

SUBCOMMITTEE NO. 4

Agenda

Senator Richard D. Roth, Chair
Senator Steven M. Glazer
Senator Janet Nguyen
Senator Richard Pan



Wednesday, May 18, 2016
1:30 p.m. or Upon Call of the Chair
State Capitol - Room 112

Consultant: Samantha Lui

PART B

PROPOSED FOR VOTE-ONLY

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ISSUES PROPOSED FOR VOTE-ONLY
7502 CALIFORNIA DEPARTMENT OF TECHNOLOGY
Issue 1: Statewide Information Technology Project Workload

Budget. The department requests \$1.7 million (Technology Services Revolving Fund) for twelve full-time permanent positions that will provide project oversight for reportable IT projects and extended procurement support. The positions would be located in:

- **Statewide Technology Procurement Division (STPD)**, which acquires IT goods and services with market research and develops mid-level requirements earlier in the project approval lifecycle (PAL) of an IT project.
- **Information Technology Project Oversight Division (ITPOD)** provides independent project oversight to keep projects on budget and implemented on time.

Staff Comment. The department has a total of 51 reportable projects (37 medium-criticality and 14 high-criticality). The department acknowledges that some departments are concerned about paying the \$9,340 per month charge, which has been steady since its implementation in July 2014. However, absent these positions, the department notes that vendor oversight is not as effective because it cannot require the remediation of project risks.

Staff Recommendation. Approve as requested.

7502 CALIFORNIA DEPARTMENT OF TECHNOLOGY (CDT)
8940 CALIFORNIA MILITARY DEPARTMENT
Issue 1: CDT – Security Audit

Budget. The department requests an increase of \$1.6 million Technology Services Revolving Fund in the budget year, and ongoing, for 11 permanent positions (six new positions and five limited-term positions to become permanent) in a permanent audit unit within the Department of Technology’s Office of Information Security. The department assumes 15 audits to be completed by 2017, with 23 entities to be audited in 2017-18, and ongoing, for a three-year auditing cycle for all noncompliant entities.

Issue 2: Military Department - Cyber Network Defense Team

Budget. The budget proposes an increase in reimbursement authority from \$774,000 to \$1.4 million, for eight permanent positions (six existing positions and two new permanent positions) for the department’s Cyber Network Defense Team (CNDT) to implement provisions of AB 670 (Irwin), Chapter 518, Statutes of 2015. If necessary, the department could also expand to include eight National Guard (part-time) security experts to immediately respond to a cyber-incident.

The proposal will also fund hardware and software needs to conduct the assessments for 35 state agencies. The department will be reimbursed through CDT through an existing memorandum of agreement.

The CDT audit team proposal will review departments' compliance with mandated state and federal IT policies; whereas CNDT assessments assess network vulnerabilities. In both proposals, the audited or assessed entity must pay for the audit or assessment.

Staff Comment. The subcommittee considered both of these proposals, in tandem, on April 7, 2016. During this hearing, the departments discussed their collaboration to ensure an intentional and effective sequencing of an audit versus and assessment. More broadly, the subcommittee may wish to discuss how the various approaches (policy evaluation, network examinations, or other) effectuate effective oversight, and how the state can better protect its assets proactively.

Staff Recommendation. Approve both proposals as requested.

8940 CALIFORNIA MILITARY DEPARTMENT (CMD)
0690 OFFICE OF EMERGENCY SERVICES (OES)

The following two issues pertain to the Southern Regional Emergency Operations Center Replacement in Los Alamitos.

Background. The OES' Southern Region Emergency Operations Center (SREOC), located at the California Military Department's Joint Forces Training Base (JFTB) in Los Alamitos, serves as a central point for mobilizing assets in Southern California, provides disaster intelligence to the State Operations Center in Sacramento, and serves as liaison with local agencies, and interfaces with the media. The two existing modular facilities have been in use since 1991, and were built as an interim state operations office in Southern California for earthquake response coordination.

In November 2005, the Department of General Services (DGS) conducted a study, which was later validated in a 2014 feasibility study, identifying the need for an additional 30,000 sq. ft. The new facility must include: adequate staffing space, an expandable information technology infrastructure, and space for an alternate State Operations Center and State Warning Center.

Construction was expected to start by July 2017 and completed by April 2019. However, this timeline was contingent on OES' ability to secure a long-term lease from the federal Department of Defense of the project site. The departments were unable to secure a lease, due to the federal government not looking favorably on a single state entity as a sole proprietor of federal land. As such, both departments, instead, will co-use the site, which the federal government recommended. The National Guard has an indefinite license for the federal installation at Los Alamitos. Under this authority, CMD, can build a co-use structure that will also serve OES and the National Guard unit.

Total estimated project costs are \$25.7 million (\$570,000 for preliminary plans, \$1.28 million for working drawings, and \$23.87 million for construction). Moving to the new facility will incur a \$60,000 one-time cost, with around \$560,000 (\$280,000 General Fund and \$280,000 matching federal funds) in ongoing operating costs for utilities, maintenance, and staff.

