



# INTERNAL GOVERNMENT REVIEW OF AGENCIES

block transmittal of their number to the party they are calling by dialing a multi-number code first, they may not remember the code or may forget to use it. According to Conran, Caller ID "is an example of technology driving consumers, instead of consumers driving technology."

**DCA Battles Rays.** DCA has joined with the California Public Interest Research Group (CalPIRG) to publicize the dangers of excessive exposure to ultraviolet rays. The Department has also urged district attorneys statewide to enforce the Filante Tanning Facility Act of 1988, which regulates tanning salons. According to a survey by the Public Interest Research Groups (PIRGs), 24% of California salons sampled failed to display a mandatory U.S. Food and Drug Administration warning, and only 36% complied with the Act's requirement that signs be posted at tanning facilities warning consumers about potential health risks. (See *supra* report on CalPIRG; see also LEGISLATION for a summary of AB 1555 (Filante), concerning this issue.)

## LEGISLATION:

**AB 1555 (Filante)**, as amended May 30, would require DCA to administer, by adopting specified regulations, and enforce the provisions of the Filante Tanning Facility Act of 1988; make it unlawful for any and all tanning facilities to operate at a specific location without a license issued by DCA; prohibit the transfer of a tanning facility license; require any person who wants to operate a tanning facility to submit an application and pay a fee; require DCA to request specified information on the application; require a facility operator to notify DCA within thirty days after any new tanning equipment is installed for use; permit DCA to inspect any tanning facility whenever it is open to the public in order to determine whether it meets the requirements of the Act; permit the DCA Director to issue an unappealable order to require a licensee to comply with these provisions; permit DCA to deny, suspend, or revoke a license; and permit the Director to summarily suspend or revoke a license, as specified. This bill is pending in the Assembly Ways and Means Committee.

The following is a status update on bills reported in detail in CRLR Vol. 11, No. 2 (Spring 1991) at page 48:

**AB 168 (Eastin)** would create the Board of Legal Technicians in DCA, and would require every person who practices as a legal technician to be licensed or registered by the Board, which would determine which areas require licensure

and which require registration. This bill is still pending in the Assembly Committee on Consumer Protection, Governmental Efficiency and Economic Development.

**AB 1893 (Lancaster)**, as amended May 24, is DCA's omnibus bill which would make numerous changes to existing laws providing for the licensing and regulation of various businesses and professions pursuant to the provisions of the Business and Professions Code. This bill is pending in the Assembly Ways and Means Committee.

**AB 1382 (Lancaster)**, which previously would have allowed the application of the doctrine of substantial compliance to an existing prohibition on the ability of an unlicensed person to bring an action for compensation for the performance of any act or contract for which a license is required, was amended on May 15. As amended, the bill applies only to unlicensed persons performing work for which a contractor's license is required. This bill passed the Assembly on May 30 and is pending in the Senate Business and Professions Committee.

**SB 961 (Senate Business and Professions Committee)**, as amended April 30, would create specified exceptions to existing law which provides that the decisions of any of the boards within DCA with respect to setting standards, conducting examinations, passing candidates, and revoking licenses are final and are not subject to review by DCA's Director. SB 961 would also allow the DCA Director to intervene in any matter of any DCA board, where an investigation by DCA's Division of Investigation discloses probable criminal activity of a board, its member(s), or its employee(s). This bill passed the Senate on May 16 and is pending in the Assembly Consumer Protection Committee.

## OFFICE OF THE LEGISLATIVE ANALYST

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Created in 1941, the Legislative Analyst's Office (LAO) is responsible for providing analysis and nonpartisan advice on fiscal and policy issues to the California legislature. LAO meets this duty through four primary functions. First, the office prepares a detailed, written analysis of the Governor's budget each year. This analysis, which contains recommendations for program reductions, augmentations, legislative revisions, and organizational changes, serves

as an agenda for legislative review of the budget.

Second, LAO produces a companion document to the annual budget analysis which paints the overall expenditure and revenue picture of the state for the coming year. This document also identifies and analyzes a number of emerging policy issues confronting the legislature, and suggests policy options for addressing those issues.

Third, the Office analyzes, for the Assembly Ways and Means Committee and the Senate Appropriations and Budget and Fiscal Review Committees, all proposed legislation that would affect state and local revenues or expenditures. The Office prepares approximately 3,700 bill analyses annually.

Finally, LAO provides information and conducts special studies in response to legislative requests.

LAO staff consists of approximately 75 analysts and 24 support staff. The staff is divided into nine operating areas: business and transportation, capital outlay, criminal justice, education, health, natural resources, social services, taxation and economy, and labor, housing and energy.

## MAJOR PROJECTS:

**Budget Deficit Soars.** When LAO issued its *Analysis of the 1991-92 Budget Bill* in February, the state's budget deficit was calculated at an unprecedented \$9.9 billion. (See CRLR Vol. 11, No. 2 (Spring 1991) p. 49 for background information.) As the legislature's considered the Governor's proposed budget throughout the spring and summer, however, the budget shortfall grew to an estimated \$12.6 billion by the end of March, and to \$14.3 billion by mid-May. Governor Wilson blamed the soaring deficit on overly optimistic accounting by the legislature and the Deukmejian administration last year, and on the recession, the Persian Gulf War, and two natural disasters—last December's freeze and California's five-year drought. Wilson said the state's financial situation "has reach emergency proportions," and urged the legislature to stop stalling and get to work on the budget bill.

