

CALIFORNIA LEGISLATURE  
2019–20 REGULAR SESSION

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# ASSEMBLY DAILY JOURNAL

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**Monday, January 6, 2020**

**ONE HUNDRED TWENTY-EIGHTH SESSION DAY**

**FOUR HUNDREDTH CALENDAR DAY**

**AT SACRAMENTO, CALIFORNIA**



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NOTE: Official record of rollcall votes. All amendments considered by the Assembly on this day are on file with the Chief Clerk of the Assembly and available on request. All Senate amendments to Assembly measures considered by the Assembly on this day are on file with the Secretary of the Senate and available on request. A list of all measures amended and on which amendments were offered in the Assembly is shown on the final page of this day's Assembly Journal.

## PROCEEDINGS OF THE ASSEMBLY

### IN ASSEMBLY

Assembly Chamber, Sacramento  
Monday, January 6, 2020

The Assembly met at 1 p.m.  
Hon. Kevin Mullin, Speaker pro Tempore of the Assembly,  
presiding.  
Acting Chief Clerk Sue Parker at the Desk.  
Reading Clerk Kathleen M. Lewis reading.

#### ROLLCALL

The roll was called.

#### Quorum Call of the Assembly

Assembly Member Calderon moved a quorum call of the Assembly.  
Motion carried. Time, 1:11 p.m.  
The Speaker pro Tempore directed the Sergeant at Arms to close the  
doors, and to bring in the absent Members.

#### Quorum Present

At 1:18 p.m., Speaker pro Tempore Mullin declared a quorum of the  
Assembly present.

The rollcall was completed, and the following answered to their  
names—78:

Aguiar-Curry	Daly	Kamlager	Quirk-Silva
Arambula	Diep	Kiley	Ramos
Bauer-Kahan	Eggman	Lackey	Reyes
Berman	Flora	Levine	Rivas, L.
Bigelow	Fong	Limón	Rivas, R.
Bloom	Frazier	Low	Rodriguez
Boerner Horvath	Friedman	Maienschein	Rubio
Bonta	Gabriel	Mathis	Salas
Brough	Gallagher	Mayes	Santiago
Burke	Garcia, C.	McCarty	Smith
Calderon	Garcia, E.	Medina	Stone
Carrillo	Gipson	Melendez	Ting
Chau	Gloria	Mullin	Voepel
Chiu	Gonzalez	Muratsuchi	Waldron
Choi	Gray	Nazarian	Weber
Chu	Grayson	Obernolte	Wicks
Cooley	Holden	O'Donnell	Wood
Cooper	Irwin	Patterson	Mr. Speaker
Cunningham	Jones-Sawyer	Petrie-Norris	
Dahle	Kalra	Quirk	

**PRAYER**

Upon invitation of Speaker pro Tempore Mullin, the following prayer was offered by Assembly Chaplain Rev. Patti Oshita:

Please join me in a moment of reflection.

From the time I was very young, many of my family and friends would begin the new year making a personal New Year's Resolution. Most I cannot even remember now. But for the past few years, my resolution has remained the same. It is this.

Let me try to live each day of this new year, with more patience, gratitude and kindness. Let me not forget that from the moment we are born, there is no guarantee of even one more day of life. Each day is a gift that I must try to live as best I can.

In the year ahead, let us all try to embrace each new day with open minds and warm hearts. Let us try to wake up each day, happy to be alive; and sleep each night, grateful for the day.

—Namo Amida Butsu, with kindness and gratitude beyond words.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker pro Tempore Mullin, Assembly Member Carrillo then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Assembly Member Calderon, seconded by Assembly Member Waldron.

**LEAVES OF ABSENCE FOR THE DAY**

By unanimous consent, the following Assembly Members were granted leaves of absence for the day:

*Because of illness: Assembly Member Chen.*

*On maternity leave: Assembly Member Cervantes.*

**ENGROSSMENT AND ENROLLMENT REPORTS**

Assembly Chamber, January 6, 2020

Mr. Speaker: Pursuant to your instructions, the Acting Chief Clerk has examined:  
Assembly Bill No. 1469

And reports the same correctly engrossed.

SUE PARKER, Acting Chief Clerk

Above bill re-referred to committee.

**CERTIFICATE OF ELECTION**

The following Certificate of Election was presented and ordered printed in the Journal:

**CERTIFICATE OF ELECTION**

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify:

That according to information concerning the statement of the results of the General Election held on the 5th day of November, 2019, on file in my office,

*Megan Dahle*

was elected to the office of

STATE ASSEMBLY MEMBER, DISTRICT 1

IN WITNESS WHEREOF, I hereunto set my hand and affix the Great Seal of the State of California at Sacramento, this 15th day of November, 2019.



ALEX PADILLA  
Secretary of State

**COMMUNICATIONS**

The following communications were presented by the Speaker, and ordered printed in the Journal:

November 22, 2019

*Sue Parker*

*Assistant Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Christopher Porter to  
California Wildfire Safety Advisory Board

Dear Ms. Parker: Please be advised that I have appointed Mr. Christopher Porter to the California Wildfire Safety Advisory Board. This is a term appointment starting November 22, 2019, and the expiration date is July 12, 2023.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

November 22, 2019

*Sue Parker*

*Assistant Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Todd Tauzer to  
California Actuarial Advisory Panel

Dear Ms. Parker: Please be advised that I have appointed Mr. Todd Tauzer to the California Actuarial Advisory Panel. This is a term appointment starting November 22, 2019, and the expiration date is January 1, 2021.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

November 22, 2019

*Sue Parker*

*Assistant Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Anthony Bedolla to  
California Earthquake Insurance Authority Advisory Panel

Dear Ms. Parker: Please be advised that I have appointed Mr. Anthony Bedolla to the California Earthquake Insurance Authority Advisory Panel. This is a term appointment starting November 22, 2019, and the expiration date is November 22, 2023. Mr. Bedolla will be replacing Pius Lee.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

November 22, 2019

*Sue Parker*

*Assistant Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Calimay Pham to  
State Board of Barbering and Cosmetology

Dear Ms. Parker: Please be advised that I have appointed Ms. Calimay Pham to the State Board of Barbering and Cosmetology. This is a term appointment starting November 22, 2019, and the expiration date is January 1, 2023.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

December 18, 2019

*Sue Parker*

*Acting Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

Dear Sue: Please be advised that I have appointed Assemblymember Richard Bloom to the Select Committee on Jobs and Innovation in the San Fernando Valley for the 2019–20 Regular Session.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

December 18, 2019

*Sue Parker*

*Acting Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Francine Diamond to  
California Coastal Commission

Dear Ms. Parker: Please be advised that I have appointed Ms. Francine Diamond to the California Coastal Commission. This is a pleasure appointment starting December 18, 2019. Ms. Diamond will serve as an alternate to Commissioner Caryl Hart.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

December 18, 2019

*Sue Parker*

*Acting Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

RE: Appointment of Buffy Wicks to  
Sierra Nevada Conservancy Governing Board

Dear Ms. Parker: Please be advised that I have appointed Assemblymember Buffy Wicks to the Sierra Nevada Conservancy Governing Board. This is a pleasure appointment starting December 18, 2019.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

December 18, 2019

*Sue Parker*

*Acting Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

Dear Ms. Parker: I am respectfully notifying you that I have changed my affiliation from the Republican Party to Independent effective as of December 2, 2019. Thank you for your consideration of this request.