Issue 1: CMD - Southern Regional Emergency Operations Center Replacement, Los Alamitos

May Revision. The department proposes \$1.9 million General Fund for the preliminary plans and working drawings phase of the Los Alamitos Southern Region Emergency Operations Center Replacement project. This project replaces an OES project originally approved in the Budget Act of 2015 to replace the current Southern Region Emergency Operation Center (SREOC), located at the Military's Joint Forces Training Base in Los Alamitos.

In addition, the department requests budget bill language to increase Item 8940-301-0001 by \$1.85 million for the preliminary plans and working drawings phases of the project.

Issue 2: OES Cap Outlay – Southern Regional Emergency Operations Center Replacement, Los Alamitos

Governor's Budget. This budget requests \$1.4 million General Fund for the working drawing phase of the project to replace the two existing modular buildings totaling approximately 7,200 square feet, and construct a new Southern Region Emergency Operations Center at the Joint Forces Training Base in Los Alamitos. The total estimated project cost is \$24.6 million General Fund.¹ The budget request provides provisional budget bill language.

May Revision. The department proposes to withdraw this proposal. The department also proposes budget bill language (add Item 0690-495) to revert the balance of funding appropriated in the current 2015-16 year for the acquisition and preliminary plans phases

Staff Comment. The subcommittee considered this OES proposal during its April 21, 2016, hearing and held it open.

Staff Recommendation. (1) Reject OES proposal in order to withdraw \$1.4 million General Fund in requested funding for the working drawings phase. (2) Approve \$1.85 million GF for CMD in its capital outlay budget for the preliminary plans and working drawings, including placeholder budget bill language. (3) Approve placeholder language to allow reversion of the unencumbered funding balance from 2015-16 for the acquisition and preliminary plans phases of the project.

¹ The cost estimate is based on CES obtaining a long-term lease on the real property necessary for the project and the Military Department managing the project to build the proposed facility.

7760 OFFICE OF EMERGENCY SERVICES**Issue 1: Drought Funding**

Governor's Budget. The budget includes \$26.7 million General Fund (\$4.5 million General Fund in state operations, \$22.2 million General Fund in local assistance for the California Disaster Assistance Act [CDAA] program) for the budget year to support ongoing drought operations (long-term activation of the State Operations Center and Regional Operations Centers, responses to local assistance centers, the public information office's drought campaigns and public awareness, and the temporary tank program). The department cannot identify the specific number of positions because staff is rotated into emergency response positions temporarily.

Staff Comment. The subcommittee considered and held open this proposal during its April 21, 2016, hearing.

Staff Recommendation. Approve as requested.

Issue 2: Earthquake Early Warning System

May Revision. This proposal would provide \$10 million General Fund and four positions to support the initial implementation of a California Earthquake Early Warning System. This funding would be used for initial project costs, including (1) a financial strategy for funding future costs associated with the system (\$150,000), (2) capital costs for equipment and seismic stations necessary for the system (\$6.9 million), (3) development of a public education and training strategy and plan (\$2.2 million), and (4) staffing to support the system (\$734,000). The department estimates that the project will cost a total of \$28 million to implement and \$17 million annually thereafter to operate. The positions include:

- Two research program specialists to oversee the operations and education/training program areas, respectively.
- One associate governmental program analyst to oversee the research and development program.
- One program manager to manage the Earthquake Early Warning System and Program.
- One executive officer.

Background. Senate Bill 135 (Padilla), Chapter 342, Statutes of 2013, requires the Office of Emergency Services, in collaboration with the California Institute of Technology (CalTech), the California Geological Survey (CGS), the University of California (UC Berkeley), the United States Geological Survey (USGS), the California Seismic Safety Commission, and other stakeholders, to develop a comprehensive statewide earthquake early warning system in California through a public/private partnership. Senate Bill 494 (Hill), Chapter 799, Statutes of

2015, specified the development of this statewide earthquake early warning system is contingent on the department identifying funding for the system, using federal funds, revenue bonds, local funds, and/or private dollars. Existing law prohibits the use of General Fund dollars to create the system. The law also provides an automatic repeal of the requirement to develop an earthquake warning system, if funding is not identified.

The May Revision proposal identifies the first-round of capital investments and recognizes the ongoing need for education and outreach, which will be accomplished through contracted services. The initial outreach campaign will include private sector application developers, schools, and public safety officials.

LAO Comments and Recommendation.

- **Reliance on the General Fund appears inconsistent with legislative intent.** Existing law requires OES to identify funding for an earthquake early warning system and prohibits the department from identifying the state General Fund as a source of funding. However, this proposal appears inconsistent with this statute.
- **Funding the creation of the financial strategy, but reject the other components of the proposal at this time.** As part of developing this financial strategy, the department may identify other stakeholders (such as private utilities or the federal government) that could pay for components of the project, thus reducing the costs to the General Fund. The LAO has no concerns with the types of activities that the department proposes to fund.

