor's Budget. The Department of Consumer Affairs (DCA) requests adjustments to resources for various Boards and Bureaus to provide adequate staffing and funding to meet ongoing permanent workload or other operational needs beginning in 2019-20 and thereafter.

Background. DCA states that this proposal more properly aligns staffing resources with actual and projected workloads, and projected workloads to implement legislation. The board and bureau workload adjustments are due to increased workload for administering exams, processing complaints or applications, or other workload as identified. The total cost impacts of the workload requests are an overall reduction of \$54,000 in 2019-20 and \$217,000 in 2020-21 from various special funds.

Costs related to workload due to legislation passed by the Legislature and chaptered in 2018 alone will cost \$2.8 million (\$2,826,000) in 2019-20 and \$3.6 million (\$3,345,000) in 2020-21 from various special funds. The boards and bureaus are also requesting an overall position augmentation of 130.6 positions, which include 80.5 positions that were converted to permanent positions from the temporary help blanket and do not require additional funding authority.

The requests for 2019-20 and ongoing are as follows:

Board and Bureau Workload					Legislative Workload						
Board Name	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	Technical Blanket Conversion	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	2019-20 TOTAL	TOTAL POS.
California Board of Accountancy	\$568,000	\$568,000	10.0	Align permanent staffing resources with ongoing workload; funding would also ensure the CPA exam is compliant with the Americans with Disability Act.	2.0	\$0	\$0			\$568,000	12.0
Board of Behavioral Sciences	\$0	\$0	2.0	Align permanent staffing resources with ongoing workload.	1.5	\$89,000	\$81,000	1.0	Chapter 743, Statutes of 2018 (AB 93, Medina)	\$89,000	4.5
Board of Barbering and Cosmetology	\$0	\$0			4.0	\$0	\$0			\$0	4.0
Dental Hygiene Board of California	\$99,000	\$91,000	1.8	Align permanent staffing resources with ongoing workload.		\$99,000	\$91,000	1.0	Chapter 858, Statutes of 2018 (SB 1482, Cmte. On BP&ED)	\$198,000	2.8
Physical Therapy Board of California	\$362,000	\$338,000	4.0	Comply with CalHR's manager-to-staffing ratio guidelines, and meet workload demands.		\$0	\$0			\$362,000	4.0
Physician Assistant Board	\$257,000	\$233,000	2.5	Align permanent staffing resources with ongoing workload.		\$0	\$0			\$257,000	2.5
Board of Psychology	\$0	\$0	1.0	Align permanent staffing resources with ongoing workload.	1.0	\$0	\$0			\$0	2.0
Osteopathic Medical Board of California	\$250,000	\$250,000	-	\$50,000 for expert reviewers and \$200,000 for investigation costs.		\$224,000	\$208,000	2.0	Chapter 775, Statutes of 2017 (SB 798, E. Garcia)	\$474,000	2.0

Board and Bureau Workload					Legislative Workload						
Board Name	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	Technical Blanket Conversion	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	2019-20 TOTAL	TOTAL POS.
California State Board of Pharmacy	\$248,000	\$232,000	2.0	Align permanent staffing resources with ongoing workload.	3.0	\$946,000	\$1,867,000	5.5	Chapter 647, 666, 1004, Statutes of 2018 (AB 2037 [Bonta], SB 1447 [Hernandez], SB 212 [Jackson])	\$1,194,000	10.5
Dental Board of California	\$0	\$ -	0.7	Align permanent staffing resources with ongoing workload.	2.0	\$547,000	\$465,000	4.0	Chapter 929, Statutes of 2018, (SB 501, [Glazer])	\$547,000	6.7
State Dental Assistant Program	\$0	\$ -	2.0	Comply with CalHR's manager-to-staffing ratio guidelines, and align permanent staffing resources with ongoing workload.		\$0	\$0			\$0	2.0
Medical Board of California (three-year request)	(\$1,575,000)	(\$1,579,000)	1.1	Implement the Licensed Physicians from Mexico Pilot Program, and align budget authority to reflect the abolishment of the vertical enforcement model for the Medical Board.	12.0	\$0	\$0			(\$1,575,000)	13.1
Registered Dispensing Opticians	\$87,000	\$ -	-	Conduct an occupational analysis of the RDO's national examination.		\$0	\$0			\$87,000	-
Bureau of Security and Investigative Services & Private Security Services	\$0	\$ -	4.0	Align permanent staffing resources with ongoing workload.	2.5	\$0	\$0			\$0	6.5

