Senate Budget and Fiscal Review—Wesley Chesbro, Chair

SUBCOMMITTEE NO. 4 Agenda

Mike Machado, Chair
Christine Kehoe
Tom McClintock

Outcomes

Thursday, April 6, 2005
9:30 or Upon Adjournment of Session
Room 112

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Departments Proposed for Vote-Only

0280 COMMISSION ON JUDICIAL PERFORMANCE

The Commission on Judicial Performance is the independent state agency responsible for investigating complaints of judicial misconduct and judicial incapacity and for disciplining judges pursuant to article VI, section 18 of the California Constitution. Its jurisdiction includes all active judges and justices of California's superior courts, Courts of Appeal, and Supreme Court, and former judges for conduct prior to retirement or resignation. The Commission also shares authority with local courts for the oversight of court commissioners and referees. In addition to disciplinary functions, the Commission is responsible for handling judges' applications for disability retirement.

The Commission is composed of eleven members: three judges appointed by the Supreme Court, two attorneys appointed by the Governor, and six lay citizens, two appointed by the Governor, two appointed by the Senate Rules Committee and two appointed by the Speaker of the Assembly. Members are appointed to four-year terms and may serve two terms; Commission members do not receive a salary.

Budget Request. The budget proposes total expenditures of $4.1 million from the General Fund, which is the same as anticipated expenditures in the current year. The commission has a total of 27 positions.

0390 JUDGES' RETIREMENT SYSTEM

The Judges' Retirement System (JRS I) provides retirement benefit funding for judges of the Supreme Court, Courts of Appeal, Superior and Municipal Courts. Retirement benefits are based on age, years of service, compensation of active judges, and eligibility as determined by specific sections of the Judge's Retirement Law. The JRS I is funded by the Judge's Retirement Fund, which receives revenue from the General Fund and certain filing fees, as well as employee contributions equal to 8 percent of the judges' salaries.

Chapter 879 of the Statutes of 1994 established the Judges' Retirement System II (JRS II). Unlike its predecessor, JRS II is designed to be fully funded from employer and employee contributions on a prospective basis. The major differences in JRS II include increased retirement age and a cap of 3 percent annually for COLAs for retirement benefits. All judges elevated to the bench on or after November 9, 1994, are required to participate in JRS II. There are currently 1,610 authorized judges and justices in the State of California.

Budget Request. The budget proposes total expenditures of $299.6 million for the Judges' Retirement System.

8140 STATE PUBLIC DEFENDER

The Office of the State Public Defender (OSPD) was established in 1976 to provide indigent representation. Chapter 869, Statutes of 1997, revised the mission of the OSPD. The OSPD is now required to concentrate on post-conviction proceedings following a judgment of death. Specifically, the OSPD is limited to representing capital appellants only for the purpose of the direct appeal for all cases to which the OSPD was appointed after January 1, 1998.

Budget Request. The budget proposes $11.3 million from the General Fund, which is an increase of $70,000 from anticipated current-year expenditures, related to a price increase. The budget proposes 82 positions, the same number as in the current year. The administration did not submit any Budget Change Proposals for this item.

8180 PAYMENTS TO COUNTIES FOR THE COSTS OF HOMICIDE TRIALS

It is state policy that (1) the uniform administration of justice throughout the state is a matter of statewide interest, (2) that the prosecution of trials of persons accused of homicide should not be hampered or delayed by any lack of funds available to the county for such purposes, and (3) that the cost of homicide trials should not seriously impair the finances of a county. Government Code Sections 15200 through 15204 implements these policies by allowing a county to apply to the Controller for reimbursement of specified costs of homicide trials and hearings. The reimbursement formulas vary by population of the county and provide for reimbursement of a specified percentage of one percent of the full value of property assessed within the county.

Budget Request. The budget proposes total expenditures of $3.5 million from the General Fund. This is a decrease of $805,000 from the current year, based on the estimated funding needed for 2006-07. Expenditures for 2004-05 totaled $3.1 million.

8830 CALIFORNIA LAW REVISION COMMISSION

The primary objective of the California Law Revision Commission (CLRC) is to make recommendations to the Governor and the Legislature for revision of the law. The CLRC assists the Governor and the Legislature in keeping the law up to date by studying complex subjects, identifying major policy questions for legislative attention, gathering the views of interested persons and organizations, and drafting recommended legislation for consideration. The CLRC may study only topics that the Legislature authorizes by concurrent resolution. The Commission consists of seven gubernatorial appointees, one Senator, one Assembly Member, and the Legislative Counsel.

Budget Request: The budget proposes expenditures of $706,000 ($691,000 General Fund and $15,000 in reimbursement authority) and 5.5 positions. This amount is $3,000 greater than estimated expenditures in the current year.

8840 COMMISSION ON UNIFORM STATE LAWS

In conjunction with other states, the Commission on Uniform State Laws (CUSL) drafts and presents to the Legislature uniform laws deemed desirable and practicable by the National Conference of Commissioners on Uniform State Laws for adoption by the various states. The commission is composed of twelve members appointed by the Governor, one member of each house of the Legislature appointed by the respective house, the Legislative Counsel, and two life members of the National Conference.

Budget Request. The budget proposes expenditures of $149,000 from the General Fund, which is the same as anticipated expenditures in the current year.