Sincerely,

CHAD MAYES

Assemblymember, 42nd District

January 6, 2020

*Sue Parker*

*Acting Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California*

Dear Ms. Parker: Please be advised that I have made changes to the following committees for the 2019–20 Regular Session:

*Appropriations*

I have appointed Assemblymember Megan Dahle to replace Assemblymember Jay Obernolte on the Assembly Appropriations Committee.

*Education*

I have appointed Assemblymember Megan Dahle to replace Assemblymember Randy Voepel on the Assembly Education Committee.

*Judiciary*

I have removed Assemblymember Cottie Petrie-Norris from the Assembly Judiciary Committee, decreasing the membership of the committee from 12 to 11 members.

*Transportation*

I have appointed Assemblymember Kevin Kiley to replace Assemblymember Frank Bigelow on the Assembly Transportation Committee.

*Water, Parks, and Wildlife*

I have appointed Assemblymember Megan Dahle to replace Assemblymember James Gallagher as Vice Chair of the Water, Parks, and Wildlife Committee.

*Joint Committee on Fisheries and Aquaculture*

I have appointed Assemblymember Megan Dahle to fill the vacancy on the Joint Committee on Fisheries and Aquaculture.

Sincerely,

ANTHONY RENDON  
Speaker of the Assembly

December 20, 2019

*The Honorable Toni G. Atkins*  
*President pro Tempore*  
*California State Senate*  
*State Capitol, Room 205*  
*Sacramento, California*

*The Honorable Anthony Rendon*  
*Speaker*  
*California State Assembly*  
*State Capitol, Room 219*  
*Sacramento, California*

*The Honorable Shannon Grove*  
*Republican Leader*  
*California State Senate*  
*State Capitol, Room 305*  
*Sacramento, California*

*The Honorable Marie Waldron*  
*Republican Leader*  
*California State Assembly*  
*State Capitol, Room 3104*  
*Sacramento, California*

RE: Tentative Agreement/Memorandum of Understanding (MOU)  
 for Bargaining Unit (BU) 18, the California Association of  
 Psychiatric Technicians (CAPT)

Dear Senators Atkins and Grove, and Assembly Members Rendon and Waldron: Recently, the California Department of Human Resources reached a new Tentative Agreement/MOU with the union representing BU 18, CAPT. Upon approval of the Legislature and the Governor, and ratification by the membership, this agreement will be effective July 2, 2019, through July 1, 2022.

This agreement will roll over language from past agreements and the attached summary highlights provisions with significant changes. In addition, BU18 members will receive salary adjustments as follows: effective January 1, 2020, a 2.75 percent increase, effective July 1, 2020, a 2.75 percent increase, and effective July 1, 2021, a 2.75 percent increase.

In accordance with Government Code sections 3517.5, 19829.5, and Senate Rule 29.4, I am forwarding copies of this Tentative Agreement/MOU, including legislative and fiscal summaries. The Legislative Analyst will be forwarded a copy for analysis, and the Secretary of the Senate and the Assistant Clerk of the Assembly will be forwarded copies to note them as available for review in the Daily Journals.

The above mentioned Tentative Agreement and summaries can also be found by going to the following link: <https://www.calhr.ca.gov/labor-relations/Pages/Unit-18-Psychiatric-Technicians.aspx>

Respectfully,

ERAINA ORTEGA, Director  
 California Department of Human Resources

Above Tentative Agreement/Memorandum of Understanding referred to the Committee on Public Employment and Retirement.



**MEMORANDA OF UNDERSTANDING**

Tentative Agreement/Memorandum of Understanding (MOU) with Bargaining Unit 18, dated December 20, 2019, was received in the Senate from the California Department of Human Resources (CalHR) and filed pursuant to Senate Rule 29.4, and is hereby noted in the Assembly Journal. (See Senate Journal for January 6, 2020, page 3036.)

**SPECIAL COMMITTEE MEETINGS**

By unanimous consent, the following committees were permitted to meet:

Accountability and Administrative Review, to convene jointly with Veterans Affairs, on Tuesday, November 19, 2019, at 11 a.m., at the District Board Room, Coast Community College District in Costa Mesa;

Select Committee on Domestic Violence, on Wednesday, November 6, 2019, at 10 a.m., at the City Hall Chambers, City of Covina;

Budget Subcommittee No. 3 on Resources and Transportation, on Thursday, November 21, 2019, at 6:30 p.m., at the Resurrection Church, Los Angeles;

Select Committee on Youth Mental Health, on Thursday, December 5, 2019, at 4 p.m., at the Elihu M. Harris State Building, Oakland;

Budget Subcommittee No. 3 on Resources and Transportation, on Wednesday, November 20, 2019, at 1:30 p.m., at the Ronald Reagan Building in Los Angeles;

Select Committee on Women in the Workplace, to convene jointly with the Senate Select Committee on Women in the Workplace, on Wednesday, November 20, 2019, at 11 a.m., in Room 3191;

Select Committee on Housing Affordability for the Middle and Working Class, on Friday, November 22, 2019, at 1 p.m., at the Milton Marks Conference Center in San Francisco;

Natural Resources, on Tuesday, December 10, 2019, at 1 p.m., in Room 447;

Education, to convene jointly with the Senate Committee on Education, on Wednesday, January 8, 2020, at 1:30 p.m., in Room 4203;

Select Committee on Los Angeles County Homelessness, on Tuesday, December 3, 2019, at 10 a.m., at the Weingart Center in Los Angeles;

Select Committee on Intellectual and Developmental Disabilities, on Tuesday, January 28, 2020, at 1:30 p.m., in Room 127;

Joint Legislative Audit Committee, on Wednesday, February 19, 2020, at 10 a.m., in Room 126;

Select Committee on Native American Affairs, on Wednesday, January 15, 2020, at 1:30 p.m., in Room 127;

Select Committee on Regional Transportation Solutions, on Friday, January 31, 2020, at 10 a.m., at the Ontario City Hall in Ontario;

Arts, Entertainment, Sports, Tourism, and Internet Media, to convene jointly with the Select Committee on Hate Crimes and the Joint Legislative Audit Committee, on Tuesday, January 28, 2020, at 10 a.m., in Room 127;

Select Committee on Science, Technology, Engineering and Math, on Wednesday, January 29, 2020, at 10 a.m., in Room 127;

Joint Legislative Committee on Emergency Management, on Wednesday, January 8, 2020, at 9:30 a.m., in Room 113;

Joint Legislative Audit Committee, on Tuesday, January 7, 2020, at 4 p.m., in Room 444;

Education, on Wednesday, January 29, 2020, at 1:30 p.m., in Room 4202;

Banking and Finance, on Monday, January 13, 2020, at 3:30 p.m., in Room 444;

Natural Resources, on Thursday, January 16, 2020, at 10 a.m., in Room 447;

Privacy and Consumer Protection, on Tuesday, January 14, 2020, at 1:30 p.m., in Room 126;

Governmental Organization, to convene jointly with the Senate Committee on Governmental Organization, on Wednesday, January 8, 2020, at 1 p.m., in Room 4202.