Staff Comment. The subcommittee discussed earthquake early warning as an informational item during its April 21, 2016, hearing.

Staff Recommendation. Approve as requested with opportunity to review and conduct oversight during the fall and annual budget process in the out-years.

Issue 3: Victim-Witness Assistance Fund Adjustment

May Revision. The department requests a reduction of \$750,000 to the Victim-Witness Assistance Fund local assistance appropriation due to declining revenues.

Staff Comment. The Victim-Witness Assistance Fund was established to deposit specified penalty assessments to fund local assistance centers for victims and witnesses to crimes. Revenues deposited in to the fund have steadily declined over the past five years, with a projected decrease of 2.3 percent from past year to current year. The proposed reduction of \$750,000 in local assistance appropriation will ensure Cal OES' expenditures align with projected revenues.

Staff Recommendation. Approve as requested.

7760 DEPARTMENT OF GENERAL SERVICES**Issue 1: Office of Public School Construction Reduction**

May Revision. The department proposes to reduce the building regulation services budget by \$690,000, and six non-audit staff positions, to align administrative resources with the School Facilities Program (SFP) workload.

Background. The State Allocation Board (SAB) determines the allocation of resources (proceeds from general obligation bonds and other stage funds) for the construction, modernization, and maintenance of local public school facilities. The SAB is also administers the State School Facility Program (SFP), Emergency Repair Program, and Deferred Maintenance Program. Funds for the SFP may be from any source, including proceeds from the sale of general obligation bonds and General Fund. In addition, districts must provide a portion of the project cost from funds available to the school district, which may include local general obligation bonds, developer fees, local general fund. The SAB meets monthly to apportion funds to school districts, approve projects, act on appeals, and adopt policies and regulations.

Staff Comment. According to the Administration, bond authority is running out and the only active programs are the Seismic Mitigation Program, Facility Hardship (health and safety), and the Charter School Facilities Program. The criteria for the Facility Hardship and Seismic Programs are such that not many districts are eligible and applications are not frequent. For the Charter School Facilities Program, the pool of applicants is small, and much of the application processing has already occurred.

While there is still workload in closing out projects, most workload goes to audit staff. The positions being eliminated are for the non-audit staff. Some of the six positions are currently vacant, but for any that are filled, as of July 1, 2016, the department will be re-directing staff to other vacancies within the department if there is workload need. In addition, the request reflects the nature of the declining SFP workload.

Staff Recommendation. Approve as requested.

Issue 2: Rental Lease Payments, Technical Adjustment

May Revision. The department proposes to reduce the real estate services' building and property management branch operating expenses and equipment costs by \$943,000 to reflect reduced rental payments for the San Diego Office Building Replacement, due to the refinancing of the original lease-revenue bond.

Staff Recommendation. Approve as requested.

Issue 3: Division of State Architect School Construction Plan Review

May Revision. The department proposes trailer bill to increase the minimum project cost threshold, which would trigger the Department of General Services' Division of State Architect (DSA) to review the project, from \$42,218 to \$100,000 for structural projects, and from \$168,197 to \$225,000 for non-structural projects. In addition, the language would authorize the department to annually increase these thresholds, adjusting for inflation, effective January 1, 2018.

Background. The DSA reviews construction projects for "Title 24," known as the California Building Standards Code, compliance. The scope of DSA's review depends on the client who owns the facility and the scope of the project. Plan review and construction oversight focus on school and community college districts' new construction and alteration projects. DSA's oversight for structural safety of school facilities is governed by the provisions of the Field Act.²

According to the Administration, "Determining the original legislative intent is challenging and time consuming as a result of school facilities statutes consolidation language (SB 1562 (Greene), Chapter 277, Statutes of 1996." SB 1562 consolidated school facilities related statutes that were scattered throughout the Education Code. Locating the original language and related legislation requires research through the state archives." To extent there are fewer total projects to review; the Division of the State Architect's (DSA) capacity to review larger projects could be increased.

As of April 29, 2016, DSA reviewed and were successful in preventing several health and safety hazards, which were found during plan review of drawings prepared by licensed architects and engineers for school district projects with a construction cost under \$100,000. Some examples of structural safety issues include falling and collapse hazards for roofs, antennas, or pipe framing. For fire safety, the DSA found lack of smoke detectors and fire extinguishers. For accessibility, the reviewers found some site paths did not provide for curbs or detectable warnings or accessible curb ramps.

Staff Recommendation. Approve as requested.

² California Education Code §17280, et. seq. for K–12 and §81130, et. seq. for community colleges.