9670 GOVERNMENT CLAIMS BOARD AND SETTLEMENTS AND JUDGMENTS BY THE DEPARTMENT OF JUSTICE

The budget for this item reflects statewide expenditures for equity claims against the state approved for payment by the California Victim Compensation and Government Claims Board and settlements and judgments against the state sponsored by the Department of Justice. Payment of these claims is provided to claimants through the passage of special legislation.

Budget Request. Similar to the last several years, the budget does not propose any General Fund appropriation for this purpose. Claims under $70,000 from General Fund agencies would be paid from the base budget of the affected agency. Special Fund departments (such as the Department of Transportation) would also have the authority under this item to pay claims up to $70,000 with DOF approval. To enable these departments to continue to pay special fund claims pursuant to this authority, the DOF is proposing to leave Item 9670 in the Budget Bill, with the provisional language addressing special funds, minus the General Fund appropriation.

Staff Comments. The proposed language is identical to the language that was approved by the Legislature for the past several years.

CONTROL SECTION 5.25 – PAYMENTS FOR LITIGATION

Control Section 5.25 provides that payments for any attorney fee claims, settlements, or judgments arising from actions in state court against a state agency or officer shall be paid from appropriations in the Budget Act that support the affected agency.

Staff Comments. The proposed language is identical to the language approved in last year.

Staff Recommendation on Proposed Vote-Only Agencies. No issues have been raised with these agencies. Staff recommends approval as budgeted for the proposed consent / vote-only agencies.

Action on the vote-only agencies.
Approved the vote-only agencies as budgeted. Vote: 3-0

Departmental Budgets Proposed for Discussion

0250 Judicial Branch

Proposed Budget. The Governor's budget proposes a total of $3.4 billion ($2 billion General Fund and $1.4 billion other funds) for the Judicial Branch, an increase of $139.7 million ($224.1 million General Fund) or 4.3 percent above anticipated current-year expenditures.

Of the total amount, the budget proposes expenditures of $371 million ($317.7 million General Fund) for items related to the state judiciary. The state judiciary items include the Supreme Court ($41.6 million), the Courts of Appeal ($182.1 million), the Judicial Council – which includes the Administrative Office of the Courts (AOC) ($101.9 million), the Judicial Branch Facility Program ($32.6 million), and the California Habeas Corpus Resource Center ($12.9 million). The proposed amount for the state judiciary is a decrease of $3.4 million below estimated expenditures in the current year. The reduction is due primarily to a change in the way that reimbursements from the trial courts are reflected. Previously the budget had shown about $14 million in reimbursements in the AOC budget from trial courts for services provided statewide for the trial courts. Now that the entire Judicial Branch is in one budget item, the Administration has eliminated the reimbursements and proposed budget bill language that would allow for the transfer of funds from the trial courts to the AOC, upon the approval of the director of the AOC, for recovery of the costs of administrative services provided to the courts.

The proposed total budget for the Trial Court Funding item is $3 billion ($1.7 billion General Fund and $1.4 billion other funds). This amount is an increase of $143 million, or 4.9 percent, above anticipated expenditures in the current year.

Judicial Branch – Program Requirements

	Expenditures *(dollars in thousands)*				**Percent**
Program	**2004-05**	**2005-06**	**2006-07**	**Change**	**Change**
Supreme Court	$39,408	$40,837	$41,571	$734	1.8%
Courts of Appeal	166,167	178,072	182,117	4,045	2.3%
Judicial Council	175,981	110,914	101,902	-9,012	-8.1%
Judicial Branch Facility Program	0	33,189	32,552	-637	1.9%
Habeas Corpus Resource Center	10,063	11,380	12,872	1,492	13.1%
Subtotal, Judiciary	*$391,619*	*$374,392*	*$371,014*	*-$3,378*	*-0.9%*
Support for the Operations of Trial Courts	$2,071,522	$2,476,722	$2,601,337	$124,615	5.0%
Salaries of Superior Court Judges	225,575	241,626	252,602	10,976	4.5%
Assigned Judges	21,105	20,956	21,908	$952	4.5%
Court Interpreters	67,688	82,731	86,126	$3,395	4.1%
Grants	-	67,802	70,895	3,093	4.6%
Subtotal, State Trial Court Funding	*$2,385,890*	*$2,889,837*	*$3,032,868*	*$143,031*	*4.9%*
Totals, Programs	**$2,777,509**	**$3,264,229**	**$3,403,882**	**$139,653**	**4.3%**
Authorized Positions	**1,539.3**	**1,866.1**	**1,889.2**	**23.1**	**1.2%**

Proposed Vote-Only Issues

A. Support for the New Fifth Appellate District Courthouse

Budget Request. The budget proposes a one-time increase in appropriation authority from the Appellate Court Trust Fund of $1.3 million and an ongoing General Fund augmentation of $70,000 for support of the new Fifth Appellate District Courthouse in Fresno. The funding would provide for non-capital furniture, fixtures, equipment, moving costs, and on going maintenance costs related to the new courthouse.

B. Judicial Branch Information Technology Support and Maintenance

Budget Request. The budget proposes an augmentation of $3.3 million General Fund for increased information technology costs supporting the AOC, Supreme Courts, and the Courts of Appeal. The proposal requests additional resources for application development and systems infrastructure and includes a total of 17 new positions (9 in 2006-07 and 8 in 2007-08).

C. Habeas Corpus Resource Center Supervisory Infrastructure

Budget Request. The budget proposes an increase of $114,000 General Fund for the establishment of one Supervising Administrative Coordinator position to supervise administrative and clerical support staff.