#### REPORTS

The following letters of transmittal were presented by the Speaker and ordered printed in the Journal:

##### California State Auditor

2019-102

November 19, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: As directed by the Joint Legislative Audit Committee, my office conducted an audit of the Department of Industrial Relations' Division of Workers' Compensation (DWC) and its oversight and regulation of qualified medical evaluators (QME). This report concludes that DWC's failure to adequately oversee QMEs and administer the process for selecting them to examine workers may delay injured workers' access to benefits. DWC has not ensured that it has enough QMEs to meet demand, that it follows the department's regulations to discipline certain QMEs, and that QMEs produce high-quality reports.

QMEs are physicians who examine injured workers when disputes arise between the workers and their employers regarding medical issues in workers' compensation claims. DWC oversees QMEs by appointing physicians to be QMEs, and it administers the QME selection process by generating lists from which a QME is selected to evaluate an injury. Although DWC is responsible for overseeing QMEs and the selection process, it has not adequately ensured that it has enough QMEs to keep up with demand for their services. Without an adequate number of available QMEs, injured workers can experience delays in receiving evaluations and therefore delays in receiving the benefits they need.

Furthermore, DWC inappropriately used its reappointment process to discipline certain QMEs alleged to have committed overbilling violations. We believe that this practice raises concerns about due process. Specifically, instead of having used its regulatory process to discipline QMEs at the time it identified alleged violations, DWC

denied their reappointments because of the alleged violations. When DWC denied their reappointments, QMEs were prohibited by law from performing QME services until the allegations were resolved, a process that can take months.

Finally, DWC has not ensured that QMEs produce high-quality reports. Although state law requires DWC to continuously review QME reports for quality and to generate an annual report with the results of those reviews, it has not done so since at least 2007. These reports provide medical evidence to help judges and others resolve disputes related to workers' compensation claims; therefore, their quality is especially important. QME reports that are inaccurate or incomplete can delay resolution of disputes and workers' receipt of benefits, and delays can increase costs for employers involved in the disputes.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Insurance.

**California State Auditor**

2019-106  
November 21, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: As directed by the Joint Legislative Audit Committee, my office conducted an audit of workers' compensation insurance (insurance). Our assessment focused on insurance used by state agencies, and the following report details the audit's findings and conclusions. In general, we determined that some agencies are paying millions more than necessary to provide benefits to employees.

State law allows agencies to decide how to provide workers' compensation benefits to their employees. Almost 90 percent of them choose to do so using a master agreement that the California Department of Human Resources (CalHR) negotiated on their behalf with the State Compensation Insurance Fund (State Fund). Under the master agreement, State Fund administers, processes, and pays employee benefits for participating state agencies, and the agencies reimburse State Fund for the actual costs of services rendered. According to CalHR data, nearly 190 agencies provided benefits through the master agreement in fiscal year 2017–18, while 32 agencies—or portions of agencies—opted to purchase insurance directly from State Fund.

When we reviewed the costs of 10 of the 32 agencies that purchased insurance directly from State Fund in fiscal year 2017–18, we found that each of these agencies consistently paid more in insurance premiums than it would have if it had provided benefits by using the master agreement. We estimate that from fiscal years 2013–14 through 2017–18, these 10 agencies collectively paid an average of \$5.7 million per year in premiums but they could have saved the State more than \$20 million during the period we reviewed if they had used the negotiated master agreement.

Finally, we found that State Fund does not always provide state agencies with enough time to review settlement authorization requests (settlement requests) before the mandatory settlement conferences (settlement conferences) in which State Fund and injured employees attempt to come to agreement to avoid seeking a trial. State Fund should provide 30 days to review settlement requests before the settlement conferences. However, for eight of the 15 claims we reviewed, State Fund did not do so. When State Fund does not make settlement requests available for agencies to adequately review before settlement conferences, it may delay the settlement authorization process and may lead to agencies' having to pay additional expenses if the cases go to trial.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Insurance.

**California State Auditor**

2019-103  
December 5, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: As directed by the Joint Legislative Audit Committee, my office conducted an audit of three counties—Butte, Sonoma, and Ventura—to assess how well prepared each county is to protect vulnerable populations before, during, and after a natural disaster. During a natural disaster, some people have needs—known as *access and functional needs*—that cannot be met by traditional emergency response and recovery methods. These access and functional needs come from a variety of circumstances, such as disabilities, limited English proficiency, transportation disadvantages, and older age. Although everyone is vulnerable during a natural disaster, people with access and functional needs are even more vulnerable. This report concludes that, despite guidance from the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES), these three counties have not adequately implemented best practices for protecting vulnerable populations, which may place their residents at greater risk of harm during future natural disasters.

Before some of California's most recent and significant wildfires, none of the three counties we reviewed had complete, up-to-date plans for alerting and warning their residents about danger from natural disasters, conducting evacuations, or sheltering evacuees. Further, none of the counties had conducted assessments of their respective populations to determine what access and functional needs existed in their communities, prearranged for evacuation assistance to meet those needs, or fully prepared to send critical warning messages. Inadequate preparation likely hindered the counties' responses to the 2018 Camp Fire, the 2017 Sonoma Complex fires, and the 2017 Thomas Fire. For example, despite the critical nature of evacuation messages, none of the

counties sent evacuation notices in languages other than English during these events. In the time since these wildfires, each county has taken some steps to follow best practices for meeting access and functional needs, but none have fully implemented these practices.

Despite the importance of planning for people with access and functional needs, Cal OES has not provided adequate support to local jurisdictions in developing emergency plans to meet those needs. It has neither complied with key state laws requiring it to provide guidance to local jurisdictions, nor has it published lessons learned from natural disasters so that local jurisdictions can learn from others' successes and challenges in responding to emergencies. These failures leave local jurisdictions without key resources that could help them develop plans to protect people with access and functional needs during future natural disasters.

It is important that readers understand the scope of this report. We did not evaluate or reach conclusions about fault or liability, nor did we review specific claims or assess whether the State or any of the three counties we visited breached any legal duty of care. We focused our review on the implementation of best practices prior to emergency events. By implementing best practices in their current planning efforts, counties can be better prepared for future disasters, and in particular, the specific concerns of those with access and functional needs.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Governmental Organization.

**California State Auditor**

2019-108  
December 10, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: As directed by the Joint Legislative Audit Committee, my office conducted an audit of the Sacramento City Unified School District (Sacramento Unified). Our assessment focused on Sacramento Unified's financial condition, and the following report details the audit's findings and conclusions. We determined that Sacramento Unified has not proactively addressed its financial problems.

