
Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 5

Agenda

Senator Maria Elena Durazo, Chair

Senator Dave Cortese

Senator Shannon Grove

Senator Josh Newman



Tuesday, May 25, 2021

1:30 p.m.

State Capitol – Senate Chambers

Consultant: James Hacker, Anita Lee, and Yong Salas

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Public Comment

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ITEMS PROPOSED FOR VOTE-ONLY

0521 CALIFORNIA STATE TRANSPORTATION AGENCY
2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issue 1: Transportation Development Act Trailer Bill Language

Governor’s Proposal. The Administration has proposed trailer bill language making a variety of changes to the Transportation Development Act related to the distribution and uses of funding for transit.

Staff Comments. The proposed language includes an extension of statutory relief that was provided to local transit agencies as part of the 2020 Budget Act, as well as a variety of changes to various requirements of the Transportation Development Act. While the extension of statutory relief is generally reasonable, the changes to the Transportation Development Act may require a more involved policy conversation.

Staff Recommendation: Approve placeholder trailer bill language.

Issue 2: Transportation Infrastructure Funding

Governor’s Proposal. The May Revision includes funding at both Caltrans and the California State Transportation Agency (CalSTA) for major investments in transportation infrastructure. Specifically, the May Revision includes roughly \$5.4 billion in additional funding for transportation infrastructure and related zero-emission vehicle (ZEV) efforts. This includes:

- **Los Angeles Olympics**—\$1 billion General Fund to deliver critical projects in time for the 2028 Olympic Games.
- **Priority Transit and Rail Projects**—\$1 billion General Fund for transit and rail projects statewide that improve rail and transit connectivity between state and regional/ local services.
- **Active Transportation**—\$500 million General Fund to advance projects that increase the proportion of trips accomplished by walking and biking, increase the safety and mobility of non-motorized users, advance efforts of regional agencies to achieve

greenhouse gas reduction goals, enhance public health, and benefit many types of users, especially in disadvantaged communities.

- **High Priority Grade Separations and Grade Crossing Improvements**—\$500 million General Fund to support critical safety improvements throughout the state.
- **State Highway Rehabilitation and Local Roads and Bridges**—\$2 billion (\$1.1 billion special funds through 2028, and \$968 million federal funds) to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge investments.
- **Zero-Emission Rail and Transit Equipment Purchases and Infrastructure**—\$407 million (\$100 million General Fund, \$280 million Public Transportation Account, and \$27 million federal funds) to demonstrate and purchase or lease state-of-the-art, clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies.

Staff Comments. The May Revision represents a major investment in the state’s transportation infrastructure. The Los Angeles Olympics and transit and priority rail projects are multimodal investments, the high priority grade separations and grade crossing improvements improve safety, and zero-emission investments lower carbon emissions. While these additional investments are welcome, the Legislature may want to consider providing additional direction to the administration on project selection and program structure, to ensure that the provided funding supports the Legislature’s vision for the state’s transportation system.

The Legislature is currently considering a variety of proposals related to zero emission vehicles. The proposed funding for zero-emission rail and transit should be considered alongside those proposals.

Staff Recommendation. Approve \$3 billion in General Fund for projects related to the 2028 Olympics, priority rail and transit projects, active transportation, and priority grade separation projects, and include provisional language related to project selection.

Approve \$968 million in federal funds and \$1.1 billion in special funds for highway projects, and include provisional language related to project selection.

Defer action on the proposed \$407 million for zero-emission rail and transit equipment and infrastructure for later consideration.

0690 OFFICE OF EMERGENCY SERVICES**Issue 3: California Disaster Assistance Act**

Request. The Governor's Office of Emergency Services requests a one-time increase of \$100 million General Fund to provide financial assistance to local government for costs incurred as a result of disasters in California.

Background. The CDAA authorizes Cal OES to administer a disaster assistance program that provides financial assistance from the state for costs incurred by local governments as a result of a disaster event. CDAA provides for the reimbursement of local government costs including funding for the repair, restoration, or replacement of public real property damaged or destroyed by a disaster. The CDAA baseline each year is \$62.6 million. Below is a list of the disasters that the CDAA will be funding in 2021-22:

DISASTER NUMBER COMBINED	DISASTER NAME	2021-22 Governor's Budget	Adjustments as of 3/3/2021	New Totals as of 3/3/2021
DR1884 (2010-02)	2010 Severe Winter Storms	1,460,066	No Change	1,460,066
DR1911 (2010-03)	Baja Earthquake	4,704	No Change	4,704
DR1952 (2010-17)	December 2010 Statewide Storms	1,405,645	(405,645)	1,000,000
DR4158 (2013-02)	Rim Fire	100,000	900,000	1,000,000
DR4193 (2014-02)	South Napa Earthquake	300,000	No Change	300,000
DR4240 (2015-03)	Valley & Butte Fires	1,500,000	No Change	1,500,000
DR4301 (2017-01)	January 3-12, 2017 Storms	3,000,000	2,000,000	5,000,000
DR4305 (2017-02)	January 18-23, 2017 Storms	1,500,000	No Change	1,500,000
DR4308 (2017-03)	February Storms	5,000,000	2,000,000	7,000,000
DR4344 (2017-09)	October 2017 Wildfires	2,000,000	No Change	2,000,000
DR4353 (2017-12)	December 2017 Wildfires	1,000,000	No Change	1,000,000
DR4382 (2018-06)	Summer 2018 CA Wildfires and High Winds	300,000	200,000	500,000
DR4407 (2018-09)	November 2018 CA Wildfires	10,000,000	No Change	10,000,000
DR4431 (2019-02)	Mid-February 2019 Storms, Flooding, Landslides and Mudslides	1,000,000	1,500,000	2,500,000
DR4434 (2019-03)	Late February 2019 Storms, Flooding, Landslides and Mudslides	1,000,000	500,000	1,500,000
DR 4482(...)	California COVID-19 Pandemic (Great Plates Program)	119,753,000	(119,753,000)	-
DR 4558 (...)	August 2020 CA Wildfires	58,604,000	(23,604,000)	35,000,000
DR 4569 (...)	September 2020 CA Wildfires	13,578,000	1,500,000	15,078,000
CDA ONLY TOTALS		34,584,628	41,689,464	76,274,092
TOTALS		\$ 256,090,043	\$ (98,167,536)	\$ 162,616,862

Staff Recommendation. Approve as requested, and adopt budget bill reporting language.

Issue 4: Elimination of Voluntary Contribution Tax Form Expenditure Authority

Request. Cal OES is requesting the reduction of budget authority as a conforming action to the removal of the California Sexual Violence Victim Services Fund (Fund 8093) and California Domestic Violence Victims Fund (Fund 8104) from the state tax forms and no longer receive revenue because they did not meet the minimum contribution threshold. The sections of the Revenue and Taxation Code authorizing these funds have since become inoperative and have been repealed, in accordance with statute.

Staff Recommendation. Approve as requested.

Issue 5: California State Nonprofit Security Grant Program

Request. The Governor's Office of Emergency Services requests one-time funding of \$50 million General Fund for the California State Nonprofit Security Grant Program.

Background. The California State Nonprofit Security Grant program was established in 2015 and codified in 2019. This program complements the federally funded Nonprofit Security Grant (NSGP) program and broadens the program to subrecipients who may not be located in an Urban Area Security Initiative-eligible urban areas, and therefore not meet eligibility requirements for federal NSGP grants, but met other eligibility requirements.

Staff Recommendation. Approve as requested.

