

1990

Legislative Analyst's Office Annual Report Fiscal Year 1989-90

Legislative Analyst's Office

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Annual Report Legislative Analyst's Office

Fiscal Year 1989-90



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Elizabeth G. Hill
Legislative Analyst

January 1991

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Annual Report Legislative Analyst's Office

Fiscal Year 1989-90

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January 1991

Annual Report

	Page
Introduction	1
Vision, Mission and Values of the Legislative Analyst's Office	2
Organization of the Legislative Analyst's Office	3
Activities of the Legislative Analyst's Office	3
Funding and Expenditures of the Legislative Analyst's Office	7

Appendices

Appendix A

History of the Joint Legislative Budget Committee and the Legislative Analyst's Office	11
---	----

Appendix B

Analysts Hired During 1989-90	13
-------------------------------------	----

Appendix C

Reports of the Legislative Analyst During 1989-90	14
---	----

Appendix D

Statements of the Legislative Analyst During 1989-90	16
--	----

Table of Contents

Introduction

As staff to the Joint Legislative Budget Committee, the Legislative Analyst's Office provides analysis and nonpartisan advice to the Legislature on fiscal and policy issues.

The Joint Legislative Budget Committee was created by Sections 9140-9143 of the Government Code and Joint Rule 37. Appendix A provides a brief history of the committee and the Legislative Analyst's Office.

The committee consists of seven Senators appointed by the Senate Rules Committee and seven Assembly Members appointed by the Speaker. The current members of the committee are:

Senate

Alfred E. Alquist, Chairman
Robert G. Beverly
Bill Greene
Milton Marks
Nicholas C. Petris
Alan Robbins
Vacancy

Assembly

John Vasconcellos, Vice Chairman
William Baker
John L. Burton
Robert Campbell
Two Vacancies

This report summarizes the activities of the Legislative Analyst's Office during fiscal year 1989-90.

Vision, Mission and Values of the Legislative Analyst's Office

The Legislative Analyst's Office serves the Legislature and the public by analyzing issues affecting California and providing nonpartisan advice on how to address these issues. This is reflected in the Vision, Mission and Values of the office:

Vision

Serving the public through independent analysis to meet the challenges of tomorrow.

Mission

We provide analysis and nonpartisan advice to the Legislature on fiscal and policy issues.

Values

As an organization, the Legislative Analyst's Office values:

Service

Contributions that make a difference

Integrity

Intellectual honesty and ethical behavior

Initiative

Seeking opportunities to contribute

Excellence

Expertise and quality in all we do

Creativity

Innovative approaches to problem-solving

Teamwork

Working together to achieve our goals

A Supportive Environment

An environment that recognizes individual needs and fosters personal and professional growth

Respect For The Individual

Appreciation for each person's contribution and individuality

Open Communication

Direct discussions that promote understanding and trust

Camaraderie

An environment in which people enjoy working together

Organization of the Legislative Analyst's Office

Figure 1 shows how the Legislative Analyst's Office is organized. Most of the staff are assigned to one of nine operating sections, each of which is responsible for fiscal and policy analysis in a specific subject area (such as health, capital outlay or education). Each section is headed by a Director who is responsible for supervising the work of the staff in his or her section. Management of the office is provided by the Legislative Analyst, a deputy in charge of administration, a chief deputy in charge of

all budget-related activities, a deputy responsible for bill analysis and assignments, and another responsible for reports and policy briefs.

During 1989-90, the office staff consisted of 75 analyst and managerial positions and 24 support positions.

Appendix B contains information on the education and background of the new analysts hired during 1989-90.