Sacramento Unified failed to take sufficient action to control its costs in three main areas—teacher salaries, employee benefits, and special education. Sacramento Unified increased its spending by \$31 million annually when it approved a new labor contract with its teachers union in 2017. Despite warnings from the Sacramento County Office of Education that it could not afford the agreement, the Sacramento City Unified School District Board of Education approved the agreement without a plan for how it would pay for it. Sacramento Unified also failed to control the costs of the generous employee benefits it provides, which increased by 52 percent from fiscal years 2013–14 through

2017–18. We also found that Sacramento Unified lacked clear policies to guide staff on what are appropriate expenditures for special education, limiting its ability to control these costs. Consequently, Sacramento Unified projects it will largely deplete its general fund in October 2021 and will likely need to accept a loan from the State to continue operating. If it accepts such a loan, the required loan payments would result in less funding for students and a loss of local control to an appointed administrator.

Although both Sacramento Unified and its teachers union have proposed changes to stabilize the district's finances, we found that the proposals are unlikely to solve the district's ongoing financial problems. In fact, several proposals from the teachers union would increase costs dramatically. Given that accepting state assistance would result in less funds for students, we would have expected Sacramento Unified to develop a detailed plan for resolving its financial concerns, but it has not done so. It states that it needs to make \$27 million in reductions by fiscal year 2021–22, but even that amount may not be sufficient to end its deficit spending. We have identified a number of options the district could take, including making changes to salaries and benefits for different groups of employees; however, if it is to avoid the negative effects of insolvency, Sacramento Unified must act quickly to develop and implement a plan.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Education.

**California State Auditor**

2019-039  
December 17, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: This letter report highlights several urgent concerns with the project to implement the Financial Information System for California (FI\$Cal). Among our concerns is the manner in which the 2019 project plan update sets a formal end date for the project even though the FI\$Cal project will not have implemented promised functionality. Specifically, the updated project plan continues the project's trend of removing key features from the project's scope, increasing the budget, and developing unrealistic schedules, resulting in a product that will lack crucial features, such as bond and loan accounting tools, and will not include the transition of the State's annual financial reporting to FI\$Cal. In addition, the 2019 project plan update also does not guarantee that oversight will continue until the delivery of these features—described as key functionalities in project documentation—and it requires an aggressive schedule that is already proving unrealistic. Finally, the project's financial documentation understates the true cost of FI\$Cal. It omits some costs that the governing entities have deferred until after they have declared the project complete, and the 2019 project plan update does not reflect the



significant contract and staffing costs that entities incurred when trying to transition from their legacy systems to FISCAL. As such, the reported cost of FISCAL will be understated.

In addition to these concerns, challenges during FISCAL's implementation may affect the State's credit rating and increase borrowing costs. Several entities using FISCAL submitted late financial information to the State Controller's Office (State Controller) in preparation for assembling the State's fiscal year 2017–18 annual financial statements. Of those, the State Controller found that 17 submitted only estimated statements. As of October 2019, the State Controller has reported that even more entities are submitting late financial information for fiscal year 2018–19, which may ultimately damage the State's credibility among investors. Additionally, CDT and the project office have failed to fully implement several of our recommendations from previous reports, which could have mitigated ongoing concerns such as late financial reporting from entities newly transitioning to FISCAL, and lack of transparency in total project costs. Appendix A summarizes our prior recommendations and their status.

These issues increase the risk that the FISCAL project will be unable to deliver many of its envisioned benefits. The State created the FISCAL project with the intent to replace diverse financial systems and unite the State's accounting, budgeting, and cash management operations into a single system. However, the project in its current form will not fully accomplish this goal by its 2020 end date. Without action from the Legislature and the project office, as of the 2020 end date, the FISCAL project will result in reduced functionality, obscured project costs, and a misleading timeline that inaccurately portrays the project as having ended successfully.

### **The Revised Project Plan Will Result in the Premature End of the FISCAL Project Before the System Is Fully Established and Operational**

The most recent update to the FISCAL project plan states that the project will end on June 30, 2020. This will mark the formal conclusion of the project even though there are key system features that will not be implemented until after that date. The entities that govern the FISCAL project have submitted eight special project reports, which are update documents to modify the project plan, since 2006. In a 2018 project plan update, the governing entities reduced the number of features the system will have available when the project is complete. These features included tools for the State to manage and forecast its cash flow and to allocate investment revenue to agencies. As Figure 1 shows, the most recent project plan update in August 2019 continues this trend by identifying a list of key features that will not be complete by the formal conclusion of the project. The governing entities redefined the status of these features as system maintenance activities to be performed at a later date. Because maintenance and operations activities are not included as formal components of the FISCAL project scope, there is no obligation for the governing entities to publish the cost of these activities or report on the schedule for completing them. In fact, the current project plan does not provide any assurance that they will ever be implemented.

The project will not have fully achieved one of its central purposes—modernizing the State's accounting functionality—by the time the governing entities have declared the project complete. The Legislature

intended FISCAL to replace the State's aging financial systems, implement standardization across all departments, and maintain a central source for financial data. Instead, the State—with the fifth largest economy in the world—will continue to rely on aging technology to ensure accountability and develop key financial statements. Though individual state departments perform accounting tasks, the State Controller ultimately compiles and publishes the State's annual financial statements. However, since the project's 2018 project plan update, the governing entities have not confirmed that the FISCAL system will be ready to perform this central activity on its own by 2020. Instead, the State Controller intends to run its legacy system in parallel with FISCAL for the next several years. According to the governing entities, this approach will give the State Controller the opportunity to validate data in the FISCAL system prior to turning off its legacy system. Given the complexity of this arrangement, we would have expected the project to develop robust procedures to run both systems simultaneously. However, it did not do so, and the project's outside technical consultant (oversight contractor) concluded that the lack of adequately defined processes and requirements for the use of these parallel systems poses a significant risk, which could lead to the project's failure to run these two systems successfully in parallel. This plan to run parallel systems, coupled with the official end of the project in 2020, is troubling as the 2019 project plan update indicates that the State Controller will not rely on FISCAL exclusively until 2022 or later. The plan could negatively impact the State for years, as the State Controller has already noted significant operational inefficiencies related to transferring and duplicating data between the two systems.

The project plan update adopted in 2019 also defers many other important FISCAL features to dates after the governing entities plan to formally end the project. This project plan update describes "key" system features that the project office will not implement until after the project ends. These features, detailed in Figure 1, include statewide and departmental loan and bond accounting, which are tools required to track, manage, and record certain transactions in FISCAL. According to project documentation, a delay in the implementation of these key features was necessary because other deliverables required more work than expected. Without assurance that FISCAL will provide the State with its promised functionality, it remains unclear whether or when the project will actually complete its original goal of providing to the State a comprehensive, integrated financial management system.

### **The Aggressive Project Schedule Continues the Pattern of Unrealistic Timelines That Encourages Compromises in the Development Process**

Although the governing entities updated the project's goals in 2019 in part to make the scope of the project more manageable, the project may not achieve those revised expectations. After not completing the project by the previously estimated end date of July 2019, the governing entities revised the project's estimated end date to June 2020. However, CDT immediately noted that the schedule was "aggressive," and that there was "no slack to recover the schedule if delays occur."