ISSUES FOR DISCUSSION/VOTE
1111 DEPARTMENT OF CONSUMER AFFAIRS
Issue 1: Board of Behavioral Sciences (BBS): Examination Vendor Contract Amendment

May Revision. The Board requests \$1.5 million (Behavioral Sciences Examiners Fund, Professions and Vocations Fund) to increase its existing examination vendor contract, from \$359,000 to \$1.8 million, to accommodate a projected 61,000 incoming test takers for the Board's new Law and Ethics examination.

Background. The BBS licenses and regulates more than 100,000 licensed clinical social workers (LCSWs), licensed marriage and family therapists (LMFTs), licensed educational psychologists (LEPs), and licensed professional clinical counselors (LPCCs). In addition, the BBS regulates approximately 16,262 MFT Interns and 12,215 ACSWs.

In the past, LMFT, LCSW, and LPCC candidates were required to pass two examinations for licensure – the California standard written examination and the written clinical vignette examination. Effective January 1, 2016, the Board implemented the examination restructure, which requires all registrants to take the California Law and Ethics exam which is developed by the Board, within the first year of registration. Also, the new exam eliminates the clinical vignette portion. The Board anticipates receiving over 61,000 applications (initial examination application and retake applications) in the budget year, below:

Fiscal Year	2016-17
Initial Registrants*	8,627
Existing Registrants required to take exam	30,634
Total first exam	39,261
First retake applications**	15,704
Subsequent retake applications **	6,282
Total exam applications received annually	61,247
*includes MFTI, ASW, PCI	
** assumes 60% pass rate	

When the Board proposed the examination restructure, it assumed that exam development costs would be absorbable, since the candidate pays for it (\$25.50 per exam) with the application. However, the Board overlooked increasing its expenditure authority to address the increased examination costs associated with the examination vendor contract.

Staff Comment. On March 10, 2016, the subcommittee approved the Board's January proposal for \$557,000 in 2016-17, and \$533,000 in 2017-18 and ongoing, for eight positions in the licensing and examination units to address the ongoing increase of applications and to reduce processing times. The Board estimates a five-month reserve balance at the end of current year, and does not have plans to increase or reduce fees.

Staff Recommendation. Approve as requested.

Issue 2: Medical Cannabis - Governor's Budget + May Revision BCP, TBL, BBL

Overall Governor's Budget. The budget includes an initial loan of \$5.4 million to the Medical Marijuana Regulation and Safety Act Fund, which will, in the future, be the repository for all fees collected by the licensing authority. In addition, the January budget included \$12.8 million General Fund, \$10.6 million Medical Marijuana Regulation and Safety Act Fund, \$1.2 million special funds, and a proposed 126 positions across various departments, including: Department of Fish and Wildlife (\$7.7 million General Fund and 31 positions); State Water Resources Control Board (\$5.2 million General Fund, \$472,000 Waste Discharge Permit Fund, and 35 positions); Department of Food and Agriculture (\$3.3 million in 2015-16, \$3.4 million from the Medical Marijuana Regulation and Safety Act Fund, and 18 positions); Department of Public Health (\$457,000 in 2015-16, \$3.4 million from the Medical Marijuana Regulation and Safety Act Fund, and 14 positions in the budget year); and Department of Pesticide Regulation (\$700,000).

Department of Consumer Affairs (DCA) - Governor's Budget. The Governor's budget includes 9.7 positions and \$10 million in the current year; \$3.8 million in the budget year and 25 positions ongoing; \$4.1 million in FY 2017-18; and \$492,000 in 2018-19 and 2019-20 to fund the development and initial start-up of the Bureau of Medical Marijuana Regulation (Bureau), and the study as required by the Medical Marijuana Regulation and Safety Act. For the budget year, the department proposes staffing in the following areas:

- **Bureau staff (13 positions)**

- One bureau chief and one deputy chief to formulate, implement, and interpret Bureau operations, so that program areas comply with statutes.
- One enforcement program manager (effective January 1, 2017) to oversee investigations and prosecutions, including developing policy recommendation related to the governance of medical marijuana.
- One licensing program manager to oversee the operations of licensing (effective January 1, 2017).
- One information officer to serve as a liaison between the Bureau and the media (effective July 1, 2016).
- Establish a Legal Affairs Division, comprised of one attorney III, two attorneys, one senior legal analyst, one legal analyst, and one legal assistant position. (The anticipated start date for the senior legal analyst, legal analyst, and legal assistant is April 1, 2016).
- One assistant chief of policy and legislation to develop regulatory packages and coordinate stakeholder meetings.