Activities of the Legislative Analyst's Office

The Legislative Analyst's Office serves the Legislature by providing the following products:

Budget Analysis

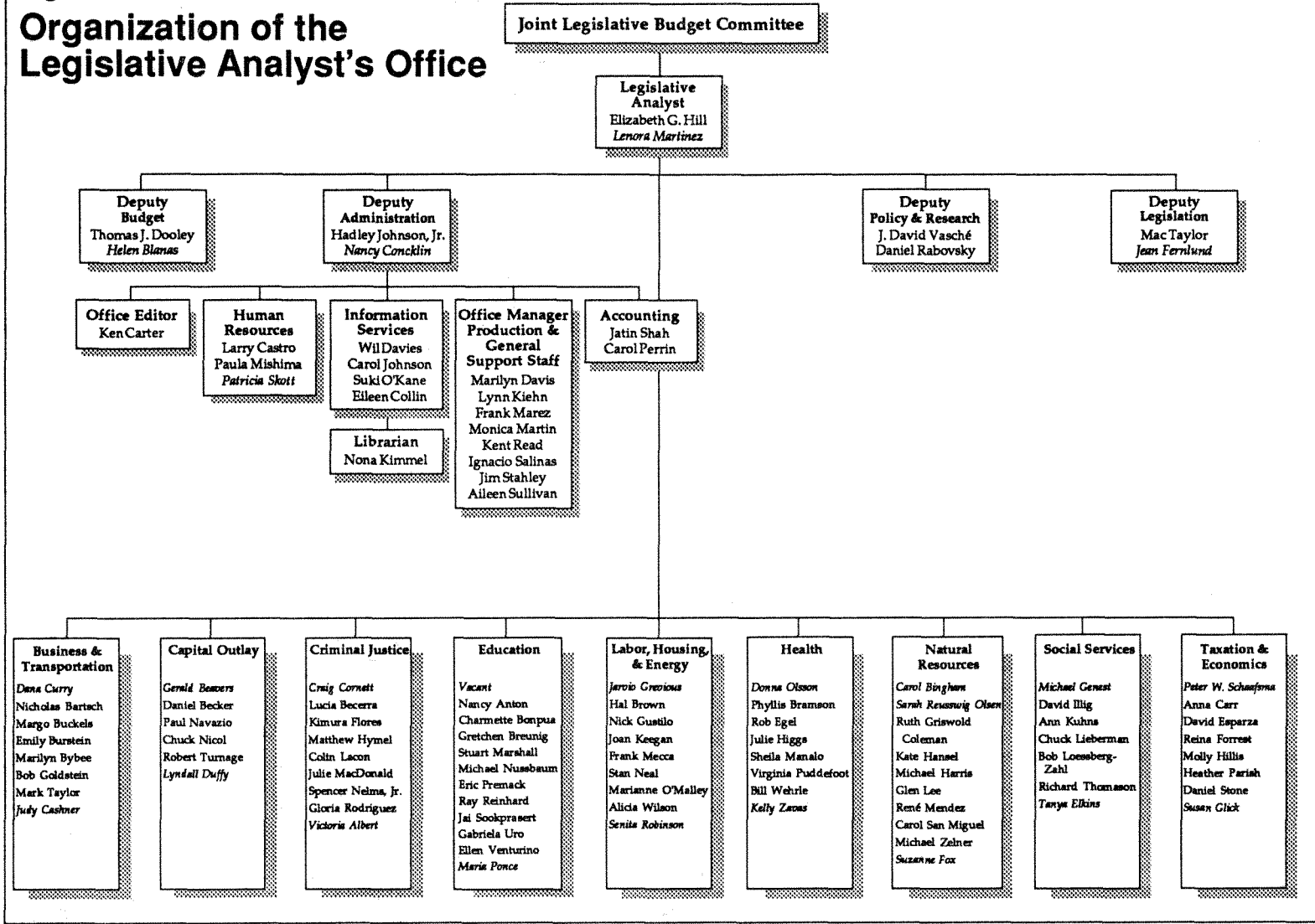
The most significant workload for the staff is the analysis of the Governor's proposed budget. The results of this annual assessment are set forth in *The Analysis of the Budget Bill* and a companion volume—*Perspectives and Issues*. They are made available to the Legislature each February, about five weeks after the Governor's budget message, in order to assist the members of the Legislature with their evaluation and decisions on the budget.