D. Habeas Corpus Resource Center (HCRC) Case Team Staffing

Budget Request. The budget proposes $1.2 million and 12 positions to create four new case teams for the capital habeas corpus appointments form the California Supreme Court. The new teams will allow the HCRC to take on more capital habeas cases. As of July 2005, there were 272 inmates on death row who had not been appointed habeas counsel. The NCRC indicates that appointments are currently being made in cases with a judgment of death in 2000 and that the backlog of cases awaiting appointment for habeas counsel is growing.

E. Trial Court Security Baseline Funding.

Budget Request. The budget proposes $18.7 million General Fund to provide an additional 97 entrance screening stations in superior court facilities, and to establish a five year replacement cycle for new and existing entrance screening equipment. For 2006-07, the proposal includes $13.5 million in ongoing funding to provide sheriff staff for the new screening stations and one-time funding of $2.9 million for the new screening equipment. Ongoing funding of $2.3 million would provide for the establishment of a five-year replacement cycle for the equipment.

F. Plumas and Sierra Counties New Courthouse.

Budget Request. The budget proposes $481,000 from the State Court Facilities Construction Fund for land acquisition and preliminary plans for a new Portola/Loyalton courthouse.

G. Finance Letter: Court Facilities Trust Fund Adjustment.

Finance Letter Request. This Finance Letter proposes a permanent augmentation of $372,000 from the Court Facilities Trust Fund for on-going operations and maintenance of trial court facilities transferred to the state. The Judicial Council recently completed transfer of facilities from Riverside County and San Joaquin County.

Staff Recommendation. No issues have been raised regarding these issues. Staff recommends approval as budgeted for the vote-only issues.

Action.

Approved the following proposed vote-only issues on a 2-1 vote (McClintock, no): B, C, D, and E
Approved the following proposed vote-only issues on a 3-0 vote: A, F, and G

Discussion Issues

1. Antioch Courthouse

Budget Request. The budget proposes $2 million from the State Court Facilities Construction Fund to fund working drawings for a new trial court facility in Antioch to replace the Pittsburg facility.

Concerns Raised by the Analyst. The LAO notes that the new Antioch facility would have four courtrooms, but based on their review, the proposed facility will not provide adequate space to accommodate even the current filings of the Pittsburg court.

Analyst's Recommendation. Based on current workload and recent growth in filings, the proposed Antioch courthouse would be over capacity and unable to accommodate its filings workload by the time it is complete in 2009. In order to avoid building a court facility that is too small to accommodate all the filings when construction is complete, the LAO withholds recommendation on the new Antioch courthouse until the department submits a revised proposal that provides adequate courtrooms for the workload that court is expected to handle in 2009.

Staff Recommendation. The AOC has indicated that it is reviewing the proposal and anticipates submitting a revised proposal later this spring. Staff recommends holding the issue open pending a revised proposal.

Action.

Held open pending a revised proposal.

2. Contra Costa-Pittsburg Trial Court Facility

Budget Request. The budget proposes funding for two trial court facilities in 2006-07, including a new Antioch courthouse in Contra Costa County and a joint-use Plumas/Sierra Counties courthouse. However, neither county has transferred the existing courthouses to the state. The Judicial Council estimates that transfers will take place by late spring 2006.

Analyst's Concerns. The LAO indicates that in order to encourage the speedy transfer of these court facilities, funding for the new courthouses should be available only upon the transfer of old trial court facilities. Currently, the budget bill includes language requiring the transfer of the Plumas County Portola trial court facility prior to the release of funds.

Analyst's Recommendation. The LAO believes that the same language as the Plumas/Sierra courthouse should be applied to the Antioch courthouse. Accordingly, the LAO recommends the adoption of the following budget bill language in Budget Item 0250-301-3037:

> Notwithstanding any other provision of the law, County of Contra Costa shall transfer responsibility, or responsibility and title, for the Pittsburg Court facility to the state prior to the release of the funds identified in Schedule (1).

Staff Recommendation. Staff recommends adoption of the LAO proposed budget bill language.

Action.

Approved proposed budget bill language. Vote: 3-0.

3. New Judgeships and Conversion of Subordinate Judgeships.

Budget Request. The proposed budget includes $5.5 million to support facilities, staff, salaries, and benefits for up to 150 new judgeships phased in over a three-year period beginning in April 2007. This level of funding assumes one month of expenditures in the budget year for 50 judgeships. The ongoing cost of 50 judges is $35.8 million and the ongoing cost of 150 judges is $107.3 million. The expenditure of these funds is restricted by budget bill language until legislation authorizing new judgeships is enacted. This proposal also supports the conversion of up to 161 judicial officers to judgeships, as the positions become vacant, funded from within existing resources.

Staff Comments. The proposal includes funding for the salary of the judgeship, as well as for support staff of 6.1 staff per judge. The Subcommittee may wish to ask the Judicial Council about potential reporting requirements for the filling of the judgeships and the support staff positions and the use of the funds.

Staff Recommendation. Staff recommends holding this item open at this time.

Action.

Held open the Subcommittee directed staff, the department, and the LAO to develop language regarding the filling of judgeships and support staff positions. .

4. Trial Court Technology Baseline Funding.

Budget Request. The budget proposes an on-going General Fund augmentation of $12.3 million for development and implementation of information technology systems to the trial courts.