At this writing, the legislature is still considering various options to halt spending and raise more revenue, including the possible suspension of Proposition 98 (which constitutionally devotes 40% of the state's budget to education); an increase in the sales tax; an increase in the personal income tax rates of the very wealthy—who pay income tax at 9.3% while average Californians pay at 11%; the elimination of existing sales tax exemptions for various types of



products—including candy, snacks, newspapers, magazines, aircraft and boat fuels, and bottled water—and an increase in existing excise taxes on other products, including alcoholic beverages and vehicle registrations; a new tax on some services; a new tax on home and business telephone bills; a cut in the existing renters' credit; reductions in prison spending; a "realignment" of service delivery, with responsibility for some services (including mental health programs) shifted to the counties (*see infra* for details); and a cut in welfare spending and other social service programs.

*Reforming California's Mental Health System.* On March 26, LAO released an issue paper on reforming California's mental health system. The 1991-92 Governor's Budget proposes to shift responsibility for funding and administration of local mental health programs to counties, and to increase the vehicle license fee and the alcohol surtax to provide counties with additional revenues that could be used to support these programs. Upon review of the administration's plan, LAO recommended that the legislature reject the proposal.

LAO's opinion followed a comprehensive review of the state's mental health system. California's system is a partnership involving shared responsibilities between the state and counties. The system is governed by the Short-Doyle Act, enacted in 1957. The Act requires the Department of Mental Health to provide leadership in administering, planning, financing, and overseeing mental health services, including local programs. Mental health services are funded primarily from state funds and county matching funds.

According to LAO, the administration's proposal fails to recognize the state's interest in providing cost-effective mental health services in community-based settings. LAO found that the proposal would continue or exacerbate problems which have been identified in the current system, including fragmented responsibility for patients; counterproductive fiscal incentives; and the lack of a single point of responsibility and accountability for cost-effective service delivery. According to LAO, the proposal would also effectively preempt various reforms which have been implemented on a pilot basis in California with impressive results.

LAO identified two options to the Governor's proposal which would allow the legislature to realize roughly equivalent general fund savings (about \$400

million) through a realignment of mental health programs, and implement a series of reforms which would lead to a more accountable and potentially more cost-effective service delivery system. First, LAO suggested that the legislature transfer to counties the responsibility for 24-hour care and case management services; alternatively, LAO suggested that the legislature enact changes in the current sharing rations for mental health services to require a 50% county match for all mental health services.

However, LAO opined that the preferred approach is maintenance of state funding for mental health services and the enactment of various reforms. This would allow programmatic control and funding to be linked, thereby establishing a clear point of accountability for delivering cost-effective services which is consistent with an overriding state interest in the provision of mental health services.

#### LEGISLATION:

*AB 34 (Wyman).* Under existing provisions of the Elections Code and Political Reform Act of 1974, the official ballot pamphlet is required to contain specified information regarding the measures which are to be voted upon. As amended May 14, this bill would require LAO to prepare an impartial analysis of each measure, describing the measure and including a fiscal analysis showing the measure's financial impact, as well as preparing an additional condensed version, or digest, of each such analysis. This bill is pending in the Assembly Ways and Means Committee.

*AB 1303 (Lempert),* as introduced March 6, would require LAO to perform, or cause to be performed, a study regarding both the extent to which the state's public elementary and secondary schools would benefit from the temporary service of employees of California businesses who have expertise in mathematics, science, or other subject areas as teachers in those subject areas, and the nature and amount of tax benefit that would be appropriated for use as an incentive to California businesses to grant a paid leave of absence or sabbatical to qualified employees to permit them to provide that temporary teaching service. This bill is pending in the Assembly Education Committee.

The following is a status update on bills reported in detail in CRLR Vol. 11, No. 2 (Spring 1991) at page 50:

*SB 1179 (Alquist),* as introduced March 8, would amend existing law which authorizes the Joint Legislative Budget Committee to appoint a Legisla-

tive Analyst, and formally establish the Office of the Legislative Analyst in state government. This bill is pending in the Senate Rules Committee.

*SB 986 (Alquist),* as amended April 18, would delete obsolete provisions and revise others relating to the duties of the Legislative Analyst, and transfer various annual report duties of the Legislative Analyst to specified state agencies. This bill passed the Senate on May 16 and is pending in the Assembly Rules Committee.

*AB 1258 (Polanco),* as amended April 24, would require the Legislative Analyst to study the efficiency of the state's permitting process as it relates to various environmental protection laws and permit requirements on industrial facilities. This bill is pending in the Assembly Natural Resources Committee.

#### LITIGATION:

On March 27, the California Supreme Court agreed to hear *Legislature v. Eu*, No. S019660, the constitutional challenge to Proposition 140 brought by the legislature and several individuals and legislators. Among other things, Proposition 140, which was approved by the voters in November 1990, limits the number of terms which may be served by state lawmakers and cuts the legislature's budget by approximately 40%. The mandatory budget cut was scheduled to take effect on July 1. Earlier this year, the legislature implemented a "golden handshake" program which resulted in the departure of 600 legislative employees, including some of the most experienced and knowledgeable consultants and aides.

However, in a motion for stay of Proposition 140 filed in early June, the legislature claimed that the salary savings from the "golden handshake" program were insufficient, and that it would be forced to shut down the Office of the Auditor General and the Legislative Analyst's Office. The motion seeks a stay of the provision which would cut approximately \$70 million from the legislature's budget, based upon the argument that it would be too difficult to retrieve all the laid-off employees should the initiative eventually be invalidated. The term limits provision would remain intact, pending the Supreme Court's ruling on the merits of the initiative, which is expected this fall. At this writing, with the jobs of approximately 90 LAO employees on the line, the motion for stay is pending before the California Supreme Court.