As a matter of policy, the budget recommendations of the Legislative Analyst are presented to the Legislature and its committees without prior review or recommendation by the Joint Legislative

Budget Committee. In this way, the Analyst's staff presents its own conclusions, without committing members of the committee to a particular position. Consequently, members of the Joint Legislative Budget Committee are free to support or oppose these recommendations before other legislative committees and on the floor of their respective houses.

When the Budget Bill is considered before the Assembly Ways and Means Committee and the Senate Budget and Fiscal Review Committee during the months of February through June, the Legislative Analyst and her staff present their findings and recommendations regarding the Governor's budget proposals (including any revisions proposed by the Governor), and assist the committees in obtaining the facts necessary for the members to determine the appropriate levels of funding for state-supported programs.

Figure 1
Organization of the
Legislative Analyst's Office



Expenditure Notification Letters. Each Budget Act contains language in several "control sections" which allows the Director of Finance to take certain actions relating to the expenditure of funds. Section 6.5 allows the Director to transfer funds among expenditure categories of an item. Section 27 provides that the Director can approve the expenditure of funds at a *rate* that could result in a deficiency occurring in an item. Section 28 allows the Director to authorize the expenditure of revenues (usually reimbursements or federal funds) that were not anticipated at the time the budget was enacted. The control sections require the Director to notify the Joint Legislative Budget Committee of his or her proposal at least 30 days prior to such action. The Analyst's Office reviews these notices on behalf of the committee.

The office received 470 expenditure notification letters in 1989-90.

Bill Analysis

Analyzing proposed legislation is the second major workload activity of the office. The staff analyze all bills heard by the Assembly Ways and Means Committee, Senate Budget and Fiscal Review Committee, and Senate Appropriations Committee, as well as other bills when requested to do so by individual members. The staff prepared 3,218 analyses in 1989-90. This workload was heaviest during the months of May and August.

When Senate Appropriations, Senate Budget and Fiscal Review, and Assembly Ways and Means Committees meet to hear bills, a representative of the Analyst's Office is present to discuss the content of the analyses prepared by the office, to answer questions and to otherwise assist the members of these committees.

Assignments

Under Joint Rule 37, members of the Legislature can request information on any matter that falls within the office's scope of responsibilities. These requests are called "assignments" and are complied with on a confidential basis. Figure 2 shows that the office received 289 assignments in 1989-90.

Reports

Each year the office produces numerous reports, which provide lengthier analyses of particular fiscal and policy issues. These reports fall into three main categories: (a) those required by resolution or statute, (b) annual, budget-related reports, and (c) self-generated reports on significant policy and fiscal issues. The office prepared 8 reports in 1989-90. These reports are summarized in Appendix C.

Statements

The office often is requested to prepare statements on significant budget and program issues for presentation to legislative committees and other organizations. The office prepared 18 major statements in 1989-90. The topics covered by these statements are listed in Appendix D.

Initiatives

Section 3504 of the Elections Code requires the Legislative Analyst's Office and the Department of Finance to prepare a joint estimate of the fiscal effects that each proposed initiative would have on state and local governments. The Attorney General includes these estimates in the title of the initiative. After the initiative receives a title from the Attorney General, it is circulated among the voters for the signatures necessary to qualify a measure for the state ballot. The office prepared

fiscal estimates for 60 proposed initiatives in 1989-90.

Ballot Measures

Section 88003 of the Government Code requires the Legislative Analyst's Office to prepare an impartial analysis of all meas-

ures—including initiatives—that qualify for submission to the voters at a statewide election. These analyses are printed in the California Ballot Pamphlet, which the Secretary of State distributes to the voters. The office prepared 17 analyses for the June 1990 ballot and 14 for the November 1990 Ballot.