Issue 6: Wildfire Forecast and Threat Intelligence Integration Center

Request. Cal OES, Department of Forestry and Fire Protection, California Public Utilities Commission, and California Military Department jointly request 22 positions \$7,286,000 General Fund, \$191,000 Public Utilities Commission Utilities Reimbursement Account in 2021-22 and \$4,230,000 General Fund, \$191,000 PUCURA ongoing, to support the implementation and strategy development of the Wildfire Forecast and Threat Intelligence Integration Center pursuant to Chapter 405, Statutes of 2019. This investment builds on the \$2 million ongoing General Fund provided to the Office of Emergency Services in the 2020 Budget Act.

It is also requested that the unspent balances of the 2020-21 Budget Act appropriation for this program be reverted.

Background. The Integration Center will be able to receive intelligence from utility wildfire and emergency operations centers, and partner with academic institutions, private companies, the northern and southern Geographic Area Coordination Centers (GACC), and other sources. The state's GACCs have access to a system of over 400 weather stations that are distributed throughout 25 predictive service areas throughout the state. Each predictive service area provides the data required for thorough and extensive fire risk analysis for the entirety of California.

A similar joint proposal to support the requirements of SB 209 was included in the 2020-21 proposed Governor's Budget. However, due to the impacts of the COVID pandemic, the 2020-21 May Revision amended the resources requested to support these efforts. The 2020 Budget Act included \$2 million ongoing General Fund for Cal OES and required Cal OES to develop a spending plan for how the funding would be spent. Cal OES partnered with the Department of Technology to release a challenge-based procurement to see what innovative solutions there may be. Upon completion of the challenge-based procurement, it was determined that \$2 million was not sufficient to begin implementation of any substantive approach to these efforts. This request is to provide the full resources necessary to support the requirements of SB 209.

Staff Recommendation. Approve as requested.

Issue 7: Southern Region Emergency Operations Center

Request. The May Revision includes two requests related to the Southern Region Emergency Operations Center:

- \$7.7 million General Fund in 2021-22 for the lease, tenant improvements, and moving costs associated with a temporary facility to support the Southern Region Office while a new Southern Regional Emergency Operations Center facility is constructed, to be located in the Orange County or Los Angeles area, along the 405 corridor. In addition, Cal OES requests \$1,359,000 in fiscal year 2022-23, escalating thereafter, until fiscal year 2025-26 for annual lease costs of the temporary facility.
- \$26.5 million one-time General Fund for the acquisition of land for the new Southern Regional Emergency Operations Center facility to be located in the Southern California area. Currently, the Cal OES Southern Region Office operates out of two temporary trailers located at the Joint Forces Training Base in Los Alamitos, since 1991 and the trailers lack critical infrastructure space for effective daily operations. This new facility will effectively allow for response efforts between federal,

state, and local partners in the Southern California region, and will be the critical focal point for mobilizing Southern California disaster response assets and intelligence. The estimated total project costs are \$90,581,000 including acquisition (\$26,490,000), performance criteria (\$2,160,000), and design-build (\$61,931,000). The construction amount includes \$51,234,000 for the construction contract, \$1,537,000 for contingency, \$4,193,000 for architectural and engineering services, \$4,967,000 for other project costs.

Staff Recommendation. Approve as requested.

Issue 8: Staffing Augmentation

Request. The May Revision includes the following:

- **Reducing Reliance on Redirected and Temporary Staff for Emergency Response and Recovery**—\$16.5 million General Fund and 73 positions ongoing to establish a permanent Incident Support Team, a deployable Incident Management Assistance Team, and needed support to operate California’s State Operations Center or Regional Emergency Operations Centers to respond to the all-hazard events.
- **Long-Term Recovery Support**—\$37.8 million (\$15.7 million General Fund) ongoing to provide permanent funding for 104 permanent recovery positions provided in 2018 with three year limited-term funding, and 110 new positions to better support California’s recovery efforts and recoupment of eligible federal disaster cost reimbursements for state and local governments, and to maximize the hazard mitigation program to mitigate the impacts of future disasters on the state and local jurisdictions.
- **Office of Equity and Listos**—\$29.9 million General Fund ongoing and 13 positions to establish a new Office of Equity and make permanent the Listos grant program. The Listos program would include an on-going \$25 million General Fund grant program and expand its focus from emergency preparedness to also include emergency response and recovery.
- **Modernizing Technology and Data Analytics**—\$10.2 million General Fund and 14 positions to modernize the Department’s technology and data capabilities through new technology and updating outdated systems.
- **Strengthening Tracking and Reporting of Disaster Costs and Funding**—\$4 million General Fund and 14 positions to establish a new unit within Cal OES to better coordinate and lead the state’s disaster cost tracking and public facing reporting

efforts in coordination with all state agencies. In addition, this new unit would serve as a liaison with the Department of Finance to better align cost tracking and federal cost recovery efforts, as this work is currently being done across agencies.

Background. Emergencies and disasters are more frequent, more complicated, often involving multiple counties and regions of the state, and the resulting recovery for communities is much longer. Over the past five years, the state has experienced an unprecedented number of emergencies and disasters—including severe drought, catastrophic wildfires, power grid/outage challenges, earthquakes, intensive storms with severe flooding, civil unrest, and COVID-19. In fact, 15 of the most destructive fires in the state’s history have occurred since 2015 and five of the top six most destructive fires in state history occurred in August and September of 2020. California will be recovering from these complex disasters for at least the next decade, while continuing to respond to future disasters

Staff Recommendation.

1. Approve the funding and positions for this request.
2. Adopt budget bill language that requires the Office of Equity to develop and adopt equity plans that include a strategic plan with policy and inclusive practice recommendations, guidelines, goals, and benchmarks to reduce racial, socio-economic, and language inequities within the Office of Emergency Services as well as with its community outreach, and require OES to post these equity plans on its website.
3. Adopt budget bill language that establishes a Listos Advisory Committee with legislative appointees, which shall (1) develop guidelines for the Listos grant program and establish desired outcomes, and (2) select the grantees based on the guidelines it develops.
4. Adopt budget bill language that requires OES to submit a report to the Legislature on the Listos grant program, and that the Legislature shall re-evaluate these resources after the 2021-22 fiscal year.

Issue 9: Community Hardening to Build Disaster Resilient Communities

Request. The Governor’s Office of Emergency Services requests \$250 million one-time General Fund for an initiative to strengthen California’s resiliency to all hazard disasters through community hardening programs building resilient communities.

Background. The initiative will be structured to target disadvantaged communities, which are impacted disproportionately by these disasters and experience longer and more challenging economic and structural recoveries. This initiative establishes the following:

- A new program called “Prepare California” Building a Disaster Resilient California, modeled after a federal community hardening and resiliency program; and
- Pays all or part of the local government’s cost share for participation in the federal Hazard Mitigation program.

Staff Recommendation. Approve \$100 million one-time General Fund, which would cover (1) the local share for the federal hazard mitigation grant program for disadvantaged communities and (2) outreach and technical assistance costs for OES to identify and provide support, including application support, for disadvantaged communities.

Issue 10: Homeland Security Grant Program Transparency

Summary. For the fiscal 2021-22 year, OES is requesting expenditure authority of \$300 million in federal funds for homeland security grant programs.

Staff Recommendation. Adopt reporting language for the homeland security grants administered by Cal OES.

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issue 11: Clean California

Governor’s Proposal. The May Revision includes \$1.5 billion in one-time General Fund resources for a three-year effort to clean up garbage statewide, beautify the state’s transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents. Specifically, this includes:

- \$418 million over three years for litter abatement activities, strengthening trash collection efforts by Caltrans and partners to eliminate over one million cubic yards of trash from state routes, increasing access to waste facilities and providing free monthly disposal days, and related staff.