In fact, the project is already falling behind its diminished expectations. For example, CDT reported in September 2019 that the project was experiencing schedule delays, specifically identifying one



feature related to the transfer of payment information from a legacy system into FISCAL that was nine months behind schedule, and another two-month delay related to user testing. As Figure 2 illustrates, the project has historically not achieved its target deadlines. This pattern suggests that the governing entities have consistently created unrealistic schedules that do not adequately convey to the Legislature and the public the true progress or timeline for completion. Consequently, the project's 2020 end date is likely to represent yet another unrealistic deadline.

Additionally, oversight reports have identified several quality issues during FISCAL's development, some of which may be related to the project's aggressive schedule. For example, the project's oversight contractor identified system failures due to the project not following best practices to validate user-entered data. Similarly, in August 2019, CDT reported that tight deadlines, a lack of adequate testing, and a lack of methods to stop new users from entering incorrect information have affected project quality during implementation. CDT further noted in multiple reports in 2019 that staff have had to correct some information directly in FISCAL's database—as opposed to correctly reentering transactions through FISCAL's normal data entry process—which CDT describes as a “risk-prone approach” to using systems such as FISCAL. According to our IT consultant, such findings indicate that the project is experiencing quality problems due to inadequate or rushed development procedures. While our office did not identify any material errors in the State's fiscal year 2017–18 annual financial statements, the issues identified above may cost the State resources to correct and will negatively affect the project as it struggles to meet its deadlines.

### **FISCAL's Current Project Plan Update Obscures the True Cost of the System's Development and Adoption**

The 2019 project plan update reports a budget increase of more than \$140 million, resulting in a current projected cost of \$1.06 billion; however, the project continues to exclude numerous related costs from its budget. Figure 3 demonstrates how the project's budget has increased by more than \$400 million since 2012. However, the current budget, which runs only until the end of fiscal year 2020–21, does not include all costs for features redefined as maintenance and operations activities in recent project plan updates, such as cash management. Specifically, the 2019 project plan update does not contain any estimates of costs deferred beyond June 2021. As the project's budget has grown by more than \$400 million since 2012, it is likely that if the unimplemented features are completed, it will result in higher costs that are not currently being reported.

In addition, the FISCAL project has also resulted in additional costs that state agencies have incurred, such as expenses related to staffing increases required for implementation. Further contributing to increased workload, the project office reported that some entities that have transitioned to FISCAL continued to use their legacy systems to address certain critical tasks. We discuss legacy system use in Appendix B. Our August 2018 monitoring report identified more than \$10.5 million in contractor costs state agencies incurred when transitioning to FISCAL. For example, the California Natural Resources Agency hired a consultant to help entities such as the Department of Parks and Recreation redesign their business processes related to FISCAL. Since

that report, we have identified an additional \$28.5 million in anticipated costs, including expenses for contracts and staffing increases for agencies we reviewed, for a total increase of more than \$39 million. Figure 4 shows the costs we identified at several such agencies, which include \$6.8 million in ongoing future annual costs that state entities anticipate incurring. As these costs reflect only a selection of state agencies that we reviewed, other agencies are also likely bearing unreported costs. These costs further support our concern that the project's documentation does not reflect the true cost of implementing the FI\$Cal system. Such discrepancies cast uncertainty over whether the Legislature is receiving adequate information about the project.

### **The Newest FI\$Cal Project Plan Update Prematurely Eliminates Key Oversight Components**

The 2019 project plan update in its current state prematurely eliminates oversight by CDT and the project's oversight contractor. The FI\$Cal project's oversight consists primarily of independent project oversight by CDT—which produces monthly oversight reports addressing factors such as timelines and budget—and additional technical oversight provided by the oversight contractor. However, CDT staff stated that CDT has not yet determined whether it will issue reports after the June 2020 deadline. Further, the 2019 project plan update does not include a budget for CDT's oversight or retain the oversight contractor past the project end date, and the oversight contractor's current contract will expire in January 2020. When we discussed these issues with the project office, the chief deputy stated that he would prefer oversight to continue in the maintenance and operations phase until July 2021 due to the important work that would occur during that time period. The project office further indicated that it would discuss continuing oversight with CDT, and it expected to arrange for technical oversight beyond 2020. However, as of August 2019, the project's budget for both CDT's and the oversight contractor's work was zero for fiscal year 2020–21. Without the full range of structured oversight, the project may lose opportunities to proactively identify and mitigate risks that could result in further delays or unimplemented functionality.

Though continuing oversight is important, the State also has opportunities to improve its existing oversight. Our review of CDT's oversight reports noted inconsistencies in how it described the overall status of the project. For example, we identified instances where CDT improved its rating of the FI\$Cal project immediately after it approved a project plan update, only to subsequently give the project lower ratings again a few months later. We identified this most recent discrepancy after the 2019 project plan update, when CDT assessed the overall health of the project with its highest rating of "satisfactory" in an oversight report—only a month after having assigned the project its lowest rating—based primarily on the fact that the 2019 project plan updated the project's schedule, scope, and budget to make the project more manageable. Despite the overall positive rating in the oversight report, CDT identified numerous issues in the same report—many of which existed prior to the 2019 project plan update and supported the previous negative rating. These issues included incomplete testing that caused stability issues; poor system performance that, according to our consultant, impacts the system's ability to complete a day's work within

a 24-hour window; and high vacancy rates for staff working on the project that may impact the governing entities' ability to meet the aggressive schedule for completing the project by 2020. CDT also noted in the same oversight report that it was uncertain whether the project was on track to satisfy the State's business objectives on time and within budget. Given such issues, we are concerned that CDT's recent satisfactory rating does not accurately describe the project's status.

### **The State's Inability to Use FI\$Cal as a Reliable Financial Reporting Tool May Lead to Increased Borrowing Costs**

The State depends on a functional financial system to inform stakeholders about its financial position and to obtain funding for critical infrastructure. The State's General Fund supported general obligation bonds—which represent the majority of the State's debt and generally finance infrastructure projects such as roads, levees, and schools—require the State to publish an annual financial report including audited financial statements, if available, by April 1st of each year. Information from this report is then available for credit rating agencies and potential lenders to use in evaluating the State's financial health and risk. If the State cannot consistently produce its financial reports by this deadline, it may prompt credit rating agencies to lower the State's credit rating, leading to increased borrowing costs—a risk the governing entities acknowledged in 2007. In 2016 the State Treasurer reported that improvement in credit ratings between 2009 and 2016 resulted in a reduction of about \$180 million in borrowing costs for every \$1 billion of borrowing.<sup>1</sup> Thus, if the State's credit rating were reduced, it is reasonable to assume that the State would incur additional borrowing costs. These additional costs could affect the State's ability to plan for important projects that rely on billions of dollars in bond sales each year.