Board and Bureau Workload						Legislative Workload					
Board Name	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	Technical Blanket Conversion	2019-20 Funding Request	Ongoing Funding Request	Pos. Req.	Justification	2019-20 TOTAL	TOTAL POS.
Bureau of Real Estate Appraisers	(\$350,000)	(\$350,000)	(3.0)	Align resources with ongoing workload.	z	\$0	\$0			(\$350,000)	(3.0)
Cemetery and Funeral Bureau	\$0	\$0			1.0	\$69,000	\$61,000	0.5	Chapter 750, Statutes of 2018 (AB 926, Irwin)	\$69,000	1.5
Bureau of Household Goods and Services	\$0	\$0				\$299,000	\$305,000	3.0	Chapter 924, Statutes of 2018 (AB 2998, Bloom)	\$299,000	3.0
Contractor State License Board	\$0	\$0			19.0	\$217,000	\$201,000	2.0	Chapter 514, Statutes of 2018 (SB 1465, Hill)	\$217,000	21.0
Veterinary Medical Board	\$0	\$0				\$336,000	\$312,000	3.0	Chapter 571, Statutes of 2018 (SB 1480, Hill)	\$336,000	3.0
Board of Registered Nursing					7.0						7.0
Board of Vocational Nursing and Psychiatric Technicians	\$0	\$0			3.5	\$0	\$0			\$0	3.5
Bureau of Private Postsecondary Education	\$0	\$0			2.0	\$0	\$0			\$0	2.0
Bureau of Automotive Repair	\$0	\$0			20.0	\$0	\$0			\$0	20.0
TOTAL	(\$54,000)	(\$217,000)	28.1		80.5	\$2,826,000	\$3,591,000	22.0		\$2,772,000	130.6

Staff Recommendation. Approve as budgeted.

Issue 19: Consumer Affairs Administration Workload

Governor's Budget. DCA requests \$5.2 million in 2019-20 and 24.5 positions, \$4.5 million in 2020-21, \$3.6 million in 2021-22, and \$2.1 million ongoing to address increased workload in DCA's Business Services Office, Fiscal Operations Office, Office of Legal Affairs, Division of Investigation, Office of Human Resources, and the Office of Professional Examination Services. Of the amount requested, \$2.9 million is funded by DCA's boards and bureaus via prorate while costs for the Office of Examination Services and Division of Investigation is funded by boards and bureaus based on workload.

Background. DCA provides administrative oversight to 37 boards and bureaus, which regulate and provide licensure to more than 100 business types, 200 professional categories, and 3 million licensees in the state. DCA provides various administrative support to these boards and bureaus, including, legal, communications, budgeting, investigations, and strategic planning. DCA is a non-General Fund department, and is supported by the various special funds under its purview. Some of the services within DCA Administration are funded through proportional shares, or pro rata assessments, by the boards and bureaus, such as legal affairs, business and fiscal services, and human services. Other services are funded as direct costs of the services, such as printing services or investigative and enforcement work.

The request is as follows:

Consumer Affairs Administration Workload	2019-20	2020-21	Positions	Comments	Justification
Business Services and Fiscal Operations	\$ 1,200,000	\$ 943,000	7	Funded through pro rata; 2 year limited terms. In 2017-18, BSO&FO had 165.1 positions.	Address significant workload increases due to FI\$Cal implementation.
Regulatory Unit within Legal Affairs	\$ 1,670,000	\$ 1,470,000	8	Funded through pro rata; 3 year limited terms. Legal Affairs Division is currently authorized for 25 positions.	Address backlog of regulation package review, and review regulations packages as a result of Chapter 995, Statutes of 2018 (AB 2138, Chiu). Current regulations packages are reviewed by the Legal Affairs Division, which are also tasked with drafting legal opinions, disciplinary actions against licensees, labor and employment law, among others.
Division of Investigations	\$ 1,980,000	\$ 1,790,000	4.5	Funded through direct costs; ongoing request. The DOI currently is authorized for 248.6 positions.	Division of Investigation is budgeted on a two-year roll forward basis. DCA states that the additional workload is mostly generated by the Board of Registered Nursing. This request will also fund medical consultants in the Health Quality Investigation Unit.
Office of Human Resources	\$ 46,000	\$ 46,000	3	Funded through pro-rata; ongoing. In 2017-18, OHR had 66.1 positions.	Allow the Office of Human Resources to meet the increasing workload due to new software and to provide internal administrative support.
Office of Professional Examination Services	\$ 287,000	\$ 271,000	2	Funded through direct costs; ongoing request.	Staffing will meet increased workload needs to ensure licensing exams are fair, valid, and legally defensible.
TOTAL	\$ 5,183,000	\$ 4,520,000	24.50		

Staff Recommendation. Hold open.