-
- \$430 million over three years for state beautification projects, implementing sustainable, green beautification projects that enhance safety and transform dividing highways into public spaces that unify communities.
 - \$444 million over three years for local beautification projects, supporting communities, students, and local artists by working together to create meaningful, livable spaces and establishing a local grant program to match efforts that enhance communities and reduce litter on local streets, tribal land, and near transit centers.
 - \$75 million for grants for hundreds of art installations on the state and local transportation system.
 - \$50 million for a public education campaign and outreach to schools and students.
 - \$83 million over three years for project design, construction, local support and engagement, and administration required to deliver this initiative.
 - Trailer bill language related to the Adopt a Highway program.

Staff Comments. While Caltrans and its partners invest significant time and resources collecting, recycling, and disposing of litter and hazardous waste annually, trash production has depleted current resources available to maintain a system that meets acceptable standards. Including resources approved last year, Caltrans spent \$110 Million in Fiscal Year 2019-20 collecting 4,700 tons of trash and debris – enough to fill 18,000 garbage trucks. Clearly, additional resources are required.

The proposed investment in litter abatement on the state highway system is reasonable, and will likely make a meaningful difference in the state's efforts to reduce litter on state rights of way. However, questions remain about the state and local beautification efforts, and about Caltrans' ability to administer art grants.

Staff Recommendation. Approve \$418 million over three years for litter abatement on the state highway system. Approve the related support and project costs. Defer action on \$874 million over three years for state and local beautification projects for later consideration. Defer action on trailer bill language related to the Adopt a Highway program. Reject \$75 million for arts grants.

Issue 12: Hazardous Material Removal at Encampments

Governor's Proposal. The January budget includes a permanent increase in State Highway Account (SHA) funds of \$20,600,000 beginning fiscal year (FY) 2021-22, for the Division of Maintenance (Maintenance) to dedicate to Hazardous Material Removal at Encampments.

Staff Comments. In FY 19-20, Caltrans expended \$7,757,000 in redirected funding on these contracts. Between the time contracts began to be used in November and the time cleanup efforts were impacted by COVID-19, Caltrans estimates receiving between approximately 19 and 20 weeks of full cleanup services. Given this expenditure rate, Caltrans projects to expend approximately \$20,600,000 in FY 20-21.

The LAO notes that incomplete annual expenditure data might inaccurately capture the cost of services. For example, in 2018-19, the last year for which we have complete annual data, Caltrans spent about \$14.9 million on encampment removal, which is still less than the amount requested in this proposal by several millions of dollars (\$20.6 million).

Staff Recommendation: Approve \$20.6 million per year for two years.

Issue 13: Highway Safety Program

Governor's Proposal. The budget a 2-year limited term increase of \$22,499,000 and five 2-year limited-term positions to fund safety projects throughout the state as part of its Highway Maintenance 4 Safety (HM-4) Program.

Staff Comments. Caltrans has indicated that they intend on creating a new Highway Maintenance- 4 (HM4) Safety Program to build on these efforts. Specifically, it is intended to fund the construction of projects identified in the Wrong-Way Driver Preventative Countermeasures Program and the Pedestrian System Safety Improvement Program. The Wrong-Way and Pedestrian Programs will establish the location selection criteria and the types of proven safety countermeasures that should be applied to each location via projects managed and funded and delivered through HM-4. With this funding Caltrans anticipated completing 878 exit ramp safety improvements and 1,000 pedestrian crossing improvements.

Staff Recommendation: Approve as Budgeted.

Issue 14: CARES Act GTFS and Support

Governor's Proposal. The budget includes \$7,172,000 of the \$94,000,000 in federal received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to contract for and hire technical staff to analyze, design, and implement business processes to support medium, small, and rural agencies in consistent compliance with the General Transit Feed Specification (GTFS) and contactless payment standards.

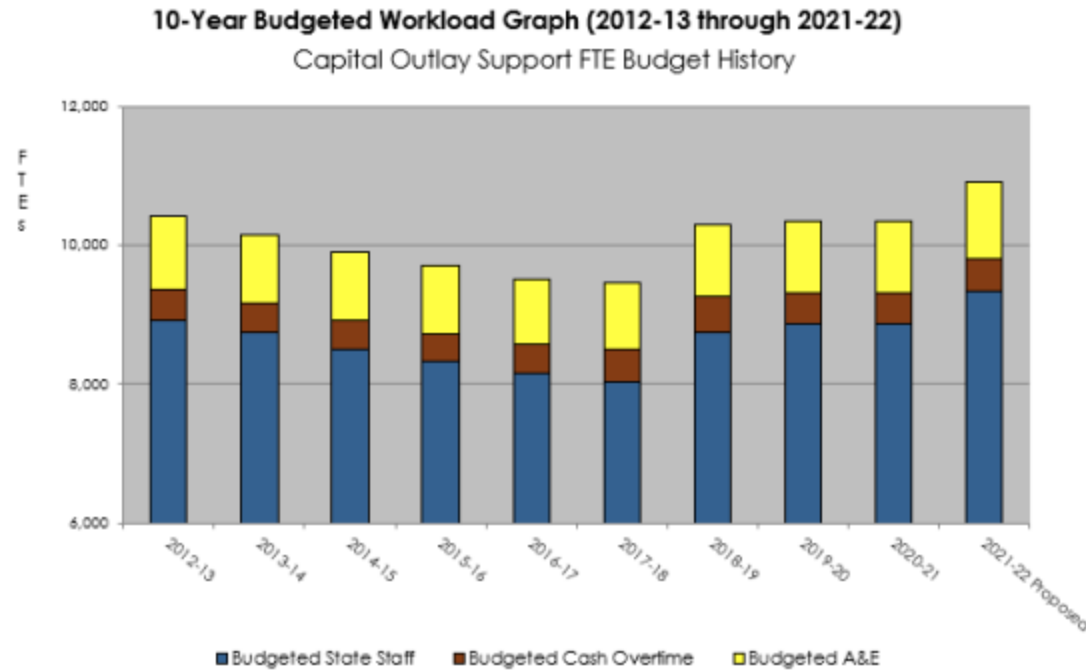
Staff Comments. Caltrans has indicated that this request will allow the department to establish an in-house Business Unit whose responsibility is overseeing the implementation and expansion of GTFS, equitable contactless payments and benefits eligibility verification for small, rural and mid-sized transportation services. Many agencies have expressed an interest in advancing to mobile trip planning and open loop contactless payments as part of restarting their services.

Staff Recommendation: Approve as Budgeted.

Issue 15: Project Delivery Workload – Capital Outlay Support

Governor's Proposal. The budget requests a net increase of \$107.4 million and 548 Full Time Equivalents from the Fiscal Year 2021-22 Governor's Proposed Budget for the Capital Outlay Support (COS) Program project delivery workload.

Staff Comments. The below chart highlights the growth in the COS program over the last several years. With the passage of the Road Repair and Accountability Act of 2017 (SB 1, Beall), additional funding for transportation projects led to an increased need for COS positions.



Staff Recommendation. Approve as Budgeted.

Issue 16: Encampment Relocation Coordinators and Homeless Service Liaisons

Governor's Proposal. The May Revision includes \$2,721,000 from the General Fund and 20 positions for two years to provide resources for Homeless Encampment Liaisons. These resources will help Caltrans coordinate with local service providers and other state agencies so that people experiencing homelessness and living near state highways are receiving proper treatment and have a safe place to go.