Figure 2

Workload of the Legislative Analyst's Office

1989-90

Month	Expenditure Notification Letters	Bill Analyses	Legislative Assignments	Reports	Statements	Initiatives	Ballot Measures
1989							
July	14	178	18	—	1	4	—
August	22	800	10	1	1	1	—
September	23	83	17	—	—	4	6
October	40	—	31	—	1	12	2
November	30	—	38	—	1	9	—
December	71	—	13	2	1	12	2
Subtotals	(200)	(1,061)	(127)	(3)	(5)	(42)	(10)
1990							
January	40	211	30	3	1	8	3
February	25	15	27	1	2	5	2
March	52	135	38	—	4	2	2
April	34	270	26	1	1	1	—
May	69	1,245	25	—	3	1	—
June	50	281	16	—	2	1	14
Subtotals	(270)	(2,157)	(162)	(5)	(13)	(18)	(21)
Totals, 1989-90	470	3,218	289	8	18	60	31

Funding and Expenditures Of The Legislative Analyst's Office

The Analyst's Office is financed from the contingent funds of the two legislative houses in an amount established by a concurrent resolution that is adopted annually by the Legislature. The budget for the office was approximately \$7.0 million in 1989-90. In addition, the Joint Legislative

Budget Committee spent \$236,000 in 1989-90 and the office spent \$104,000 in 1989-90 on separately funded special studies. Thus, total expenditures were about \$7.4 million. Figure 3 shows the sources of income and expenditures of the office during 1987-88, 1988-89, and 1989-90. ♦

Figure 3

**Joint Legislative Budget Committee
Sources and Uses of Funds**

 1987-88 through 1989-90
(in thousands)

	1987-88	1988-89	1989-90
Sources of Funds			
Beginning Balance:			
Office and committee support	\$297	\$399	\$58
Special studies	200	312	75
Current Funding:			
Funding resolution	6,530	6,669	7,435
Reimbursements	39	26	125
Special studies	500	50	100
Total Funds	\$7,566	\$7,456	\$7,793
Uses of Funds			
Office Support:			
Salary and fringe benefits	\$5,139	\$5,274	\$5,800
Travel	163	217	183
Equipment, supplies and services	194	231	230
Contracts	36	35	34
Printing	107	63	32
Rent	466	502	542
Office automation	149	210	159
Workers' compensation	—	35	16
Training	18	33	23
Other	—	259	—
Subtotals, Office Support	(\$6,272)	(\$6,859)	(\$7,019)
Committee	\$196	\$183	\$236
Special Studies	378	281	104
Total Expenditures	\$6,846	\$7,323	\$7,359
Ending Balances			
Office Support	\$399	\$58	\$363
Special Studies^a	\$312	\$75	\$71

^a Surpluses are reverted

Appendices

Appendix A

History of the Joint Legislative Budget Committee and the Legislative Analyst's Office

During the 1930s, members of the California Legislature came to believe that the growing size and complexity of state government were generating demands upon their time which severely taxed their ability to review, understand, and act on fiscal and policy questions. The Governor had large and experienced budget and audit staffs capable of developing technical data, formulating programs, and pressing his requests before the Legislature. The Legislature, however, had little or no expert assistance when it reviewed the executive branch's proposals. Moreover, the Legislature had no staff capacity to appraise the performance of the executive branch in administering legislative enactments.

This convinced many members that the Legislature needed technical assistance from a staff of professionals that was directly responsible to it. As a result, bills were introduced to create a staff for this purpose. None of these bills was approved until 1941, when both houses passed a bill that provided for an independent fiscal post-audit of each state agency by an office directly responsible to the Legislature. This bill, however, was vetoed by the Governor on the recommendation of the Department of Finance.

In response to the Governor's veto, the Legislature amended the Joint Rules of the two houses to create the Joint Legislative Budget Committee and the position of Legislative Auditor. (In 1957, the title of this position was changed to Legislative Analyst to avoid confusion with the newly created position of Auditor General. Hereafter, the

term "Legislative Analyst" is used exclusively.) The Joint Legislative Budget Committee was organized on October 4, 1941, and on that date it employed the first Legislative Analyst. Continuity of the committee and its staff was maintained in succeeding years through reaffirmation of the Joint Rule.