Contributing to our concerns in this area, several agencies using FI\$Cal submitted late and in some cases estimated financial statements for fiscal year 2017–18, one of which contributed to a delay in the State's financial reporting. In our January 2019 monitoring report, we expressed concerns with entities' abilities to produce timely monthly and annual financial statements. Entities have reported issues with using FI\$Cal to produce financial information for a variety of reasons, including user error, system limitations, and insufficient support and training from the project office. As of November 2018, the State Controller found that 48 entities using FI\$Cal submitted late fiscal year 2017–18 financial statements. Further, according to the State Controller, 17 of these departments submitted estimated financial reports, a practice that increases the risk of incorrect amounts in financial statements. We noted this issue in Report 2018-001.1, in which we found that a policy from Finance allowing agencies to submit such "estimated financial reports" may have caused confusion over what type of reports were permissible for agencies to send to the State Controller. Though our office ultimately found that this issue did not cause a material error in the State's annual financial statements, the State published them two months later than its spring deadline. Figure 5 highlights the increased

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<sup>1</sup> In 2009, the three major credit rating agencies gave the State's general obligation bonds ratings that the State Treasurer classifies as "medium grade." In 2016, the State received "high-grade" ratings. As of September 2019, the State has maintained high-grade ratings.

risks to financial reporting for the most recent fiscal year and demonstrates issues encountered during the fiscal year 2017–18 reporting cycle.

Issues that occurred with the fiscal year 2017–18 financial reporting may escalate as the State Controller completes the fiscal year 2018–19 financial statements. An increasing number of large and complex entities may be unable to produce timely financial information using FISCAL for fiscal year 2018–19. As we specified in our previous monitoring reports, many of the State’s largest agencies, such as the Employment Development Department and the California Department of Education, only began reporting their financial information in FISCAL for fiscal year 2018–19, creating a risk that they too would submit late statements or rely more heavily on estimated information. State Controller records show that up to 62 agencies, including both the Employment Development Department and the California Department of Education, missed the October 2019 deadline to submit their financial statements. Although Finance issued a new policy in 2019 that allows agencies to submit financial reports containing estimates based on sound methodologies and the best available information, it remains to be seen whether agencies are able to fully comply with this policy based on their struggles using the FISCAL system. Estimates that do not comply with this policy could hinder our office’s ability to verify the underlying information, which, as shown in Figure 5, could lead to an eventual reduction in investor confidence, decreases in credit ratings, and increases in borrowing costs.

## **Recommendations**

### ***Legislature***

To ensure delivery of key features and greater transparency of project costs, the Legislature should direct CDT and the project office to create a new, ninth project plan update. The update should include, at a minimum the following:

- A budget detailing additional time and costs for the remaining development and implementation of key features deferred beyond June 2020 currently classified in project documentation as “maintenance and operations”.
- A project timeline allowing sufficient time to stabilize current system functionality and complete the transition from existing business processes.
- A budget that includes ongoing funding for oversight until the State Controller produces the State’s annual financial statements exclusively using the FISCAL system.

To capture the complete costs of the FISCAL project, the Legislature should also require the project office—in coordination with entities implementing FISCAL—to report to the Legislature on all unanticipated costs of the project, such as staffing.

***FI\$Cal Project Office***

The project office should arrange for oversight to continue until the State Controller publishes the State's annual financial statements exclusively using the FI\$Cal system.

We prepared this report pursuant to Government Code section 11864.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Privacy and Consumer Protection.

**California State Auditor**

2019-302  
December 19, 2019

*The Honorable Speaker of the Assembly  
The Honorable Members of the Assembly  
of the Legislature of California  
State Capitol, Room 3196  
Sacramento, California*

Members of the Assembly: The Judicial Council of California (Judicial Council) is the policymaking and administrative body of the California courts, and this letter report summarizes our most recent review of the Judicial Council's contracting and procurement practices. As part of our statutorily required biennial review of the Judicial Council's compliance with the California Judicial Branch Contract Law (judicial contract law), we identified no reportable concerns in several areas we examined, as we mention in the Scope and Methodology in the Appendix. However, we identified the following two concerns:

- The Judicial Council did not include all legally required information on the contracting activities of the Judicial Branch of California (Judicial Branch) in its semiannual reports for fiscal years 2017–18 and 2018–19. Specifically, the Judicial Council did not include in the semiannual reports information regarding the Judicial Branch's payments and the contract amendments that the Judicial Branch made during the reporting periods. The Judicial Council did not include the information for various reasons, including its own inconsistent entry of information and limitations of the publicly available Financial Information System for California (FI\$Cal) website, which lacks up-to-date data. By not including this information, the Judicial Council failed to comply with state law and did not provide the Legislature with complete information.
- The Judicial Council did not always follow its policies when procuring goods and services. Specifically, two supervisors—who each had Judicial Council authorization to approve procurements with costs up to \$500,000—approved five procurements for information technology (IT) goods or services, legal services, or fees paid to a national organization, with costs ranging from \$572,000 to \$2.7 million. By approving procurements that they should not have, staff bypassed one of the controls the Judicial Council put in place to reduce the risk of fraud and to ensure that it procures goods and services at the best value for the State. This

finding is similar to one we included in our 2017 report, *Judicial Council of California: It Needs to Follow Competitive Bidding Processes More Consistently and Establish Clear Guidance for Invoice Processing*, Report 2017-302.

## **Background**

### ***The Judicial Council's Role***

The Judicial Branch is a separate, independent branch of California state government. The branch includes several entities, such as the California Supreme Court (Supreme Court), the six Courts of Appeal, the 58 Superior—or trial—Courts, and the Judicial Council. The Judicial Council is the policymaking body for the state court system; it includes staff who provide various services, including budgeting, accounting, human resources, and IT. Additionally, the Judicial Council's staff can assist the courts in the procurement of goods and services. To improve the administration of justice, the California Constitution requires the Judicial Council to perform certain actions, such as making recommendations to the courts, the Governor, and the Legislature, and adopting rules for court administration practice and procedure. For example, during the legislative session for 2017 and 2018, the Judicial Council sponsored 13 bills on topics including judgeships, court proceedings, and infractions.

### ***State Contracting and Procurement Requirements***

The Public Contract Code (contract code) generally governs contracts entered into by public entities. It establishes how public entities should solicit bids or proposals, evaluate those bids or proposals, and award contracts. In enacting the contract code, the Legislature intended to achieve certain objectives, such as ensuring that public entities comply with competitive bidding statutes; providing all qualified bidders with a fair opportunity to enter the bidding process; and eliminating favoritism, fraud, and corruption in the awarding of public contracts.

The *State Administrative Manual* (SAM) and the *State Contracting Manual* (SCM) furnish additional procurement guidance from the Department of General Services (DGS) to public entities. SAM is a reference resource for statewide management policy, while SCM provides policies, procedures, and guidelines to promote sound business decisions and practices in securing necessary services for the State while remaining in line with the contract code. For example, the contract code allows DGS to determine when public entities may award a contract for services valued at less than \$20,000 without competition. SCM clarifies that state agencies are not required to competitively bid contracts less than \$10,000, though they should document evidence that pricing for these contracts is fair and reasonable.

### ***The California Judicial Branch Contract Law***

In 2011 the State enacted the judicial contract law, which requires Judicial Branch entities—as the text box lists—to comply with the provisions of the contract code that apply to state agencies and departments for goods and services, subject to certain exceptions. The judicial contract law also requires the Judicial Council to adopt and publish a contracting manual for all Judicial Branch entities (judicial contracting manual) that is consistent with the contract code and substantially similar to SAM and SCM, which it did in 2011.