Background. Dedicated resources are requested for Encampment Liaisons due to the increasing demand on Caltrans to coordinate and support efforts to relocate people experiencing homelessness from within the state right of way. Encampment Liaisons will collaborate with local experts on homelessness, to offer suitable shelter and critical care services. Caltrans is responsible for the preservation and

maintenance of the State Highway System (SHS), keeping each roadway, structure, safety convenience, and device in the safe and usable condition to which it was improved or constructed. People taking shelter on Caltrans-owned rights of way impacts the ability for Caltrans specialized staff to perform their work and may cause impacts to public safety. As the number of people experiencing homelessness on Caltrans's right of way increases, Caltrans must take a coordinated, humane, and effective approach, working closely with local partners to relocate people into appropriate shelters and paths toward long-term housing and stability. This coordinated approach helps provide real and lasting solutions to end homelessness for thousands of people living on state right of way, and reduces the risk of people returning to seek shelter on state rights of way.

Staff Comment. Given the scale of the issue the requested resources are broadly reasonable. However, given the complexity of the issue, and the human cost of homelessness, the Legislature may want to consider budget bill language to provide accountability, define reporting requirements between Caltrans and local agencies, and to ensure that roles are defined by both partners.

Staff Recommendation. Adopt May Revision and placeholder budget bill language.

Issue 17: Information Technology (IT) Infrastructure Refresh

Governor's Proposal. The May Revision includes \$10.6 million ongoing from the State Highway Account to provide resources for an IT Infrastructure Refresh. These resources will be used by Caltrans to replace end-of-life IT equipment which will stabilize the network and enhance cyber-security.

Background. In California's transportation system information technology infrastructure (servers, storage appliances, network devices and cybersecurity tools) support Caltrans critical operations including management of freeway traffic, ramps, lanes and lights, and maintenance of highways and bridges. The same IT infrastructure supports informing the public of road hazards, changes to driving conditions, and warnings about congestion on the roadway with alternative routing suggestions via changeable traffic signs. The 12 Transportation Management Centers (TMC) operate in partnership with the CHP.

In 2017-18 Caltrans received a one-time augmentation of \$12 million to address the replacement of the most critical end-of-life infrastructure devices. Additionally, in 2017-18 Caltrans included a BCP to continue this replacement effort that led to the California Department of Technology recommending that Caltrans develop an Information Technology Architecture Roadmap. The Roadmap was completed in July 2020. The requests in this proposal are consistent with that Roadmap.

Staff Recommendation. Approve as Budgeted.

Issue 18: Transportation System Network Replacement

Governor's Proposal. The May Revision includes \$5,540,000 from the State Highway Account and 10 positions one-time to provide resources for the Transportation System Network (TSN) Replacement IT project. The new TSN will include more detailed roadway, safety, and geospatial data to meet federal requirements and aid Caltrans in creating a safer and more sustainable roadway system in California.

Staff Comments. This proposal is requesting to move the TSNR first year project costs from 2020–21 to 2021–22 and provide position authority for IT positions. This new system will meet Caltrans' mission of providing a safe, sustainable, integrated, and efficient transportation system, as well as enable Caltrans to comply with federal and state requirements.

Staff Recommendation: Approve as Budgeted.

Issue 19: California High Speed Rail Authority Reimbursement

Governor's Proposal. The May Revision includes \$3,397,000 in reimbursement authority and 14 positions for two years. These resources will provide legal services to the High Speed Rail Authority for real property acquisition and other right-of-way activities.

Background. The Department of Transportation (Caltrans) requests two-year increase of 14 limited-term positions and a total of \$3,397,000 (\$2,268,000 in personal service (PS), \$129,000 in operating expense (OE), and an additional \$1,000,000 for litigation costs (OE)) in State Highway Account Reimbursement authority for services rendered on behalf of the California High Speed Rail Authority.

Staff Comments. These resources will provide ongoing legal services to the California High Speed Rail Authority in real property acquisition and management for the Central Valley Madera to Shafter segment. The additional two years will allow continuous work on cases without interruption.

Action on this proposal should be deferred to consider it in the context of the broader high-speed rail project.

Staff Recommendation. Defer action on this proposal for later consideration.

Issue 20: Indirect Cost Rate Proposal

Proposal. SB 848 (Committee on Budget and Fiscal Review), Chapter 46, Statutes of 2018 placed a temporary cap on the indirect overhead rate Caltrans could charge self-help counties for engineering work, which expires on July 1, 2021. It also required a report on the impact of that cap on Caltrans work performed for self-help counties by July 1, 2021.

Background. The current exemption for Self-Help counties sunsets in July of 2021. A report on work Caltrans has performed for Self-Help counties in the last three years is due at the same time. While capping overhead rates leads to a reduction in funding for the State Highway Account that funds the State Highway Operation and Protection Program, which provides funding for major rehabilitation of the State Highway System, it also saves money for Self Help counties that they can then spend on their own local transportation projects.

Staff Comments. Absent the required report, it is difficult to assess whether the cap made a measurable impact either on Caltrans' finances or on the level of work they performed for Self Help counties. Potential trailer bill language will allow for the assessment before the ending the exemption.

Staff Recommendation: Adopt placeholder trailer bill language.

Issue 21: NEPA Delegation

Proposal. The May Revision includes trailer bill language to eliminate the sunset on the state's ability to assume responsibility under the National Environmental Protection Act (NEPA).

Background. Existing law authorizes the Secretary of Transportation to assume the responsibilities of the United States Secretary of Transportation under the federal National Environmental Policy Act of 1969 and other federal environmental laws for any railroad, public transportation, or multimodal project undertaken by state agencies, as specified. Existing law provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of these responsibilities. Existing law repeals these provisions on January 1, 2022.

Staff Comments. Extension of the current NEPA delegation authority is reasonable, as it can make a difference in project delivery timelines. However, a permanent extension is inconsistent with typical legislative practice.

Staff Recommendation: Adopt placeholder trailer bill language.

2665 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Issue 22: Governor's January Proposals

Governor's Proposal. The January budget included two proposals related to the High-Speed Rail Authority:

- **High Speed Rail Property Fund.** The budget includes an increase of \$3.25 million in the annual appropriation for 2021-22 through 2022-23 for a total appropriation of \$4 million and an increase of \$1.75 million ongoing for a total appropriation of \$2.5 million from the leases and rents proceeds received that have been deposited into the Property Fund as part of the acquisition and ownership of real property.
- **IT Transition.** The budget includes a workload adjustment to reduce 25.4 consultant position FTEs for an annual savings of \$7.34 million and to add 17 permanent state positions and \$2.73 million in FY 2021-22, and ongoing. This results in a net annual savings of \$4.61 million and a net reduction of 8.4 Full-Time Equivalents (FTE) positions.

Staff Comments. These two proposals should be considered within the overall context of the Authority's Business Plan, the Legislature's plan, and future federal funding.

Staff Recommendation: Defer action on these proposals for later consideration.

Issue 23: Governor's May Revision Proposals

Governor's Proposal. The May Revision included four proposals related to the High-Speed Rail Authority:

- *Central Valley Segment.* The May Revision includes \$4.2 billion in Proposition 1A authority for the High Speed Rail Authority to complete high-speed rail construction in the Central Valley, advance work to launch service between Merced and Bakersfield, advance planning and project design for the entire project, and leverage potential federal funds. This request includes Budget Bill language to extend authority through June 30, 2026, and to clarify the segment of the project on which these funds will be used.
- *Expanded Project Delivery Support.* The May Revision includes \$10.7 million in Proposition 1A bond authority and 56 positions in fiscal year 2021-22 and ongoing for pre-construction and pre-procurement activities on the Merced and

Bakersfield extensions of the High-Speed Rail project. Implementing preconstruction activities such as utility relocation, addressing right-of-way issues, and early contract engagement for the Merced to Bakersfield extensions could help prevent many of the delays and complications the Project experienced on the initial 119 mile segment between Madera and Shafter.