Finally, in 1951, the Legislature enacted, and the Governor signed into law, Chapter 1667, which provided a statutory basis for the committee and the Analyst's Office. Chapter 1667 added Sections 9140-9143 to the Government Code, which set forth the responsibilities of the Joint Legislative Budget Committee.

The committee's primary duties are to "ascertain facts and make recommendations to the Legislature and to the houses thereof concerning the state budget, the revenues and expenditures of the state, and of the organization and functions of the state, its departments, subdivisions, and agencies, with a view of reducing the cost of the state government, and securing greater efficiency and economy." In addition, the committee appoints the Legislative Analyst, fixes her salary, prescribes her duties, and authorizes professional and clerical employees in the number it deems necessary to accomplish the objectives set forth in the statute and the Joint Rules.

Throughout its 49-year history, the committee has been strictly bipartisan. Although there is no requirement for it, representation on the committee has always been accorded to key minority party members.

The committee also has sought to act in accord with the wishes of both houses. By its own rules, it has specified that a quorum of the committee shall consist of four members of the Senate *and* four members of the Assembly. The rules also provide that all actions of the committee shall require approval of four Senate and four Assembly members, thus ensuring that its actions reflect the views of both houses.

Senator Alfred E. Alquist became the tenth chairman of the committee in February 1990. Following are lists of those who have served as Chairman of the Joint Legislative Budget Committee and those who have served as Legislative Analyst during the past 49 years.

Chairmen of the Joint Legislative Budget Committee

CHAIRMAN	PERIOD OF SERVICE
Senator William P. Rich	1941-1950
Senator Ben Hulse	1951-1956
Senator Arthur H. Breed, Jr.	1957-1958
Senator George Miller, Jr.	1959-1968
Senator Stephen P. Teale	1969-1972
Senator Donald L. Grunsky	1973-1976
Senator Dennis F. Carpenter	1977-1978
Senator Walter W. Stiern	1979-1986
Senator William Campbell	1987-1989
Senator Alfred E. Alquist	1990-Present

Legislative Analysts

NAME	PERIOD OF SERVICE
Rolland A. Vandegrift	1941-1949
A. Alan Post	1949-1977
William G. Hamm	1977-1986
Elizabeth G. Hill	1986-Present

Appendix B

Analysts Hired During 1989-90^a

NAME	EDUCATION AND EXPERIENCE
Diana Canzoneri ^b	Candidate for MPA from University of Washington. Former research assistant for Institute for Public Policy and Management, University of Washington.
David L. Esparza	MPP from University of California, Berkeley. Former intern with the U.S. Department of State, Bureau of International Narcotics Matters. Former police officer for 13 years.
Matthew H. Hymel	MPP from Harvard University. Former consultant to a West Virginia Governor. Former evaluator for the U.S. General Accounting Office.
Glen M. Lee ^b	Candidate for MA in Economics from California State University, Sacramento. Former fire economics analyst with California Department of Forestry and Fire Protection.
Cecelia Leung ^b	Candidate for MPP from University of California, Berkeley. Former research associate for Heidrick and Struggles, Inc.
Sheila V. Manalo	MPA from Columbia University. Former lead manager for the Housing Policy Workshop at Columbia University. Former health policy intern with the New York City Department of Sanitation.
Miguel A. Marquez ^b	Candidate for MPP from Harvard University. Former president of associated students of Stanford University.
Mona H. Miyasato ^b	Candidate for MPP from Harvard University. Former reporter for the San Francisco Chronicle and news researcher for NBC.
Paul C. Navazio	MA in Finance from University of California, Davis. Former senior financial analyst with Hewlett Packard Co.
Stan Neal	MPP from University of Michigan. Former program analyst with the Environmental Protection Agency. Former intern with the Legislative Analyst's Office.
Heather D. Parish	MPP from Harvard University. Former project consultant with the Massachusetts Community Development Finance Corporation and the New York State Department of Social Services.
Carol D. San Miguel	MPAff. from University of Texas, Austin. Former editor and journalist for Texas newspapers.
Jaithara Sookprasert	MPP from University of California, Berkeley. Former intern with the U.S. General Accounting Office.
Daniel W. Stone	MPP from University of California, Berkeley. Former researcher with the Institute for Transportation Studies, University of California, Berkeley.
Richard S. Thomason	MPA from Princeton University. Former evaluator with the U.S. General Accounting Office. Former legislative aide to a U.S. Senator.