- One data processing manager III to serve as the primary IT liaison with other licensing entities and state departments (effective July 1, 2016).
- One AGPA and one management service technician to assist and provide other support.
- **Division of Investigation (Four positions)**
 - One supervising investigator II to serve as visible outreach to local law enforcement.
 - Two investigators (one Northern California, one Southern California; effective April 1, 2016) to serve as liaisons to regional law enforcement, legal affairs, and city and county enforcement needs.
 - One AGPA (effective April 1, 2016) to develop reports of a not-yet-developed matrix and maps of existing medical marijuana dispensaries, cultivation locations, and transportation operations.
- **Legislative and Regulatory Review.** One AGPA to review, analyze, and facilitate regulatory packages of the Bureau, and respond to constituent inquiries.
- **Office of Information Services.** One data processing manager to direct multiple state project managers and business analysts within DCA and within stakeholder agencies in all phases of project planning, executing, and closing activities of contract management, and support the project's Executive Steering Committee in the development and implementation of inter-agency governance policies.
- **DCA's Office of Human Resources and Budget Office.** Two Associate Personnel Analysts to assist the Bureau with the hiring, recruitment, compensation and performance management of personnel. One AGPA to serve as the single-point-of-contact for fiscal and accounting issues with the Bureau.
- **Business Services Office.** One AGPA to secure a lease, prepare service contracts and procure equipment in order to run day-to-day operations
- **Consultant contract (one)** to provide subject-expertise related to the medical marijuana industry.
- **Study with the Center.** Dr. Igor Grant, Head of the Center at the University of California, San Diego, provided the following breakdown of costs associated with developing and conducting the study as required by AB 266:
 - Building retrofit to accommodate the requirements of this study (\$350,000)
 - Comprehensive study would be \$1.476 million over three fiscal years (\$492,000)

Total costs for this study are \$1.8 million over four fiscal years, assuming the building retrofit occurs in 2016-17, and the study is conducted in 2017-18 through 2019-20.

DCA - May Revision. The department requests \$6.0 million in the budget year; \$6.5 million in 2017-18; \$1.0 million in 2018-19; and \$803,000 ongoing, to fund eight positions and external contract costs for the development, implementation, and maintenance of licensing and enforcement IT system for the Bureau of Medical Marijuana Regulation (Bureau). The positions are as follows:

- **Documentation of business requirements.** Two senior information systems analysts and two staff information systems analysts to document business requirements. They will be broken up into two teams –licensing business processes and enforcement.
- **Project management tasks.** One staff information systems analyst and one associate information systems analysts to implement the commercial-of-the-shelf (COTS) system, such as schedule management and deliverables management/
- **Maintenance.** Two systems software specialists for startup and hardware maintenance. The department anticipates that only two senior information systems analysts and one systems software specialist will be needed for IT maintenance in the future.

The department estimates (in thousands) the following start-up and ongoing costs and assumes a COTS IT solution, based on the implementation of the department’s BreZE system, as follows:

	FY 16/17	FY 17/18	FY 18/19	Ongoing
Configuration and Testing	\$2,088	\$2,087	\$0	\$0
Reports and Correspondence Development	40	40	0	0
Update of Existing DOJ Background Check and Third-Party Print Interfaces	5	5	0	0
Development of New Interface with the CDFA to Share License Information	45	45	0	0
Web Portal for Law Enforcement Personnel Easy Access to License Data	13	13	0	0
IT Consulting and Project Management Resources	1,500	1,500	0	0
Unanticipated Enhancement Requests/Initial System Maintenance After Launch	500	1,500	415	170
Total Estimated Contract Costs	\$4,191	\$5,190	\$415	\$170
Hardware + Software	577	183	183	183
Staff	1,184	1,124	450	450
Total Estimated Costs	\$5,952	\$6,497	\$1,048	\$803

May Revision - Trailer Bill. The May Revision provides updated trailer bill language for the Medical Cannabis Regulation and Safety Act. The language, among other provisions: (1) authorizes a licensing authority to promulgate regulations, including emergency regulations; (2) requires additional conditions of licensures, such as proof of bond to cover the cost of destroying product; (3) establishes a filing deadline for individuals to submit an application for licensure; (4) authorizes the Board of Equalization (BOE), for purposes of taxation and regulation, to have access to the Department of Food and Agriculture’s track and trace electronic database, instead

of requiring the BOE to create a separate reporting system; (6) provides the Department of Public Health (DPH) cite and fine authority and the authority for mandatory recalls; (7) shifts authority to license laboratories from the DPH to the Bureau of Medical Cannabis Regulation; and (8) excludes a cannabis manufacturer, who infuses butter with cannabis, from having to be licensed as a milk product plant. For additional information about the implication of in-stream protections and DPH provisions, please see the agendas for Senate Budget Subcommittee No. 2 and No. 3, respectively.

May Revision – Budget Bill Control Section. The Administration proposes Control Section 11.42, which would authorize the Department of Finance, no sooner than 30 days after written notification to the Joint Legislative Budget Committee and chairs of the fiscal committees in each house, to augment departmental budgets, as necessary, to fund medical marijuana-related information technology projects.

Background. In June 2015, Governor Brown signed the Medical Marijuana Regulation and Safety Act, comprised of Assembly Bill 243 (Wood), Chapter 688, Statutes of 2015; Assembly Bill 266 (Bonta), Chapter 689, Statutes of 2015; and Senate Bill 643 (McGuire), Chapter 719, Statutes of 2015. Together, these bills established the oversight and regulatory framework for the cultivation, manufacture, transportation, storage, and distribution of medical marijuana in California.