- *Initial Operating Segment, Reappropriation of Federal Funds.* The May Revision includes a reappropriation of existing federal authority for the acquisition and design-build phases of the Initial Operating Segment, Section 1 (i.e. Central Valley Segment). Existing authority expires June 30, 2022, and it is anticipated that additional time is needed to encumber these funds, consistent with the timeline for the expenditure of Prop 1A for the Central Valley Segment.
- *Phase 1 System Planning.* The May Revision includes \$100 million in one-time bond authority to provide Proposition 1A General Obligation Bonds (Prop 1A) for the performance criteria phase to support planning, project development, and environmental review for the Phase 1 system (San Francisco to Los Angeles / Anaheim) as noted in the California High-Speed Rail Authority's Draft 2020 Business Plan.

Staff Comments. These four proposals should be considered within the overall context of the Authority's Business Plan, the Legislature's plan, and future federal funding.

Staff Recommendation: Defer action on these proposals for later consideration.

2750 CALIFORNIA HIGHWAY PATROL

Issue 24: Radio Console Replacement Project

Governor's Proposal. The budget includes a one-time augmentation of \$2.271 million from the Motor Vehicle Account (MVA) in FY 2021-22 and \$2.223 million in FY 2022-23 to address cost increases associated with services provided by the California Governor's Office of Emergency Services, Public Safety Communications (Cal OES-PSC) related to the Dispatch Radio Console Replacement Project.

Staff Comments. This proposal was first heard in Subcommittee on February 11. While the MVA is fiscally constrained, the significant General Fund investments in CHP and the Department of Motor Vehicles has relieved pressure on the fund.

Staff Recommendation: Approve as Budgeted.

Issue 25: Radio Console Replacement Project

Governor's Proposal. The budget includes an \$8.6 million permanent augmentation from the Motor Vehicle Account to replace portable radios and accessories that have exceeded the life expectancy, are out of warranty, and unserviceable.

Staff Comments. This proposal was first heard in Subcommittee on February 11. While the MVA is fiscally constrained, the significant General Fund investments in CHP and the Department of Motor Vehicles has relieved pressure on the fund.

Staff Recommendation: Approve as Budgeted.

Issue 26: Wireless In-Car Camera System Maintenance and Operations Support

Governor's Proposal. The budget includes a permanent augmentation of \$14.2 million from the MVA for the ongoing maintenance and operation of the Wireless In-Car Camera System, including ongoing funding for 12 previously approved positions.

Staff Comments. This proposal was first heard in Subcommittee on February 11. While the MVA is fiscally constrained, the significant General Fund investments in CHP and the Department of Motor Vehicles has relieved pressure on the fund.

Staff Recommendation: Approve as Budgeted.

Issue 27: One-Time Deferred Maintenance Allocation

Governor's Proposal. The May Revision includes \$10,000,000 budget augmentation in 2021-22 from the General Fund to complete a prioritized subset of the CHP's deferred maintenance project list.

Staff Comments. The requested funding will assist the CHP in completing the most critical maintenance and repair projects at various CHP facilities throughout the state. The total amount necessary to complete all deferred maintenance projects for the CHP is approximately \$40,500,000. The requested \$10,000,000 will allow the CHP to fund and complete the 37 of the most critical projects.

Staff Recommendation: Approve as Budgeted.

Issue 28: Capital Outlay Proposals

Governor's Proposal. The May Revision includes \$154,797,000 in one-time General Fund for five projects; the reactivation of four projects presently suspended due to a lack of available funds within the Motor Vehicle Account, State Transportation Fund (MVA), and the initiation of one new project.

The projects include:

1. Quincy Replacement Facility: \$43,934,000 for the design-build phase.
2. Baldwin Park Area Office Replacement: \$54,285,000 for the design-build phase.
3. Santa Fe Springs Area Office Replacement: \$53,522,000 for the design-build phase.
4. Gold Run Area Office Replacement: \$1,463,000 for the acquisition phase.
5. Humboldt Area Office Replacement: \$1,593,000 for the acquisition and performance criteria phase.

The May Revision also includes \$2,635,000 from the MVA to provide new authority for the Keller Peak: Tower Replacement project and an offsetting reversion of \$1,819,000 MVA

Staff Comments. The state's fiscal condition creates an opportunity to reinvest in the state's infrastructure. These proposals will allow CHP to refresh its physical infrastructure without negatively impacting the MVA.

Staff Recommendation: Approve as Budgeted.

Issue 29: Telematics

Governor's Proposal. The May Revision proposes provisional language to allow the augmentation of the CHP's budget by up to \$1,442,000 to fund one Associate Governmental Program Analyst position and the costs related to the installation and operation of the Department of General Services telematics system.

Background. Pursuant to Public Resources Code §25722.5 and EO B-2-11, DGS issued State Administrative Manual (SAM) Management Memorandum #21-01 on January 13, 2021. The memorandum stated that because the process to collect and report on fleet asset data is manual in nature, cumbersome, and time consuming, the installation of telematics would automate the process and reduce

the workload associated with fleet data collection and reporting. The memorandum provided direction to all state agencies on new telematics installation and usage requirements for the state fleet as outlined in new SAM section 4122.

Telematics policy contained in SAM section 4122 states that state agencies shall have telematics services installed, activated, and made operational on owned fleet mobile equipment and vehicles by February 2022. The telematics services must be purchased off the state's mandatory telematics service contract, must be activated within one week of installation, and must be maintained in an operational status for the lifecycle of the fleet asset, unless exempted by DGS.

Staff Comments. The requested provisional language will allow CHP to continue working with DGS to confirm there are no impediments to using the DGS telematics system on CHP vehicles, such as interference with radio operation or lighting control systems.

Staff Recommendation: Approve as Budgeted.

2740 DEPARTMENT OF MOTOR VEHICLES

Issue 30: REAL ID Resources

Governor's Proposal. The January budget included 1,612 positions and \$186.3 million in Fiscal Year (FY) 2021-22, including one-time and ongoing funding, to continue implementation of the federally mandated REAL ID Act.

The May Revision includes \$186,331,000 in General Fund resources and 257.7 positions in fiscal year 2021-22, \$105,740,000 in 2022-23, \$86,324,000 in 2023-24, and \$30,822,000 in 2024-25 for a total of \$409,217,000 to shift the costs of processing federally-compliant REAL IDs and associated operational improvements from the Motor Vehicle Account (MVA) to the General Fund.

Staff Comments. The DMV has indicated that the requested resources will continue funding 1,383 existing temporary positions, including temporary hires and permanent intermittent employees, overtime, and retired annuitants to address the short-term increase in workload associated with REAL ID implementation, and will assist in keeping wait times down to an acceptable level.

Additional resources are reasonable, both to continue to respond to REAL ID-related workload and continue the operational improvements begun at DMV over the last several years. General Fund is appropriate, given the nature of the work and the state's fiscal condition. Use of General Fund also alleviates fiscal pressure on the Motor Vehicle Account.

However, the Federal REAL ID deadline was recently extended to May 3, 2023. Given this deadline, limited term resources are appropriate for REAL ID-related workload, to allow the department to reassess workload following the federal deadline.

Staff Recommendation: Approve \$175.1 million in 2021-22, \$94 million in 2022-23, and \$72.7 million in 2023-24 for REAL ID related workload. Reject the \$15.3 million in 2024-25 and \$14.2 million ongoing for REAL ID workload. Approve the remainder of the requested resources as budgeted.