Concerns Raised by the LAO. The LAO indicates that although the implementation of new software is important in order to replace the administrative role previously played by the counties and to improve the accountability of trial courts, the request does not provide any detail on how this funding will be used. In particular, the LAO believes that the proposal does not specify the amount of funding that will be designated for each individual project, nor does it identify specific progress that will be made on each project in the budget year. More importantly, the AOC has not provided information to demonstrate that these trial court programs require an augmentation beyond the $105 million State Appropriations Limit (SAL) adjustment already included in the budget to fund the cost of inflation and growth in trial court operations.

Background. In conjunction with becoming a state-funded entity after enactment of the Trial Court Funding Act of 1997, there has been a significant effort to provide statewide information systems for the trial courts. Because counties are no longer required to provide administrative services or information technology support to the courts, the courts must have these services available internally. The AOC has developed several information management systems, and has begun to transition the courts to these systems. There are 15 programs currently being developed and implemented for the trial court system. A few major programs are listed below.

Court Accounting and Reporting System (CARS) – A statewide financial accounting system for the courts. Currently 20 of 58 counties have fully implemented CARS.
California Case Management System – A statewide system for tracking court cases, scheduled to be implemented statewide by the 2009-10 fiscal year.
Courts Human Resources Information System (CHRIS) – A statewide trial court human resources information system. The CHRIS is currently anticipated to be utilized by all 58 trial courts by the 2009-10 fiscal year.

The LAO indicates that in 2005-06, the trial courts will spend an estimated $63 million on project implementation and $73 million for ongoing maintenance of these systems. Expenses have increased significantly as new projects have been established. The AOC indicates that a total of $178.1 million will be needed in the budget year to fund these projects.

Analyst's Recommendation. The LAO recommends rejection of the request for $12.3 million in information systems funding for the trial courts. The LAO indicates that the proposal contains no detail on how the funding will be used and does not provide sufficient information to demonstrate that funding is needed above and beyond the $105 million proposed for the trial courts through the State Appropriations Limit adjustment.

Staff Recommendation. Staff is reviewing additional information that has been provided on the court technology request. Staff recommends holding this issue open at this time.

Action.
Held open.

4. Provisional Language in Budget Items 0250-001-0001 and 0250-101-0001.
Provision 3 of Budget Item 0250-001-0001 and Provision 1 of Budget Item 0250-101-0001 provide the ability for the Controller to transfer $5 million between these items at the request of the AOC to cover short-term cash flow issues. The authority has not been needed, and the AOC does not object to deleting the language.

Staff Recommendation. Staff recommends deleting Provision 3 of Budget Item 0250-001-0001 and Provision 1 of 0250-101-0001.
Action.
Deleted provision 3 of 0250-001-0001 and provision 1 of 0250-101-0001. Vote: 3-0

5. Finance Letter. Correct Error in Program Schedule Regarding Administrative Services Reimbursement.
Finance Letter Request. This Finance Letter proposes to make a technical adjustment to Budget Item 0250-001-0932, by replacing program 45.10 – Support for Operations of the Trial Courts with program 30 – Judicial Council, in order to allow the AOC to recover costs associated with providing services to the trial courts. The proposed changes are reflected below:

0250-001-0932 – For support of the Judicial Branch, payable
From the Trial Court Trust Fund……. $1,000
Schedule:
(1) 35 – Judicial Branch Facility Program... 0
~~(2) 45.10 – Support for the Operation of the Trial Courts…….. 1,000~~
(2) 30 – Judicial Council…….. 1,000

Staff Comments. This is a technical change to allow the AOC to recover costs for administrative services support provided by the AOC to trial courts in areas such as accounting, human services and information technology. Previously, these services were reflected as reimbursements from the Trial Court Trust Fund to the Judicial Council when there were two different organization codes. This year, the DOF has proposed this transfer item to allow money from the Trial Court Trust Fund to be transferred for support of the Judicial Council. However, as proposed, the item includes only $1,000, allowing DOF and the Judicial Council to adjust the amount higher, based on the amount of support provided. Last year, the Judicial Council Item had approximately $13 million in reimbursements from the trial courts for administrative services performed. The AOC indicates that it estimates that approximately $40.7 million will be reimbursed in the budget year from trial courts for the Administrative and Information Services Infrastructure Initiative. In order to more accurately portray how funds are to be expended, this transfer item should include a better estimate for the amount that will be transferred.

Staff Recommendation. Staff recommends holding this issue open, pending additional information from the AOC on the estimated cost of the services that it will perform for the trial courts. Staff recommends that when the Subcommittee approves this change, it also include the estimated amount to be transferred.

Action
Held open.

0820 Department of Justice

It is the responsibility of the Attorney General to uniformly and adequately enforce the laws of the State of California. The Attorney General fulfills this mandate through the programs under his control at the Department of Justice (DOJ). There are five primary divisions within the department, including (1) Civil Law, (2) Criminal Law, (3) Public Rights, (4) Law Enforcement, and (5) Criminal Justice Information Services. In addition, there are the Directorate and Administration Divisions, Executive Programs, the Division of Gambling Control, and, as of January 1, 2000, the Firearms Division.

Budget Overview. The budget proposes $687.7 million for the DOJ, which is an increase of $10.9 million, or 1.6 percent above current year expenditures. General Fund support of $322.5 million represents an increase by $3.6 million or 1.1 percent from the estimated current year budget.