LAO Comment and Recommendation. Please see attachment.

Staff Comments.

- **Abbreviated time-frame, high IT costs projected.** Given the date-sure implementation date of January 2018, the department projects high IT costs. Statutes and regulations, including the pending initiative on recreational marijuana use, are currently being crafted when software implementation activities are occurring. Adjustments to baseline designs will increase costs. According to the department, the IT cost estimate is based on the cost structure to develop and support the BreEZe system. However, the department plans to review other states' licensing systems and other available COTS products. The subcommittee may wish to ask the department about other state's IT projects.
- **Oversight.** The department experienced a difficult implementation with the BreEZe project. Given the proposal's plan to use a similar COTS model as the BreEZe system, the subcommittee may wish to ask the department: (1) How does this IT project fit within the Stage/Gate model? (2) How does DCA plan to collaborate with CDT, so legislative oversight is retained despite the accelerated schedule? (3) The proposed control section appears duplicative to existing control section 11, which requires the Department of Finance to report to the Joint Legislative Budget Committee of any increases to the project's overall cost of \$5 million.

Staff Recommendation. Hold open for further consideration.

0890 SECRETARY OF STATE**Issue 1: Voter Information Guide**

May Revision. The department proposes an increase of one-time \$10 million General Fund (GF) to print the principal and supplemental voter information guides (VIG) for the 2016 Election. The proposal also includes budget bill language to specify that resources can only be used for printing the 2016 VIG; and prior to expending funds, the SOS must provide a report to Department of Finance. In addition, the language authorizes any unexpended funds to revert to the General Fund.

Background. In light of the competitive Presidential Primary Election, high voter participation and registration, and number of initiatives seeking to qualify for the state ballot, the SOS requests additional funding for 2016 elections. During the subcommittee's April 14, 2016, hearing, the department presented its proposal of, between \$13 million GF and \$19.5 million GF, to assist counties' costs to verify signatures on initiative petitions for the November election, and \$13 million for printing costs for voter information guides. On April 29, 2016, the Governor signed Assembly Bill 120 (Budget Committee), Chapter 11, Statutes of 2016, which provided \$16.3 million GF to the SOS to provide counties reimbursement for elections costs related to the June 2016 primary. AB 120 does not include funding for the SOS' request for VIG printing.

The June VIG is printed in color, in an attempt to stand out from junk mail, be more user-friendly, and increase voter participation. The SOS estimates VIG costs for June 2016 to be \$5.7 million General Fund, and November 2016 to be \$14.5 million General Fund (an 81.25 percent increase in costs compared to the November 2012 VIG).

The department continues to anticipate as many as 21 measures to qualify for the ballot. As of May 16, 2016, three measures have qualified for November's ballot, with an additional five measures currently eligible.

Staff Comment. The subcommittee may wish to discuss the following:

- **Printing costs.** State law specifies the text size in the VIG and the size of margins. In the past, the state has managed costs by reducing paper quality and printing in black and white. Senate Bill 1070 (Committee on Budget and Fiscal Review), Chapter 133, Statutes of 2008, approved and allocated the Governor's \$3.5 million General Fund Budget-Balancing Reduction by reducing printing and mailing costs associated with the VIG.

During the subcommittee's April 14, 2016, hearing, the committee deliberated the benefits of a color-print versus printing in black and white. Given the SOS' estimate of a 208 page VIG for the November 2016 election, the committees may wish to consider whether spending \$2 million on color printing has a direct impact on voter turnout, or whether \$2 million may be spent more effectively elsewhere.

- Unclear provisional language.** The request includes language that prior to expending the \$10 million, the Secretary of State “shall provide a detailed report to the Department of Finance.” As proposed, the language appears vague and does not indicate the type of, and when, information would be reported to Finance. The subcommittee may wish to consider the following language:

0890-001-0001—For support of Secretary of State	239,038,000
.....	
Schedule:	
(1) 0700-Filings and Registrations	1,181,000
.....	
(2) 0705-Elections	129,350,000
(3) 0710-Archives	8,174,000
(4) 0715-Department of Justice Legal Services	333,000
(5) 9900100-Administration	24,467,000
(6) 9900200-Administration—Distributed	-24,467,000

Provisions:

- The Secretary of State shall not expend any special handling fees authorized by Chapter 999 of the Statutes of 1999 which are collected in excess of the cost of administering those special handling fees unless specifically authorized by the Legislature.
- Of the funds appropriated in this item, \$15,733,000 is available for the purposes of preparing, printing, and mailing the state ballot pamphlet pursuant to Article 7 (commencing with Section 9080) of Chapter 1 of Division 9 of the Elections Code. At least 30 days before these funds are expended, the Secretary of State shall submit to the Director of Finance and the chairperson of the Joint Legislative Budget Committee an itemized estimate of these costs. Any unexpended funds pursuant to this provision shall revert to the General Fund.