Issue 31: Digital Acceleration, Facility Improvements, and Talent Acquisition

Governor's Proposal. The May Revision includes \$103,050,000 in one-time General Fund resources for the following:

- Digital Acceleration: The May Revision includes \$50.2 million for 30 projects that are intended to enhance the overall customer experience of DMV customers.
- Facilities Improvements: The May Revision includes \$39.9 million for 12 facility projects, including updating DMV's headquarters to begin steps to reduce the total field office footprint.
- Mobile Driver Licenses: The May Revision includes \$10 million for DMV to create electronic driver licenses and identification cards.
- Talent Acquisition and Training: The May Revision includes \$3 million for seven training and recruitment projects.

Staff Comments. While these proposals seem generally reasonable, and potentially valuable to the department, the legislature needs additional time to review before acting on the digital acceleration and talent acquisition components. The facilities investments are broadly reasonable.

Staff Recommendation: Approve \$39.9 million General Fund for facilities improvements. Defer action on the remaining funding for consideration at a later date.

Issue 32: Digital Experience Platform (DXP) Project

Governor's Proposal. The May Revision includes \$54,360,000 from the MVA in 2021-22, \$69,295,000 in 2022-23, and \$69,850,000 in 2023-24 for the DXP project, a comprehensive, multi-year project for DMV to replace its aging legacy core system to provide a more

modern customer experience, prevent outages, and adapt to future changes and demands. To fund a portion of the DXP project, it is requested that statutory changes be added to extend the current incremental \$1 Business Partner Automation Fee, originally established to fund 20 percent of the Front-End Sustainability project, from the current December 31, 2023, sunset date to December 31, 2025.

Staff Comments. While this proposal advances the work of modernizing DMVs IT systems that the Legislature has funded in previous budgets, additional review is required before the Legislature takes action on project funding or the proposed trailer bill language.

Staff Recommendation: Defer action on the \$54.4 million for the DXP project and associated trailer bill language for later consideration.

Issue 33: Front End Sustainability (FES) Reappropriation

Governor's Proposal. The May Revision includes \$6,914,000 of previously approved funds for the Front-End Sustainability Project, which has been divided into two projects: the Legacy System Stabilization Project and the DXP Project referenced above. The two projects are being conducted concurrently because the legacy system must be stabilized so that DMV services can continue to be provided to the public while a replacement is built.

Staff Comments. This proposal allows DMV to continue work for which the Legislature has already allocated resources, and sets up the DMV for future IT improvements.

Staff Recommendation: Approve as budgeted.

Issue 34: State-to-State Verification System Project

Governor's Proposal. The May Revision includes \$3,586,000 from the MVA in 2021-22 for DMV to complete Stage 4 of the Project Approval Lifecycle (PAL) process to build an IT system that will communicate with a federally-mandated database required under the REAL ID Act for sharing driver data with other states. To comply with the federal requirements, DMV must send driver license and commercial driver license information to the federal database. Communication with the database is required by October 2022. It is also requested that provisional language be amended that provides an additional \$5,977,000 in 2021-22 once DMV completes the PAL

process to begin building the project. In 2022-23, \$21,625,000 is requested to fund the project and 111 temporary positions to analyze driver data.

Background. The REAL ID Act of 2005 was passed by Congress in response to the events of 9/11 and includes new requirements for state driver licensing agencies (SDLAs) to abide by in order for its DL/ID cards to be used to board a domestic flight or visit a military base or certain federal facilities. In accordance with 6 CFR § 37.29, federal regulations state:

- An individual may hold only one REAL ID card. An individual cannot hold a REAL ID driver's license and a REAL ID identification card simultaneously. Nothing shall preclude an individual from holding a REAL ID card and a non-REAL ID card unless prohibited by his or her State.
- Prior to issuing a REAL ID driver's license or identification card,
 - A State must check with all other States to determine if the applicant currently holds a driver's license or REAL ID identification card in another State.
 - If the State receives confirmation that the individual holds a driver's license in another State, or possesses a REAL ID identification card in another State, the receiving State must take measures to confirm that the person has terminated or is terminating the driver's license or REAL ID identification card issued by the prior State pursuant to State law, regulation or procedure.

With S2S, each state must check with all other states to determine if the applicant currently holds a federally non-compliant DL or REAL ID compliant DL or ID card in another state prior to issuance of a REAL ID compliant DL card or ID.

The department anticipates submitting a subsequent request for 2023-24 and ongoing resources based on the workload identified after S2S is implemented.

Staff Comments. This request will provide resources for DMV to comply with additional requirements of REAL ID.

Staff Recommendation: Approve as budgeted.

Issue 35: Heavy-Duty Vehicle Inspections and Maintenance Program (SB 210)

Governor's Proposal. The May Revision includes \$1,170,000 from special funds in 2021-22 to complete the PAL process for an IT project that builds a system for DMV to receive truck smog emission data from the California Air Resources Board. This system will allow DMV to place holds on the registration renewals of non-compliant trucks. Provisional language is requested that provides an additional \$523,000 once DMV completes Stage 4 of the PAL process.

Background. SB 210 (Leyva), Chapter 298, Statutes of 2020 requires CARB, in consultation with the Bureau of Automotive Repair and DMV, to create a maintenance and inspection program for non-gasoline, heavy-duty vehicles with a gross vehicle weight rating over 14,000 pounds. Prior to registration or the transfer of ownership, CARB must collaborate with the DMV to confirm compliance or exemption from the Heavy-Duty Vehicle Inspection and Maintenance Program. Registered owners who fail a smog inspection may obtain a \$50 Temporary Operating Permit (TOP) from DMV until the vehicle passes inspection, assisting in the enforcement of clean air standards.

The statute includes a mandate for CARB to consult with state agencies, including DMV to develop and demonstrate a solution that shows potential for readily bringing vehicles into this new program. To remain compliant with the requirements of SB 210, DMV and CARB must implement a data exchange by July 2023 and withhold registrations for non-compliant vehicles by October 2023.

CARB and DMV are anticipating the Heavy-Duty Vehicle Inspection and Maintenance Program for non-gasoline motor vehicles with a gross vehicle weight rating of more than 14,000 pounds to be implemented/operational for vehicle registration and transfer transactions effective October 2023, with DMV supporting a data exchange of vehicles in compliance with CARB emission standards in July 2023. In order to meet the anticipated implementation date, the department must implement an IT solution to ensure compliance with SB 210. The proposed system will interface with the core DMVA legacy system to integrate functionality and transfer data with CARB on vehicles suitable for registration by the DMV. DMV is requesting one-time funding for FY 2021/22, which includes project support to complete the Project Approval Lifecycle (PAL) and award the HATS contract (March 2022). A multi-year IT project is required to comply with the requirements of SB 210.

Staff Recommendation: Approve as Budgeted.

Issue 36: Used Motor Vehicle Sales Tax Gap

Governor's Proposal. The May Revision includes \$5,889,000 in reimbursement authority in 2021-22, one-time, to provide for reimbursement from the California Department of Tax and Fee Administration (CDTFA) to continue the process of collecting sales and use tax from used car dealers and continue the PAL process to build an IT system to automate the process. Chapters 8 and 14, Statutes of 2020 (AB 85 and 82) require DMV to collect sales tax upon sale of a used vehicle instead of requiring used car dealers to remit sales tax quarterly to CDTFA. Given that collecting sales tax from all used car dealers requires a manual process, it is requested that statutory changes be added to allow DMV to implement in phases while it builds the automated IT system. After January 1, 2023, all dealers must report and remit sales taxes to DMV.

Staff Comments. The requested resources seem generally reasonable. However, these resources should be considered in the context of related trailer bill language reviewed elsewhere in this agenda.

Staff Recommendation: Defer action on this proposal for later consideration.