DOJ Program Requirements

	(dollars in thousands)				Percent
Program	**2004-05**	**2005-06**	**2006-07**	**Change**	**Change**
Directorate and Administration	$24,703	$28,434	$29,185	$751	2.6%
Distributed Directorate and Administration	-24,703	-28,434	-29,185	-751	0.0%
Legal Support and Technology	42,781	48,804	48,442	-362	-0.7%
Distributed Legal Support and Technology	-42,781	-48,804	-48,442	362	0.0%
Executive Programs	14,536	15,287	15,495	208	1.4%
Civil Law	104,195	124,471	122,060	-2,411	-1.9%
Criminal Law	111,799	100,140	103,624	3,484	3.5%
Public Rights	57,434	80,399	78,612	-1,787	-2.2%
Law Enforcement	164,526	183,579	213,316	29,737	16.2%
California Justice Information Services	144,131	161,727	175,629	13,902	8.6%
Gambling	13,299	15,503	18,997	3,494	22.5%
Firearms	12,037	12,246	17,261	5,015	41.0%
State-Mandated Local Programs	1				
Unallocated Reduction	0				
Total	**$621,958**	**$693,352**	**$744,994**	**$51,642**	**7.4%**
Authorized Positions	**4,687.4**	**5,230.7**	**5,386.2**	**155.5**	**3.0%**

DOJ Budget Adjustments Proposed for Vote-Only

Issue Title	Positions	Dollars
1. Firearms Database Workload. The proposal requests 34 positions and $5 million for handling workload associated with the DOJ Armed Prohibited Persons System (APPS) database, which was developed pursuant to Chapter 944, Statutes of 2001. The APPS database cross-references persons who possess or own a firearm and have been subsequently prohibited from owning or possessing a firearm, including persons convicted of a felony or violent misdemeanor, persons who have been committed to a mental health treatment facility, and persons with active restraining orders. (General Fund)	34.0	$4,974,000
2. Investigative Support Team, San Francisco. The proposal requests 2 Special Agent positions, 1 Special Agent Supervisor position, and $587,000 to establish a new Investigative Support Team (IST) to provide services to the Attorney General's San Francisco legal office. There are currently 4 IST teams across the state that provide assistance in conducting criminal and civil investigations. This new team would cover the 14-county San Francisco region. (General Fund)	3.0	$587,000
3. Domestic Violence Restraining Order System (DVROS). The proposal requests $352,000 and three positions in order to ensure that criminal protective orders are being properly entered into the DVROS system. (General Fund)	3.0	$352,000
4. Vehicle Replacement. This proposal requests $3.3 million to establish an annual plan of vehicle replacement on an average of every six years. (General Fund)		$3,315,000
5. Forensic Equipment Replacement. This proposal requests $4.6 million to establish an ongoing equipment baseline to replace forensic equipment. Last year, the Subcommittee funded equipment purchases on a one-time basis and requested the DOJ to provide an equipment replacement schedule. (General Fund)		$4,562,000
6. Relative Care Electronic Storage Space. The proposal requests $299,000 to process additional fee exempt relative/emergency placement criminal offender record information requests. (General Fund)	0	$299,000
7. Underwriters Litigation. This request proposes $4.2 million for 2006-07 and $2 million in 2007-08, and 2.6 limited-term positions to continue funding the specialist counsel with expertise in insurance-coverage litigation and to provide oversight for the litigation. (General Fund)	0	$4,224,000

8. Bureau of Medi-Cal Fraud and Elder Abuse Civil Prosecutions Unit. This request proposes 23.4 positions and $3 million to prosecute pharmaceutical manufacturers for violations of the False Claims Act, and to investigate and prosecute other violations of the False Claims Act. (Federal Funds and Special Funds)	23.4	$3,039,000
9. Bureau of Forensic Services Workload. This request proposes permanent establishment of 12 senior criminalist positions and $1.6 million to address the implementation of industry requirements associated with a change in accreditation standards. The ongoing funding requested is $1.5 million. (General Fund)	12.0	$1,604,000
10. California Law Enforcement Telecommunications System (CLETS) Workload Augmentation. This request proposes 3 positions and $327,000, to process increased workload for the CLETS system. The DOJ reports that due to a lack of resources, there is currently a 7-month to 15-month delay in implementing client agencies' requests related to the CLETS system. (General Fund)	3.0	327,000
11. Network Encryption. This request proposes $2 million ($903,000 General Fund and $1.1 million Motor Vehicle Account) and 3 positions for the development and implementation of network encryption as required by federal security policy. The proposal requests $3.1 million ($1.4 million GF) in 2007-08 and $1.7 million ($745,000 GF) ongoing. (General Fund and Motor Vehicle Account).	3.0	$2,007,000
12. Expansion of Latent Print Program Workspace. This request proposes a one-time expenditure of $596,000 to expand the Sacramento Latent Print Program to address deficiencies identified by the American Society of Crime Laboratory Directors/Laboratory Accreditation Board. (General Fund)		$596,000
13. Registry of Charitable Trusts Automation Project. This request proposes an increase of $686,000 from special funds and two limited-term positions to develop, procure and implement an automated system for the Registry of Charitable Trusts. The request proposes $346,000 in 2007-08 and $93,000 ongoing for maintenance. The Registry of Charitable Trusts is self-funded through fees. The Budget Act of 2005 established the Registry of Charitable Trusts Fund and requires all fees generated by the Registry, including Conservator Registry Fees, to be deposited into the Trusts Fund. This proposal includes clean up trailer bill language specifying that moneys in the Trusts Funds are to maintain both the Registry of Charitable Trusts and the Registry of Conservators, Guardians, and Trustees. (Special Funds)	2.0	$686,000