Issue 20: Board of Registered Nursing – Staffing Augmentation

Governor’s Budget. The Board of Registered Nursing (BRN) requests \$7.1 million in 2019-20, \$6.5 million in 2020-21 and 2021-22, and \$3.3 million ongoing to the Board of Registered Nursing Fund, Professions and Vocations Fund to fund 67 positions to address deficiencies within the Board’s Licensing Division, Administration & Public Information Unit, and Enforcement Division.

Background. The BRN has historically experienced severe delays in processing applications for registered nurses, as well as processing complaints of misconduct by registered nurses. BRN states that the implementation of the BreEZe system resulted in a shift of processing application times from 4-6 weeks to 12-20 weeks, despite regulatory requirements that the initial evaluation of a licensing application must be completed within 90 days.

Additionally, in 2016, the California State Auditor conducted an audit of BRN’s complaint resolution process and issued findings that the BRN there were significant delays and inadequate oversight, which have allowed some nurses who may pose a risk to patient safety to continue practicing. In response, the BRN changed the internal structure and process of its Enforcement Division and has collaborated with Department of Consumer Affairs (DCA) as well as the Attorney General’s Office, the Division of Investigation (within the administration of DCA), and the Office of Administrative Hearings to create efficiencies with existing resources. As a result, the BRN has reduced the discipline case processing timeline, on average, from 40 months at the end of 2009-10 to approximately 22 months at the midpoint of 2017-18. DCA developed the Consumer Protection Enforcement Initiative, which issued guidance to complete discipline cases within 12-18 months. Despite these efficiencies, the BRN states that they cannot meet this goal without sufficient staffing.

The BRN requests 67 positions, of which 31 positions are three-year limited term, and \$7.1 million in 2019-20, \$6.5 million in 2020-21 and 2021-22, and \$3.3 million ongoing thereafter. This request will bring the Board’s total budget to \$54.6 million, which is fully funded from its licensing fees. According to the Department of Finance, the fees that were increased last year will provide sufficient funding for this request and will not require an additional fee increase.

These positions will be spread throughout the Licensing Division, the Administration and Public Information Unit, and the Enforcement Division, with the highest concentration of positions augmenting the BRN’s consumer assistance call center, which currently consists of 12 positions, with an additional 23 three-year limited term positions (five of which are continuations of current limited-term positions that are expiring on June 30, 2019), and the Licensing Division with an additional 19 positions, of which five are three-year limited term (ten of which are continuations of current limited-term positions that are expiring on June 30, 2019). The Enforcement Division will receive an additional 8 ongoing positions to timely respond to and monitor disciplinary cases.

Below is the distribution of the 67 positions:

ADMINISTRATION AND PUBLIC INFORMATION UNIT	
	Positions
Call Center & Correspondence	23
Continuing Education Providers	6
Registered Nurse- Continuing Education Audits	2
Fingerprint Requests	3
Administration/Information Technology	4
Executive Management	2
TOTAL REQUEST	40

LICENSING DIVISION	
U.S. Evaluations	11
International Evaluations	3
Advanced Practice Evaluations	1
Technical Services	4
TOTAL REQUEST	19

ENFORCEMENT DIVISION	
Complaint Intake Unit	4
Nursing Education Consultant	1
Probation Program	3
TOTAL REQUEST	8

Staff Recommendation. Hold open.

8260 CALIFORNIA ARTS COUNCIL**Issue 21: Arts Programming Grants**

Governor's Budget. The California Arts Council (CAC) requests \$10 million General Fund to expand and develop its grant programs that support public access to the arts, arts education, and the state's cultural infrastructure. Of this \$10 million, the CAC requests \$500,000 be transferred for operational support.

Background. The CAC is California's state arts agency and is mandated to invest in nonprofit organizations and local government, via competitive grant programs, to ensure that arts and culture are accessed throughout California.

In the 2018 Budget Act, CAC was given a one-time \$8.8 million General Fund augmentation, and to thoroughly evaluate its grant program portfolio. The CAC projects that it may fund approximately 57 percent of all grant requests. CAC states that they are currently underway with the Request-For-Proposal process to secure a consultant for the evaluation work, and anticipate that they will begin evaluation activities in Fall 2019. In the 2017 Budget Act, CAC was given an ongoing \$7.5 million General Fund augmentation, of which \$1.5 million was provided for rehabilitative arts and anti-recidivism support. Of this amount, CAC funded approximately 75 percent of grant requests.

CAC receives state General Fund, federal funds, proceeds from sales and renewals of the California's Arts Plate, and donations from the Keep Arts in Schools voluntary contribution fund. In 2017-18, CAC had \$16 million available for grants, and in 2018-19, CAC had \$24.9 million available for grants. Absent this request, the CAC has a baseline of \$16 million to award grants. This request will bring that amount to \$26 million.

Staff Recommendation. Approve as budgeted.