Issue 37: May Revision Trailer Bill Requests

Governor's Proposal. The May Revision includes statutory changes on the items below be added to further improve DMV operations:

- Driver License Renewal Alternatives: Allows DMV to permit certain drivers and identification card applicants to renew via the virtual field office that otherwise would have to visit a field office.
- Driver License and Identification Card Application Signature and Thumb/Fingerprint Requirements: Allows an applicant for a duplicate identification card to renew online, and allows customers to convert their driver licenses to identification cards online.
- Electronic Reporting of Commercial and Fleet Insurance: Requires that commercial and fleet liability insurance policies be reported to the DMV electronically instead of by mail.
- Publication of the California Vehicle Code: Repeals the requirement that the DMV publish, print, and distribute hard copies of the California Vehicle Code.

Staff Comments. While the requested language appears generally reasonable, additional review is required before the legislature approves the requested language.

Staff Recommendation: Defer action on this proposal for later consideration.

Issue 38: May Revision Deferred Maintenance Proposals

Governor's Proposal. The May Revision included \$10 million in one-time General Fund resources in 2021-22 to fund deferred maintenance projects at DMV headquarters and field offices.

Staff Comments. The projects funded in this proposal are summarized below.

Department Name:	Department of Motor Vehicles	
Facility Location	Project Title and Description	Estimated Cost
	HVAC Design/Construction	
Oakland Coliseum	HVAC design and replacement	\$ 525,000
El Cerrito	HVAC replacement	\$ 1,097,000
Pasadena	HVAC replacement	\$ 525,000
Pomona	HVAC replacement	\$ 500,000
Santa Clara	HVAC replacement	\$ 500,000
Davis	HVAC replacement	\$ 475,000
Whittier	HVAC replacement	\$ 580,000
Van Nuys	HVAC replacement	\$ 1,100,000
Los Angeles	HVAC design and replacement	\$ 825,000
Merced	HVAC design and replacement	\$ 250,000
Newhall	HVAC design and replacement	\$ 525,000
Riverside	HVAC design and replacement	\$ 300,000
Seaside	HVAC design and replacement	\$ 340,000
		\$ 7,542,000
	Roof Replacement - Construction	
Montebello	Re-roof 1-Ply w/complete tear off	\$ 750,000
Davis	Re-roof 1-Ply w/complete tear off	\$ 250,000
Santa Clara	Re-roof 1-Ply w/complete tear off	\$ 425,000
Hawthorne	Re-roof 1-Ply w/complete tear off	\$ 350,000
Sacramento Broadway	Re-roof 1-Ply w/complete tear off	\$ 683,000
		\$ 2,458,000
	Total	\$ 10,000,000

These projects have historically been deferred due to a lack of funds. A one-time allocation from the General Fund addresses this issue. Funding these projects will help avoid future costs.

Staff Recommendation: Approve as Budgeted.

Issue 39: May Revision Capital Outlay Proposals

Governor's Proposal. The May Revision includes \$88,392,000 in one-time General Fund resources for the reactivation of five projects presently suspended due to a lack of available funds within the Motor Vehicle Account, and the initiation of one new project.

Staff Comment. The projects funded in this request include:

- Delano Field Office Replacement: \$16,982,000 for the construction phase
- Santa Maria Field Office Replacement: \$18,127,000 for the construction phase
- Inglewood Field Office Replacement: \$18,814,000 for the construction phase
- Oxnard Field Office Reconfiguration: \$13,462,000 for the working drawings and construction phases
- Reedley Field Office Replacement: \$18,435,000 for the construction phase
- San Francisco Field Office Replacement: \$2,572,000 for the performance criteria phase

The existing office at each location is between 43 and 67 years old, with significant structural and functional deficiencies, resulting in a facility that is out of compliance with code requirements for accessibility and seismic safety.

Staff Recommendation: Approve as Budgeted.

Issue 40: Swing Space Requirements

Governor's Proposal. The May Revision includes \$1,138,000 in one-time General Fund resources to cover costs for swing space needed to sustain Department of Motor Vehicles functions at the Inglewood and Oxnard sites. Both of these projects are on-site replacements, and therefore will require closure of those offices to proceed.

The May Revision also includes provisional language to extend the encumbrance period for the construction phase of the Inglewood and Oxnard projects. Swing space must be secured, and working drawings either completed or updated before construction can begin.

Staff Comments. The requested resources are consistent with the departments long-term capital plans, and are necessary to continue delivering service to DMV customers during various office replacement projects.

Staff Recommendation: Approve as Budgeted.

ISSUES 41-54: LABOR ISSUES

Issue	Title	Description	Staff Recommendation
41	UI Administration Fund	For 2021-22, the May Revision also requests a decrease of 762.0 personnel equivalents (PEs) associated with the updated workload estimates. This proposal also includes a \$73.8 million decrease in federal authority for Unemployment Administration Fund to align with estimated expenditure levels.	Approve May Revision proposal.
42	UI Loan Interest Payment	The Governor's January budget proposed to provide \$555 million General Fund one-time to make an estimated interest payment on the federal loan that was necessary to pay benefits when the Unemployment Insurance (UI) Trust Fund became insolvent. The UI Trust Fund is the fund in which weekly UI benefits are paid to eligible claimants and the first interest payment is due by September 30, 2021. The May Revision proposes an updated estimate of the UI loan interest payment of \$35.77 million to reflect the federal government extended interest-free borrowing through September 26.	Approve May Revision proposal.

43	EDD Language Access Services	The May Revision proposes \$11.8 million General Fund and 39 positions in 2021-22 and \$9.2 million General Fund and 39 positions in 2022-23 to improve EDD's education and outreach in communities requiring multilingual access to EDD services and programs. Staff notes that there barriers that individuals who are "limited English proficient" (LEP) encounter when attempting to navigate the unemployment claim process. This was highlighted in the "EDD Strike Team Detailed Assessment and Recommendations" report issued on September 16, 2020, as well as by multiple members of the Legislature. These barriers existed pre-pandemic, and were exacerbated and brought to light this past year. While the Administration has proposes one-time funding for these programs and services, it is clear that there are ongoing needs. This is the case expanding telephone interpretive services (\$2 million), creation of a new multilingual language access coordinator position an unit to launch, implement and manage new LEP initiatives (\$900,000), additional staff in the unemployment program to process applications in various languages (\$3.5 million), and marketing and promotion of EDD multi-lingial services (\$400,000).	Approve May Revision proposal, and provide an additional \$6.8 million ongoing starting in 2023-24 for language access services: telephone interpretive services (\$2 million), creation of a new multilingual language access coordinator position an unit to launch, implement and manage new LEP initiatives (\$900,000), additional staff in the unemployment program to process applications in various languages (\$3.5 million), and marketing and promotion of EDD multi-lingial services (\$400,000).
44	UI Navigators:	The May Revision proposes \$11.4 million General Fund and 92 positions in 2021-22, and \$11.4 million General Fund and 92 positions in 2022-23, to expand the presence of Unemployment Insurance (UI) trained staff in the America's Job Center of CaliforniaSM locations to perform UI activities.	Approve May Revision proposal.
45	Business System Modernization Project	The May Revision proposes \$11.8 million General Fund in 2021-22 to begin to re-focus the Benefit Systems Modernization (BSM) project, providing an opportunity to implement new customer-centric processes, leverage new technologies, and create a modular approach to focus on customer experience.	Approve May Revision Proposal.