14. Missing Persons DNA Program Augmentation. This request proposes an increase of $1.2 million from the Missing Persons DNA Database Fund in 2006-07, $1.1 million in 2007-08 and 2008-09, and $199,000 ongoing to handle the current level of incoming requests and the pre-existing backlog for the identification of missing and unidentified persons. (Special Fund)	7.0	$1,221,000
15. Third Party Provider Licensing Workload. This request proposes $904,000 and 9 positions from the Gambling Control Fund to meet the workload for the Third Party Providers of Proposition Players Services licensing program. (Special Fund)	9	$904,000
16. Collections Unit. This request proposes an augmentation of $635,000 from the Legal Services Revolving Fund and 5.9 positions on a two-year limited-term basis to establish a Collections Unit to enforce monetary judgments obtained by the Division of Public Rights. The proposal includes trailer bill language that provides that persons who fail to pay any liability or penalty in a timely basis shall be required to pay attorney's fees and costs for any collections proceedings to enforce payment. (Special Fund)	5.9	$635,000
17. Proactive Analysis Collaboration Team (PROACT). This request proposes an augmentation of $682,000 from federal funds and 6 positions to create a PROACT team and meet the increased workload for the inclusion of crimes into the Western States Information Network. (WSIN).(Federal Funds)	6	$682,000
18. National Criminal History Improvement Program (NCHIP). This request proposes a one-time increase of $1.4 million form federal funds and 2 limited-term positions to continue criminal record improvement activities for the 11th consecutive year. (Federal Funds)	2	$1,425,000
19. Proprietary Security Services Act. This request proposes $5.6 million from Fingerprint Fee Account Funds and 31 positions to process criminal record information requests from the Department of Consumer Affairs, Bureau of Security and Investigative Services pursuant to Chapter 655, Statutes of 2005 (SB 194). (Special Fund).	31	$5,600,000

Staff Recommendation. Staff recommends approval as budgeted for the vote-only issues.

Action.
Approved the vote-only proposals , with issue #7 Underwriters Litigation amended to approve the budget year portion only, on a 2-0 vote (McClintock not present).

DOJ Discussion Issues

1. Special Crimes Unit Staffing Request.

Budget Request. The budget proposes $1.3 million and 13 positions to handle increased workload in the area of complex financial crimes and identity theft. According to the department, it does not have enough investigative and paralegal staff in its Special Crimes Unit to permit the timely investigation and prosecution of complex financial crimes.

Analyst's Recommendation. At the time of its *Analysis*, the LAO had recommended rejection of the $1.3 million pending receipt and review of additional information to justify the augmentation. The LAO indicates that the DOJ has provided additional information supporting the workload in the request, and that based on the provided information, the LAO is no longer recommending rejection of the proposal.

Staff Recommendation. Staff recommends approval of the request.

Action.

Approved as budgeted. Vote: 2-0 (McClintock not present).

2. California Methamphetamine Strategies (CALMS) Program.

Budget Request. The budget proposes $6 million and 31 positions, mostly special agents, to provide technical assistance to local law enforcement in less populated areas of the state where some methamphetamine production occurs.

Analyst's Concerns. The LAO indicates that the request provides no information on the potential distribution of methamphetamine production by region, no information on the existing level of local resources dedicated to methamphetamine enforcement, and no workload data to justify the requested number of positions. The LAO believes that the department should provide this information so that the Legislature can determine the level of resources, if any, that should be dedicated to these activities. The department should also evaluate and report on the extent to which it may be able to redirect resources within its narcotics enforcement division. The LAO also notes that the state Office of Emergency Services administers the War on Meth grant program, which provides grants totaling $9.5 million to a number of rural and central valley counties for methamphetamine-related law enforcement activities. The LAO indicates that it is unclear how the requested $6 million and related 31 positions would be coordinated with the activities currently funded at the local level through the War on Meth grant program.

Analyst's Recommendation. In evaluating this request, the LAO believes that the Legislature should ensure that all available resources are effectively targeted to areas of the state with the greatest need. The LAO recommends rejection of the $6 million and 31 positions pending receipt of additional information.

Staff Comments. Starting in 1998-99 the federal government provided $18.2 million for this program for three years. As federal funds have been reduced, the state has provided additional General Fund to fund the program. In the current year, the DOJ has $8.6 million in General Fund and $4.3 million in federal funds, for a total of $13 million for the CALMS program.

Staff Recommendation. Staff concurs with the LAO recommendation to reject funding for the CALMS expansion.

Action.

Rejected funding. The Subcommittee indicated that DOJ could submit additional information and the issue could be revisited by the Subcommittee. Vote: 3-0

3. Gang Suppression Enforcement Teams.

Budget Request. The budget proposes $6.5 million and 33.6 positions to establish 4 Gang Support Enforcement Teams (GSET). The proposal would also fund an additional two teams in 2007-08 for a total of $9.8 million.

Analyst's Recommendation. The LAO recommends rejection of the request for $6.5 million pending receipt of additional information. The LAO notes that the request suggests that there has been a significant increase in gang-related activity but provides no data to support this assertion. Additionally, most gang activity continues to be concentrated in regions that have a long history of dealing with gangs locally, such as in southern California and the Bay Area. The LAO notes that the department's request does not provide information to describe how these regions, which have developed expertise in dealing with the gang problem, would benefit from the presence of DOJ special agents. Pending receipt and review of this additional information, the LAO recommends rejection of the request for $6.5 million, which is proposed to grow to $9.8 million in 2007-08.