Additionally, the judicial contract law requires each Judicial Branch entity to adopt a local contracting manual (local manual) for procurement and contracting of goods and services. The judicial contracting manual requires that the local manuals identify individuals with responsibility and authority for specific procurement activities. The judicial contracting manual additionally identifies items the local manuals may include, such as instructions on setting up and maintaining official procurement files and signature authorizations.

The judicial contract law also requires the Judicial Council to provide reports to the Legislature and the California State Auditor (State Auditor) every six months that provide information related to certain Judicial Branch contract procurement activities. In addition to other information, the reports must include lists of the payments and contract amendments that the Judicial Branch made during the reporting period. Finally, the judicial contract law requires the State Auditor, subject to legislative appropriation, to conduct a biennial audit of the Judicial Council's compliance with the judicial contract law and report its findings, as we do in this report.

## **AUDIT FINDINGS**

### **The Judicial Council Did Not Include Required Information in Its Semiannual Reports for Fiscal Years 2017–18 and 2018–19**

The judicial contract law requires the Judicial Council to provide a report to the Joint Legislative Budget Committee and the State Auditor twice each year regarding certain Judicial Branch procurement activities during the previous six-month period. The judicial contract law requires these reports to include the information listed in the text box. In these semiannual reports, the Judicial Council reports on the Judicial Branch entities in two groupings: Superior Courts—consisting of the 58 trial courts—and non-Superior Courts—consisting of the Supreme Court, the six Courts of Appeal, the Habeas Corpus Resource Center, and the Judicial Council.

Contrary to the judicial contract law requirements, the Judicial Council did not include some payments its non-Superior Court entities made in each of its fiscal year 2018–19 semiannual reports. Specifically, we estimate that the Judicial Council's February 2019 report, which covered July through December 2018, did not include roughly 2,200 payments totaling \$46 million from December 2018. Furthermore, we estimate that in its August 2019 report, which covered January through June 2019, the Judicial Council did not include nearly 2,800 payments totaling about \$74 million from June 2019. The excluded transactions amount to about 20 percent of the non-Superior Court entities' payment activity for each period.

The Judicial Council did not provide information regarding these payments at the time it published its reports because the publicly available FISCAL website does not provide up-to-date payment data.<sup>1</sup> Although Judicial Council staff are able to input transactions and access current data, FISCAL only reports those transactions older than 60 days on its publicly available website. The judicial contract law requires the

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<sup>1</sup> The Judicial Branch adopted FISCAL as its procurement and accounting system for all its non-Superior Court entities in fiscal year 2018–19. Stakeholders can use the publicly available FISCAL website to create lists of payments and contract amendments.

Judicial Council to submit its semiannual report within roughly one month after the end of the reporting period. Therefore, for example, on August 1, 2019, when the Judicial Council published its report covering the period January 1, 2019, through June 30, 2019, the FISCAL system website would have been missing transactions for June 2019. Although those transactions would have subsequently become available on the FISCAL website after about 30 days, the Judicial Council did not report them at the required time. We did not identify this issue in the two fiscal year 2017–18 reports because the Judicial Council generated spreadsheets of the required data itself and posted them on its own website.

Additionally, the Judicial Council did not always identify the Judicial Branch's contract amendments in its reports nor did it always include other required information. FISCAL lacks a dedicated field to identify whether a procurement is an original contract or an amendment, so Judicial Council staff sometimes use the item description field to do so. Out of a selection of 15 procurements from the fiscal year 2018–19 semiannual reports that we reviewed, four were contract amendments that the Judicial Council did not identify as such. In these four instances, staff did not use the item description field to identify the procurements as amendments. Similarly, we identified five instances in which the Judicial Council did not include the duration of the contract amendments in the item description field, and five instances in which it did not include the nature of the contract amendments. This information was not included because the Judicial Council lacks sufficiently specific procedures that instruct staff to enter required information into the item description field, so staff use this field inconsistently. Consequently, there may be additional instances of missing information associated with contract amendments.

Finally, for more than 500 contracts that Superior Court entities amended in each fiscal year we reviewed, the Judicial Council did not identify the service or good provided. According to its director of branch accounting and procurement, the Judicial Council identifies the service or good in its reports only when an amendment changed the service or good provided. He also stated that he believed the reason for this approach was that reviewers of the report would have the original contract and it would be easier for them if the Judicial Council only updated this information when it changed.

Nonetheless, by not including the required information, the Judicial Council failed to provide the Legislature with complete information within the statutorily required timelines to evaluate key procurement activities of its Judicial Branch entities. For example, for procurements missing information, a reviewer of the report may have difficulty evaluating whether it was appropriate to amend a contract rather than obtain a new contract. After we brought this concern to the Judicial Council's attention, the principal manager of audit services said that he expects that the Judicial Council will have further discussions with FISCAL staff to address any findings resulting from our work. Additionally, the director of branch accounting and procurement stated that, because the Judicial Council developed special tables to create the Superior Court contract amendment report, it will need to investigate how it could always include the Superior Courts' information related to the contracted service or good.



### **The Judicial Council Did Not Always Follow Its Approval Policies When Procuring Goods and Services**

The Judicial Council requires its staff to obtain approval from specific managers when executing procurements with costs up to and greater than \$500,000, while staff can also obtain approvals for contracts with costs less than \$500,000 from specific supervisors. The Judicial Council determined the cost limit for these managers' and supervisors' approvals by evaluating the responsibilities of their positions, the qualifications the Judicial Council expects individuals in those positions to hold, and the consideration required to make appropriate decisions for procurements of different dollar amounts. The Judicial Council established this policy even though the judicial contracting manual does not specifically require it to.

We reviewed 40 procurements that the Judicial Council made from July 1, 2017, through June 30, 2019. Of these, 10 were procurements for goods or services with costs greater than \$500,000. For five of these 10 higher-cost procurements, the Judicial Council staff obtained signatures from one of two supervisors who were not authorized to approve procurements costing more than \$500,000. The costs of the procurements that the supervisors approved ranged from \$572,000 to \$2.7 million and were for court-appointed legal counsel, software products, database maintenance, and fees paid to a national organization related to state courts.

Without obtaining the appropriate approvals, the Judicial Council bypassed one of the controls intended to reduce the risk of fraud and ensure the Judicial Council only procures appropriate goods and services at the best value. When the Judicial Council procures goods or services without the appropriate approvals, it increases the risk that the terms of those procurements may not be optimal or that the procurements may be inappropriate. Further, when the Judicial Council's staff do not obtain approval for procurements from the appropriate individuals, it increases the possibility of misuse of public funds. At our request, the principal manager over procurement, who could have approved the five procurements we identified, reviewed those procurements and determined that he would have approved them if Judicial Council staff had routed them to him.