^aActual hires consummated during 1989-90, even though many of the new analysts hired during the spring recruitment tour reported during the subsequent fiscal year.

^bSummer interns.

Appendix C

Reports of the Legislative Analyst During 1989-90

State Spending Plan for 1989-90: The 1989 Budget Act and Related Legislation (August 1989), Report No. 89-7.

This report summarizes the fiscal effect of the 1989 Budget Act (Chapter 93, SB 165). In addition, it discusses major spending decisions that were enacted in bills other than the Budget Bill that were part of an overall state spending plan for 1989-90. The report highlights the funding levels approved for the state's major programs in 1989-90, and compares these funding levels to those authorized in prior years. This report also discusses projected state revenues for 1989-90, including the key assumptions underlying the projections and revisions that have been made to them since the Governor's Budget was introduced in January.

For further information regarding this report, please contact Tom Dooley (916-445-3557).

Major Financial Legislation Enacted in 1989 (December 1989), Report No. 89-8.

This report summarizes the fiscal effects of legislation enacted during the 1989 Regular Session of the California Legislature, and the First Extraordinary Session called by the Governor in response to the October 17, 1989 Loma Prieta earthquake. The report contains two parts. Part 1 describes the provisions and fiscal effects of some 70 major bills enacted during the 1989 Regular Session. Part 2 discusses the provisions and fiscal effects of the 24 measures chaptered during the First Extraordinary Session of the Legislature in November 1989.

For further information regarding this report, please contact Mac Taylor (916-445-6511).

Annual Report: Fiscal Year 1988-89 (December 1989), Report No. 89-9.

This report describes the Legislative Analyst's Office and summarizes the workload and funding of the office in 1988-89. For further information regarding this report, please contact Hadley Johnson (916-445-5456).

California Maritime Academy: Options for the Legislature (January 1990), Report No. 90-1.

This report contains our evaluation of the cost-effectiveness of the California Maritime Academy and presents alternative approaches for supporting the academy and carrying out its mission. The report provides: (1) a brief history of the academy, its programs, and its operations, (2) an analysis of the cost-effectiveness of the academy, (3) several alternatives to continuation of the current level of state support for the academy, and (4) our conclusions and recommendations. Briefly, we recommended that the Legislature conduct an oversight hearing to review options for continuation, modification or elimination of state support of the academy.

For further information regarding this report, please contact Chuck Lieberman (916-322-8406).

AIDS Education in Correctional Facilities: A Review (January 1990), Report No. 90-2

This report responds to a legislative requirement (Chapter 1579/88, SB 1913 [Presley]) that our office (1) determine whether the Department of Corrections (CDC) and the Department of the Youth Authority (CYA) have adequate education, prevention, and treatment programs

related to acquired immunodeficiency syndrome (AIDS), (2) determine whether these programs are being implemented properly, and (3) assess the quality of AIDS education and prevention programs in county and city jails. This report is based on a review of the human immunodeficiency virus (HIV) education and prevention programs in a sample of CDC and CYA facilities and local jails. We conclude that a number of the elements necessary for effective HIV education are missing from these state and local programs.

For further information regarding this report, please contact Craig Cornett (916-445-4660).

A Perspective on Housing in California (January 1990), Report No. 90-3.

This report provides the Legislature with an overview of housing in California, including information that will assist it in making decisions that will affect the future performance of the state's housing market and thus the economy generally. The report considers four specific questions:

- What are the basic characteristics of California's housing market?
- What are the key challenges that the state's housing market faces?
- What public programs and policies currently exist to help address California's housing needs?
- What opportunities exist to improve the future performance of the state's housing market?

The report concludes that (1) although there already have been a number of action steps taken by the Legislature in the housing area, more are needed and (2) now is the time for planning and implementing housing policies that will help the state accommodate its future economic growth.