Staff Recommendation. The proposed budget for DOJ significantly expands the number of Special Agent positions at the Division of Law Enforcement. Should the Subcommittee approve funding for the request, staff recommends that rather than expanding by 4 teams in the budget year and an additional 2 teams in 2007-08, that the Subcommittee approve two teams and allow the department to come back in the future with better data to justify additional teams.

Action.

Held open.

4. Underground Economy.

Budget Request. The budget proposes $556,000 and 4.3 positions to establish an Underground Economy Statewide Investigation and Prosecution Unit within the Public Rights Division. This unit would work as part of the Joint Strike Force on the Underground Economy (JESF), a multi-agency coalition which is headed by the Employment Development Department (EDD) and includes DOJ. It would also work in conjunction with the Economic and Employment Enforcement Coalition (EEEC), another multi-agency coalition established July 1, 2005, that includes four state entities (Divisions of Labor Standards Enforcement and Occupational Safety and Health in the Department of Industrial Relations, EDD, and Contractor's State Licensing Board in the Department of Consumer Affairs) and the U.S. Department of Labor. According to the DOJ, the focus of the unit would be the investigation and prosecution of various underground economy cases, including unfair competition cases seeking restitution for unpaid wages, and criminal cases dealing with theft of labor, withholding of wages, and tax evasion.

Analyst's Concerns. The LOA has raised two concerns with this request. First, the LAO notes that DOJ asserts that the unit will work together with other members of JESF but does not specify the role of the unit with respect to other members of the strike force. Second, the proposal identifies several potential sources which would generate workload for the unit, most notably the newly created EEEC and local prosecutors that lack the expertise to litigate these cases. However, the department does not provide information to demonstrate that such workload exists. The LAO notes that several agencies involved in EEEC have in-house legal staff that represent the agencies in cases against employers. Moreover, other affected agencies, such as the tax and licensing agencies, use current DOJ staff when their assessments are challenged in court. Since EEEC has only been in existence for less than a year, the LAO believes that it may be premature to establish an ongoing unit within DOJ. It is possible that future DOJ workload created by EEEC could be absorbed using existing resources.

Analyst's Recommendation. The LAO recommends rejection of the request.

Staff Recommendation. Staff is currently reviewing materials provided to the Subcommittee by the DOJ. Staff recommends holding this issue open at this time.

Action.

Held open.

5. Division of Gambling Control.

The LAO recommends that the division's operations continue to be supported entirely by the Indian Gaming Special Distribution Fund (SDF) and the Gambling Control Fund. Revenues for these funds come from tribal-state gambling compacts, as well as fines and fees collected from gambling regulation. The administration now proposes to provide a portion of the funding for the division's expansion from the General Fund. The rationale given by the administration is that some tribes' payments go directly to the General Fund rather than SDF; and, therefore a proportion of the costs of operating the division should also be paid from the General Fund. However, state law and the tribal compacts allow funding for all gambling related regulatory activities to come from SDF, which is projected to have a fund balance of $113 million at the end of 2006-07. Accordingly, the LAO recommends continuing to fund the division entirely from SDF and Gambling Control Fund for a General Fund savings of $367,000.

Staff Recommendation. Staff recommends approval of the proposal. Consistent with the LAO recommendation, staff recommends approval of the funding from the SDF rather than from the General Fund.

Action.

Approved proposal with funding from the SDF rather than the General Fund. Vote: 2-1 (McClintock, no).

6. Radio Communications Equipment Replacement.

Budget Request. The proposal requests $2.8 million General Fund in one-time funds to replace its radio communications system infrastructure (repeaters, control stations, and desktop dispatch consoles), and $936,000 of ongoing General Fund authority to establish beginning in 2007-08 an annual replacement program for portable radios and other radio equipment.

Staff Comments. The Subcommittee may wish to hold this issue open pending hearings on the Office of Emergency Services and the California Highway Patrol.

Action.
Held open.

1870 California Victim Compensation and Government Claims Board

The California Victim Compensation and Government Claims Board, formerly known as the Board of Control, consists of three members: the Secretary of State and Consumer Services who serves as the chair; the State Controller; and a public member appointed by the Governor. The primary functions of the California Victim Compensation and Government Claims Board are to: (1) compensate victims of violent crime and eligible family members for certain crime-related financial losses, (2) consider and settle all civil claims against the state, (3) provide equitable travel allowances to certain government officials, (4) respond to bid protests against the state alleging improper or unfair acts of agencies in the procurement of supplies and equipment, and (5) provide reimbursement to counties for special elections expenditures.

Budget Request. The budget proposes $136.2 million ($102.7 million from the Restitution Fund), which is an increase of $4.1 million, or 3.2 percent from anticipated current-year expenditures. Of the total proposed expenditures, $124.1 million is proposed for the Citizens Indemnification Program, which indemnifies those citizens who are injured and suffer financial hardship as a direct result of a violent crime. This represents an increase of $4 million, or 3.4 percent, for this program from estimated current-year expenditures.