46	Personal Information	The May Revision proposes \$6.0 million in 2021-22, and \$2.7 million in 2022-23, funded equally by the General Fund and the Unemployment Compensation Disability Insurance Fund to implement AB 499 (Mayes), Chapter 155, Statutes of 2020. AB 499 prohibits all state agencies from sending mail to an individual that includes the individual's full SSN, unless otherwise specified.	Approve May Revision Proposal.
47	Direct Deposit	The May Revision proposes \$5.5 million General Fund and 23 positions (14 permanent and 9.3 temporary help) in 2021-22, and \$5.5 million General Fund, and 23 positions in 2022-23, to begin planning and implementation of a direct deposit solution	Approve May Revision Proposal.
48	Deferred Maintenance	The May Revision also proposed \$2 million one-time General Fund in 2021-22 to address deferred maintenance needs on EDD owned and managed facilities. Funding will be used for building modernization in Chico to replace outdated heating ventilation and air conditioning system, fire alarm system, roof replacement and carpet.	Approve May Revision Proposal.
49	Augmentation for Employee Compensation: May Revision Employee Compensation Adjustments	The May Revision proposes Item 9800-001-0001 be increased by \$53,897,000 ongoing, Item 9800-001-0494 be increased by \$45,868,000 ongoing, and Item 9800-001-0988 be increased by \$22,592,000 ongoing to reflect collectively bargained pay increases, updated health and dental rates, increased enrollment in health and dental plans, and a change in the Top 4 Health Plan composition.	Approve May Revision Proposal.

50	Augmentation for CSU Health Benefits for Retired Annuitants: 2022 Health Rate Estimate Reduction—	The May Revision proposes that Item 6645-001-0001 be decreased by \$2,261,000 ongoing to reflect a revised health rate forecast of 6 percent growth in 2022 versus 7 percent at Governor's Budget. The assumed lower-than-expected premium increase is a function of CalPERS' risk mitigation strategies, service area expansion, and the addition of health plans in 2022.	Approve May Revision Proposal.
51	Augmentation for Health and Dental Benefits for Annuitants: 2022 Health Rate Estimate Reduction	The May Revision proposes that Item 9650-001-0001 be decreased by \$15,452,000 ongoing to reflect a revised health rate forecast of 6 percent growth in 2022 versus 7 percent at Governor's Budget. The assumed lower-than-expected premium increase is a function of CalPERS' risk mitigation strategies, service area expansion, and the addition of health plans in 2022.	Approve May Revision Proposal.
52	Control Section 3.91	The May Revision proposes to eliminate Control Section 3.91, which was included in the 2020-21 budget act associated with suspensions of employee compensations.	Approve May Revision proposal.
53	Control Section 4.11: Budget Position Transparency	The May Revision proposes to amend Control Section 4.11 be amended to outline new vacancy reporting requirements designed to replace the Budget Position Transparency display from the Governor's Budget and Enactment Budget displays to provide enhanced transparency. The proposed language specifies that the Department of Finance will to report on the percentage of vacant positions for each department, by month, to the JLBC and LAO by October 1 of each year.	Modify May Revision proposal to include information on the total authorized positions, average percentage of vacant positions, and specify that this information will be posted on the department of finance's website and is easily accessible by the public from the

			departments ebudget website.
54	Control Section 4.20: Contribution to Public Employees' Contingency Reserve Fund	The May Revision proposes to amend Control Section 4.20 to reflect an administrative rate of 0.25 percent to mitigate the impact of changing rates in the out years as a result of updated projections.	Approve May Revision proposal.

55	Item 7920-011-0001, Support, California State Teachers' Retirement System	The May Revision proposes that Item 7920-011-0001 be increased by \$4,917,000 ongoing to reflect an increase in the state's contributions to the California State Teachers' Retirement System's Defined Benefit (DB) Program and Supplemental Benefit Maintenance Account (SBMA), as required in statute. The state's contributions to the DB Program and SBMA are calculated using creditable compensation provided by the Teachers' Retirement Board for the fiscal year immediately preceding June 30. The Board annually publishes a creditable compensation report by October 25, and a subsequent report is due by April 15, that displays necessary revisions to creditable compensation. Based on the Board's April 12, 2021 creditable compensation report, the DB contribution will be increased by \$3,832,000 and the SBMA contribution will be increased by \$1,085,000, as compared to the Governor's Budget.	Approve May Revision Proposal.
56	California Public Employees' Retirement System Operational Budget—	The May Revision proposes to make the following changes to reflect the changes to the fiscal year 2021-22 operational budget of the California Public Employees' Retirement System (CalPERS) that was approved by the CalPERS Board on April 20, 2021. The budget proposed by CalPERS reflects a net increase of \$194,985,000 primarily attributed to external investment management fees, salaries, benefits assumptions, and third party administrator fees. The request is comprised of the following changes: '- Item 7900-003-0830 be increased by \$211,738,000- Item 7900-015-0815 be increased by \$88,000- Item 7900-015-0820 be increased by \$32,000- Item 7900-015-0830 be decreased by \$17,476,000- Item 7900-015-0833 be increased by \$400,000- Item 7900-015-0849 be decreased by \$51,000- Item 7900-015-0884 be increased by \$223,000- Item 7900-015-9251 be increased by \$31,000The Budget Bill items noted above are display items for informational purposes to reflect the corresponding changes in CalPERS' continuous appropriation authority	Approve May Revision proposal.

57	Amendments to Various Items, Support, Supplemental Pension Payments	The May Revision proposes adjustments to specific funds' assessments for repayment of the loan authorized by Chapter 50, Statutes of 2017 (SB 84). SB 84 directed an internal cash loan from the Surplus Money Investment Fund and other state funds that accrue interest to the General Fund to make a one-time \$6 billion supplemental pension payment in fiscal year 2017-18 to the California Public Employees' Retirement System (CalPERS). SB 84 requires all funds that pay CalPERS contributions to be responsible for repaying the loan by June 30, 2030. The net effect of the various adjustments is a \$4,789,000 increase in 2020-21, and a \$1,380,000 decrease in 2021-22. The changes to the SB 84 loan repayment schedule do not have a material impact on the overall cost of the SB 84 loan.	Approve May Revision proposal.
58	Control Section 3.60	The May Revision requested that Control Section 3.60 be amended to capture changes in state retirement contribution rates for state members of the California Public Employees' Retirement System (CalPERS) and the Judges' Retirement System II (JRS II), adopted by the CalPERS Board on April 20, 2021. The increase in state employer contribution is primarily a result of increases in payroll. The newly adopted state employer contribution rates result in additional state costs of \$35,511,000 ongoing, an increase of \$169,060,000 from the -\$133,549,000 included in the Governor's Budget. The \$169,060,000 ongoing increase consists of an increase of \$80,893,000 General Fund, \$66,426,000 special funds, and \$21,741,000 other nongovernmental cost funds.	Approve May Revision proposal.

59	Workforce Innovation and Opportunity Act Discretionary Fund	<p>The May Revision proposes to reappropriate \$5.5 million one-time in unspent federal carry over funds. This would bring the 2021 WIOA discretionary fund to \$68.2 million. The Administration proposes to provide \$32.1 million for administration and program services, of which \$10.1 million is for local oversight and technical assistance, \$6.2 million for audit, compliance and fraud prevention, \$3.4 million for financial management and informational technology and \$6.5 million for CWDB Administration, Policy Development, and Program Partner Coordination.</p> <p>The Administration also proposes \$36.1 million to provide services to bridge education and workforce gaps for targeted populations. Specifically, \$10.5 million for Regional Workforce Accelerator Program to focus on high road recover and COVID-19 response, \$10.5 million for high road training partnership, \$12.7 million for equity/target populations (to include disability, veterans, English language learners), \$2.3 million for CalJOBS.</p>	Approve as May Revision proposal.
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