For further information regarding this report, please contact Dave Vasché (916-445-5611).

Analysis of the 1990-91 Budget Bill: Summary of Findings and Recommendations (February 1990), Report No. 90-4.

This document summarizes, by program area, the principal findings and recommendations set forth in the *Analysis of the 1990-91 Budget Bill* and the *Perspectives and Issues*. It also shows how approval of these recommendations would affect the state's fiscal condition.

For further information regarding this report, please contact Tom Dooley (916-445-3557).

Year-Round School Incentive Programs: An Evaluation (April 1990), Report No. 90-5.

This report responds to a legislative requirement contained in Chapter 886/86 (SB 327, Leroy Greene), the Greene-Hughes School Facilities Act of 1986, which made numerous changes and additions to the state's school facilities aid program. Among other things, Ch 886 required the Legislative Analyst to review the value of year-round education incentive funding in reducing the need for school facility construction. In this report, we conclude that the existing year-round incentive programs are of little or no value in serving the state's interest in promoting year-round schools as an alternative to constructing new facilities. Consequently, we recommend that the Legislature repeal the existing programs. However, recognizing that the Legislature may, nevertheless, wish to continue to provide some form of year-round incentives, this report also describes the major features that an alternative incentive payment program should include.

For further information regarding this report, please contact Ray Reinhard (916-445-8641).

Appendix D

Statements of the Legislative Analyst's Office During 1989-90

- California at the Crossroads*, Remarks to Independent Cities Association, San Diego (July 8, 1989).
- Keynote Speaker at Stanislaus Area Association of Governments Annual Dinner Meeting, Modesto (August 4, 1989).
- SCA 1: How Will It Affect State Spending?* Address to the Joint Conference of the California Assessors' Association and the State Board of Equalization, Napa (October 24, 1989).
- SCA 1: How Will It Affect State Spending?* Address to the Sacramento Chapter of the American Society of Public Administration Annual Awards Dinner, Sacramento (November 15, 1989).
- 1990-91 State Budget: Into the Looking Glass*, Presentation to Senate Rules Staff, Sacramento (December 20, 1989).
- An Overview of the 1990-91 Governor's Budget*, Statement to the Senate Committee on Budget and Fiscal Review, State Capitol (January 18, 1990).
- SCA 1 Panel Participant at Cal-Tax's 5th Annual Tax Outlook Conference, Sacramento (February 22, 1990).
- Oversight Hearing on the Governor's Housing Program*, Presentation to Senate Committees on Budget and Fiscal Review, and Housing and Urban Affairs, Sacramento (February 26, 1990).
- Statement to the Senate Budget and Fiscal Review Committee, Response to the Governor's Budget Proposals, Sacramento (March 1, 1990).
- Remarks to the State Board of Equalization Women's Advisory Committee, Sacramento (March 14, 1990).
- Perspectives on Drug-Related Issues*, Presentation to the Joint Legislative Budget Committee, Senate Budget and Fiscal Review Committee, and Senate Select Committee on Substance Abuse, Sacramento (March 15, 1990).
- Presentation to the Greater San Diego Chamber of Commerce—Sacramento Leadership Mission—Governor's Council Room, State Capitol (March 19, 1990).
- Criteria for Evaluating Advisory Bodies*, Remarks to the Senate Appropriations Committee, State Capitol (April 2, 1990).
- Presentation to the American Association of University Women, Legislative Days Conference, State Capitol (May 3, 1990).
- Presentation to the California Manufacturers Association, Governmental Affairs Forum, Sacramento (May 17, 1990).
- Remarks to the Modesto Chamber of Commerce, Leadership Conference, State Capitol (May 23, 1990).
- The 1990-91 Budget*, Testimony to the Senate Budget and Fiscal Review Committee on Senate Bill 1765, State Capitol (June 7, 1990).
- Bridging the Budget Funding Gap*, Testimony to the Assembly Revenue and Taxation Committee, State Capitol (June 11, 1990).