California Victim Compensation and Government Claims Board -- Program Expenditures

	Expenditures *(dollars in thousands)*				**Percent**
Program	**2004-05**	**2005-06**	**2006-07**	**Change**	**Change**
Citizens Indemnification	$100,406	$126,805	$126,006	-$799	-0.6%
Quality Assurance & Revenue Recovery	6,290	8,235	8,938	703	8.5%
Disaster Relief Claim Program	0	19	19	0	0.0%
Civil Claims Against the State	823	872	1,232	360	41.3%
Citizens Benefiting the Public (Good Samaritans)	20	20	20	0	0.0%
Administration	7,836	7,836	8,060	224	2.9%
Distributed Administration	-8,130	-8,130	-8,372	242	3.0%
Executive Office Administration	294	294	312	18	6.1%
Totals, Programs	**$107,539**	**$137,792**	**$136,215**	**-$1,577**	**-1.1%**
Total Authorized Positions	**283.2**	**297.2**	**297.2**	**0**	**0.0%**

California Victim Compensation and Government Claims Board – Source of Funding

	Expenditures *(dollars in thousands)*				**Percent**
Fund	**2004-05**	**2005-06**	**2006-07**	**Change**	**Change**
General Fund	$0	$1,841	$0	-$1,841	n/a
Restitution Fund	81,311	101,264	102,740	1,467	1.5%
Federal Trust Fund	25,405	33,796	32,224	-1,572	-4.7%
Reimbursements	823	891	1,251	360	40.4%
Totals, Programs	**$107,539**	**$137,792**	**$136,215**	**-$1,577**	**-1.1%**

Board Issues Proposed for Vote-Only

A. Overhead Costs.

Budget Request. The budget proposes an augmentation of $344,929 in reimbursements to reimburse its share of the Victim Compensation and Government Claims Board overhead costs.

B. CaRES

Budget Request. The budget proposes $1.2 million in federal funds to maintain the Compensation and Restitution System (CaRES) information technology system.

C. Expand Criminal Restitution Compacts.

Budget Request. The budget proposes an increase of $607,000 from the Restitution Fund, to expand the Criminal Restitution Compact (CRC) contracts to include four additional counties: Merced, Riverside, San Joaquin, and Tulare. The funding provides restitution specialist positions to ensure that Restitution is ordered by the court in those cases in which victims have received benefits. In October 2004, the board completed a study showing that the CRC contracts were very effective in increasing restitution orders and fines.

Finance Letter

D. Relocation Costs.

Finance Letter Request. This April Finance Letter requests a one-time increase of $2 million from the Restitution Fund and $82,000 in reimbursements due to relocation costs for the Board.

Staff Recommendation. No issues have been raised in the proposed vote-only items. Staff recommends approval of the vote-only issues.

Action.
Approved vote-only items. Vote: 3-0

Discussion Issues

1. Joint Power Contract Request.

Budget Request. The budget proposes an augmentation of 5 percent ($521,362 from the Restitution Fund) to fund increases associated with the Joint Power Agreements with counties that process new claims and bills.

Staff Comments. Staff notes that the Board has received a price increase of 2.6 percent in the current year, and proposed for the budget year a price increase of 3.1 percent on the amount in their budget related to the JPA contracts. The board does not object to not funding this separate increase.

Staff Recommendation. Staff recommends rejecting the proposal to augment Restitution Fund by $521,362. The price increases provided in the current year and for the budget year will more than cover this requested amount.

Action.

`Rejected Proposal. Vote 3-0`

2. Proposed Provisional Language in Budget Item 1870-001-0214

Budget Request. Provision 1 of Budget Item 1870-001-0214 contains some intent and flexibility language to augment expenditures from the Restitution Fund related to joint power agreements and criminal restitution compacts (CRCs).

Staff Comments. Similar provisional language has been in the Budget Acts since at least 2000-01. The Board indicates that the authority has never been used. Changes in the amount for the joint power agreements and the CRCs are adjusted through budget change proposals during the regular budget process. Due to the fact that the language has never been used, the agency does not object to deleting the following language:

> 1. It is the intent of the Legislature that local agencies which contract with the California Victim Compensation and Government Claims Board as part of joint powers agreements or criminal restitution compacts are reimbursed for their costs. Notwithstanding any other provision of law, the Department of Finance may authorize expenditure from the Restitution Fund in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity is provided to the chairperson of the committee in each house of the Legislature that considers appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.

Staff Recommendation. Staff recommends deleting the language. Due to the fact that the language has never been used, the agency does not object to deleting the language.

Action.
`Deleted provisional language. Vote: 3-0`

Appendix

Proposed Trailer Bill Language
Department of Justice Issues

From RN 0601031

Registry of Charitable Trusts Automation Project

Section 12587.1 of the Government Code is amended to read:

12687.1 (a) The Registry of Charitable Trusts Fund is hereby established in the State Treasury, to be administered by the Department of Justice.
(b) Notwithstanding any other provision of law, all registration fees, registration renewal fees, and late fees or other fees paid to the Department of Justice pursuant to this article, Section 2850 of the Probate Code, or Section 320.5 of the Penal Code, shall be deposited in the Registry of Charitable Trusts Fund.
(c) Moneys in the fund, upon appropriation by the Legislature, shall be used by the Attorney General solely to operate and maintain the Attorney General's Registry of Charitable Trusts *and Registry of Conservators, Guardians and Trustees*, and provide public access via the Internet to reports filed with the Attorney General.

Collections Unit

Section 12513.1 is added to the Government Code to read:

12531.1 Any person who fails to pay on a timely basis any liability or penalty imposed by or on behalf of any state agency or official, the People of the State of California, the State of California, or any liability or penalty otherwise imposed in any matter prosecuted by Attorney General, shall be required to pay, in addition to the liability or penalty, interest, attorneys' fees, and costs for any collection proceedings to enforce payment.