Staff Recommendation. Hold open.

8955 DEPARTMENT OF VETERANS AFFAIRS (CALVET)**Issue 1: Transition Assistance Program**

May Revision. The department requests \$813,000 (General Fund), and \$774,000 (General Fund) ongoing, for seven positions (five existing but unfunded positions, and two new permanent positions) to implement Assembly Bill 1509 (Fox), Chapter 647, Statutes of 2014. AB 1509 requires the department to develop a transition assistance program (Cal-TAP) for veterans, discharged from the Armed Forces of the United States or the National Guard of any state, into civilian life. This proposal requests one staff services manager II and six associate governmental program analysts (AGPA).

Background. The Department of Defense (DoD) Transition Assistance Program (TAP) was developed in 1990 to assist separating and retiring military members for their transition back to civilian life. In 2013, the federal government launched a revamped program known as Transition GPS (T-GPS), to include: (1) pre-separation assessment and individual counseling; (2) five-day curriculum with a financial planning seminar, federal veterans' benefits and services, and employment workshop; and (3) two-day optional career-specific curriculum (education track, for those pursuing a higher education degree; technical and skills training, for those seeking job-ready skills and industry-recognized credentials in shorter-term training programs; and an entrepreneurship track).

Currently, state agencies, county veterans service officers (CVSOs), and nonprofit organizations participate in TAP/T-GPS sessions on military bases located in California; but, participation varies from base to base, and material is not uniform. AB 1509 created Cal-TAP. Its curriculum, comprised of 22 modules, will be developed based on current best practices and veteran demographic and benefits usage data regionally. Cal-TAP will be available online and offered in-person in 15 regions (map on page 20), which were identified based on infrastructure and live field agents, who will be centrally-based in each region, travel. Cal-TAP coordinators will facilitate training opportunities through eight existing CalVet Local Interagency Network Coordinators (LINC), who are located in Sacramento. The LINC program staff serves as information conduits in various local communities throughout California. In addition, the benefit of Cal-TAP over T-GPS is that it is offered to any person, at any time, who has served in the U.S. Armed Forces.

Last year's Senate appropriations analysis cited one-time costs to implement AB 1509 (Fox) as \$200,000 GF. However, actual costs to implementation the Cal-TAP were unknown at the time. This proposal requests \$813,000 for the full implementation of the Cal-TAP.

Staff Comment. The subcommittee may wish to consider the following items:

- **Potential for federal funds.** According to the department, Cal-TAP has the ability to draw down federal funds by connecting more veterans to the federal benefits (disability compensation, healthcare, education, housing, and others) earned through military service.

- **Curriculum development and outreach.** The curriculum has yet to be produced, but will be created in collaboration with service providers through the Governor's Interagency Council and the CalVet community-of-care engagement. In addition, the curriculum will be developed based on current best practices and analysis of vet demographics and benefits usage regionally.³ Cal-TAP will be marketed through CVSOs, existing email listserv mailings, CalVet public notices, and installations.
- **Metrics for success and best practices.** CalVet plans to track the number of participants for the online courses, number of participants for the in-person curriculum, USDVA Compensation and Pension participation rate, the USDVA dollars spent per veteran by county, and the satisfaction rate of the curriculum increasing benefit and service knowledge as reported by participant surveys for both the online and in-person curriculum.

Staff Recommendation. Hold open.

³ This data will come from the Repository of Information for Veteran Reintegration (RIVR) project, which consolidates a database of multiple sources. Currently, the project is in partial production, and it is anticipated that, with testing, users can examine demographics and benefits usage/requests.

0690 OFFICE OF EMERGENCY SERVICES
Issue 1: California Disaster Assistance Act

May Revision. The department requests an increase of \$30 million General Fund for the California Disaster Assistance Act (CDAA) Program to remove hazardous trees out of the public rights-of-way and away from public infrastructure.

Background. The CDAA authorizes state cost-share funding (75 percent) in local assistance to jurisdictions to repair, restore, or replace public real property damaged or destroyed by disasters, such as wildfires, earthquakes, floods, drought, and most recently, tree mortality. On October 30, 2015, Governor Brown proclaimed a state of emergency for tree mortality, including provisions to expedite removal and disposal of dying trees from drought conditions. Currently, counties must remove hazardous trees, which threaten county facilities/public infrastructure and roads. CDAA does not fund any hazardous tree removal that is the responsibility of a state or federal agency. The state's cost-share provides local assistance for eligible costs, such as "overtime for emergency personnel, travel and per diem, repair and replacement for public facilities; and costs for work basic engineering services."

To date, the Department of Forestry and Fire Protection (CAL FIRE) identified six counties (Kern, Fresno, Madera, Mariposa, Tulare, and Tuolumne) as high hazard zones. After a survey was conducted,⁴ the department anticipates four more counties (Amador, Calaveras, El Dorado, and Placer) to be included in the future. According to the department, with the addition of the Governor's proclamation on tree mortality, its existing CDAA annual appropriation of \$39 million is insufficient to cover all CDAA activities. Estimates for the removal and disposal of dead and dying trees are based on a unit-cost per tree, which ranges between \$350 to \$1,000 depending on location and other factors. The six high-hazard zone counties identified eligible costs under the CDAA in the amount of \$83.5 million General Fund. The department estimates total state cost-share is approximately \$60-63 million General Fund, below:

Workload Measure	BY	BY+1
Kern County	\$6,000,000	\$6,000,000
Fresno County	\$5,071,000	\$5,071,000
El Dorado County	\$5,000,000	\$5,000,000
Madera County	\$5,000,000	\$5,000,000
Mariposa County	\$4,786,000	\$4,786,000
Placer County	\$2,550,000	\$2,550,000
Calaveras County	\$2,500,000	\$2,500,000
Amador County	\$5,000,000	\$5,000,000
Tulare County	\$ 500,000	\$ 500,000
Tuolumne County	\$5,357,500	\$5,357,500

⁴ The following counties were surveyed: Kern, Tulare, Fresno, Madera, Mariposa, Tuolumne, Calaveras, Amador, El Dorado, and Placer counties, because they are the most heavily impacted counties thus far as identified by the Tree Mortality Task Force.

Staff Comment. The subcommittee may wish to discuss the following items.

- **Possible out-year costs.** The state has provided CDAA funding, typically between \$39.1 million General Fund (2013-14 and 2014-15) and most recently, \$61.3 million General Fund last fiscal year. With the projected continuation of the drought and inclusion of tree mortality as an eligible cost under CDAA, the potential for CDAA costs could increase in future years.
- **How much is in CDAA?** The department states, “[Cal OES’] request is specific to the projected deficiency of \$33 million General Fund in the CDAA appropriation for 2016-17.” However, the department appears to have \$22 million General Fund in CDAA that can only be used for the drought. To the extent the Legislature supports the department’s emergency response work within CDAA program, the proposal may be interpreted as a \$30 million General Fund augmentation to the existing \$39 million General Fund baseline for CDAA.

Staff Recommendation. Hold open.

California Governor's Office of Emergency Services
 California Disaster Assistance Act Projection for 2016/17
 As of May 12, 2016

Disaster Number	Disaster Title	Projected Expenditures
DR1577 (2005-01)	2005 January Winter Storms	700,000
DR1628 (2006-01)	2005/06 Winter Storms	600,000
DR1810 (2008-11)	November 2008 CA Wildfires	2,700,000
DR1884 (2010-02)	2010 Severe Winter Storms	1,000,000
DR1911 (2010-03)	CA Baja Earthquake	500,000
DR1952 (2010-17)	December 2010 Statewide Storms	2,000,000
DR1968 (2011-02)	March 2011 CA Tsunami	500,000
DR4158 (2013-02)	Rim Fire	700,000
DR4193 (2014-02)	South Napa EQ	1,000,000
DR4240 (2015-03)	Valley & Butte Fires	1,200,000
FM5093 (2015-03)	Rocky Fire	100,000
FM5111 (2015-03)	Butte Fire	100,000
FM5112 (2015-03)	Valley Fire	100,000
94-01	1994 Northridge EQ	9,550,000
1996-07	Santa Cruz Co Flooding/Fallen Trees	148,000
2005-01	2005 Winter Storms	4,000,000
2005-05	March 2005 Storms	500,000
2006-03	Spring Storms	5,000
2007-02	Extreme Cold Weather	5,000
2007-04	Griffith Park Fire	140,000
2007-09	Zaca Fire	350,000
2008-01	2008 January Storms	900,000
2008-10	So California Wildfires	2,200,000
2010-04	Pacifica Storm Drain Outfall	125,000
2010-06	2010 LA Co Wildfires	1,000,000
2010-14	November Storms	7,500
2010-17	Dec 2010 Statewide Storms	2,500,000
2011-02	2010 Severe Winter Storms	162,000
2014-04	Siskiyou County Wildfires	250,000
2014-05	San Bernardino County Storms	1,000,000
2014-07	December 2014 Storms	43,000
2015-02	Hurricane Marie	500,000
2015-03	Summer 2015 Wildfires	1,000,000
2015-04	Tropical Storm Delores	500,000
2015-05	Tree Mortality	30,000,000
2015-06	Waterman Terrorist Incident	4,500,000
2016-01	Pacifica Storm Drain Outfall	2,500,000
	Subtotal all Expenditures	73,085,500
	Existing Budget Authority	39,114,000
	Subtotal of Expenditures after Existing Budget Authority	33,971,500
	May Revise #1	30,000,000
	Balance (Shortfall)	3,971,500
Drought		
2014-03	Drinking Water Shortage	22,000,000
	Existing Budget Authority	22,000,000
	Balance	-