The Judicial Council staff were able to procure the goods and services without appropriate approval because the Judicial Council does not include a step in its procurement process to ensure that staff obtain appropriate approvals. The Judicial Council acknowledged that the two supervisors who approved the five procurements did not have sufficient signing authority to do so. According to the principal manager of audit services, it was an error that the staff and supervisors did not obtain the appropriate approvals that occurred because the Judicial Council had a vacancy in a mid-level manager position at the time of the procurements. After we informed the Judicial Council of the inappropriate approvals, the principal manager over procurement stated that he addressed the issue by holding a discussion with supervisory staff to ensure that they clearly understood the approval authority policy, and by sending an email to supervisory and management staff to remind them of the policy and its location in the local manual.

Nevertheless, we question whether a discussion with staff and an email reminder will adequately address the issue because we reported a similar finding in our 2017 audit. At that time, we found that one of the

Judicial Council's contract supervisors who had approval authority limited to less than \$50,000 approved a procurement costing \$345,000. Because of the potential consequences of the Judicial Council's staff procuring goods and services without the appropriate approvals, and because we found additional instances that occurred during the period covered by this audit, the Judicial Council should establish stronger controls to prevent this problem in the future. For example, the Judicial Council could require those individuals approving entries of procurements in FISCAL to verify that appropriate managers or supervisors approved the procurements and signed the hard copy contracts.

Additionally, we determined that the supervisor's improper approval of one of those five contracts caused the Judicial Council to violate its legal requirement to notify the State Auditor of that procurement. The judicial contract law requires the Judicial Council to notify the State Auditor in writing within 10 business days each time it executes a contract with a cost greater than \$1 million; the law excludes IT procurements that are subject to review and recommendations by the California Department of Technology and certain construction contracts. However, the Judicial Council did not notify the State Auditor within the required time frame of a \$2.7 million contract for legal representation in juvenile dependency proceedings. As we discuss previously, the supervisor who approved that contract did not have authority to approve contracts with costs greater than \$500,000. That supervisor also failed to inform the contracts manager who typically sends the notices to the State Auditor that the Judicial Council needed to do so.

### **Recommendations**

To ensure that it complies with state law, maintains appropriate transparency, and provides the Legislature with all legally required information regarding its contracting and procurements, the Judicial Council should take the following actions by February 2020:

- Develop and implement a method to include all of the non-Superior Court entities' information required by the judicial contract law when submitting semiannual reports. For instance, if the publicly available FISCAL website does not provide all the required information, the Judicial Council should implement an alternate reporting mechanism, such as providing summary information from FISCAL data not available to the public.
- Establish a procedure that requires procurement staff to consistently include all necessary information in FISCAL when processing contract amendments.
- Develop and implement a method to ensure that it includes in its reports all required contract amendment information related to the Superior Courts.

To better limit the risk of inappropriate procurements and to ensure it procures goods and services at the best value, the Judicial Council should immediately revise its procurement process to include a final verification step to confirm that managers with appropriate signature authority approve its procurements.

We conducted this audit under the authority vested in the California State Auditor by Government Code 8543 et seq. and according to generally accepted government auditing standards. Those standards

require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,

ELAINE M. HOWLE, CPA  
California State Auditor

Above report referred to the Committee on Judiciary.

**REFERRAL OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bills were referred to committee:

*Assembly*

<i>Bill No.</i>	<i>Committee</i>
<b>70</b> -----	Higher Ed.
<b>584</b> -----	L. Gov.
<b>1276</b> -----	E. & R. and L. Gov.
<b>1567</b> -----	Nat. Res.
<b>1832</b> -----	Ins.
<b>1833</b> -----	B. & P. and Health

*Assembly Concurrent*

<i>Resolution No.</i>	<i>Committee</i>
<b>139</b> -----	Trans.

**AUTHOR'S AMENDMENTS**  
**Committee on Public Safety**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Safety reports:

Assembly Bill No. 1476

With author's amendments with the recommendation: Amend, and re-refer to the committee.

JONES-SAWYER, Chair

**ASSEMBLY BILL NO. 1476**—An act to amend Section 666 of the Penal Code, relating to theft.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Safety reports:

Assembly Bill No. 276

Assembly Bill No. 1450

Assembly Bill No. 582

Assembly Bill No. 1599

Assembly Bill No. 855

With author's amendments with the recommendation: Amend, and re-refer to the committee.

JONES-SAWYER, Chair

**ASSEMBLY BILL NO. 276**—An act to amend Sections 16520, 16860, 17060, and 29805 of, and to add Section 25145 to, the Penal Code, relating to firearms.

Bill read second time.

**ASSEMBLY BILL NO. 582**—An act to amend Section 20001 of the Vehicle Code, relating to vehicles.

Bill read second time.

**ASSEMBLY BILL NO. 855**—An act to add and repeal Title 4.8 (commencing with Section 13660) of Part 4 of the Penal Code, relating to peace officers.

Bill read second time.

**ASSEMBLY BILL NO. 1450**—An act to add Section 11166.6 to the Penal Code, relating to child abuse.

Bill read second time.

**ASSEMBLY BILL NO. 1599**—An act to amend Section 243.4 of the Penal Code, relating to sexual battery.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Safety reports:

Assembly Bill No. 1071

With author's amendments with the recommendation: Amend, and re-refer to the committee.

JONES-SAWYER, Chair

**ASSEMBLY BILL NO. 1071**—An act to add and repeal Article 8 (commencing with Section 11485) of Chapter 3 of Title 1 of Part 4 of the Penal Code, relating to peace officers.

Bill read second time.

Author’s amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Banking and Finance**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Banking and Finance reports:

Assembly Bill No. 953

With author’s amendments with the recommendation: Amend, and re-refer to the committee.

LIMÓN, Chair

**ASSEMBLY BILL NO. 953**—An act to add Section 37101.3 to the Government Code, and to amend Section 34021.5 of, and to add Section 34015.5 to, the Revenue and Taxation Code, relating to taxation.

Bill read second time.

Author’s amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**ENGROSSMENT AND ENROLLMENT REPORTS**

Assembly Chamber, January 6, 2020

Mr. Speaker: Pursuant to your instructions, the Acting Chief Clerk has examined:

Assembly Bill No. 276

Assembly Bill No. 1071

Assembly Bill No. 953

Assembly Bill No. 1476

And reports the same correctly engrossed.

SUE PARKER, Acting Chief Clerk

Above bills re-referred to committee.

**REQUEST FOR PHOTOGRAPHER**

Assembly Members Burke and Luz Rivas were granted unanimous consent that photographers be permitted on the Floor of the Assembly.

**ASSEMBLY RULE 118(a) SUSPENDED—PRIVILEGES OF THE FLOOR**

Assembly Member Burke was granted unanimous consent that Assembly Rule 118(a) be suspended granting the privileges of the Floor and permitting guests in the Chamber.

**GOVERNOR’S VETOES STRICKEN FROM FILE**

Assembly Member Daly was granted unanimous consent that the Governor’s veto of Assembly Bill No. 295 be stricken from file.

**RE-REFERENCE OF BILLS  
PURSUANT TO ASSEMBLY RULE 96(a)**

Pursuant to Assembly Rule 96(a), Assembly Member Calderon was granted unanimous consent that the following bills be re-referred as noted:

Assembly Bill No. 276 from the Committee on Public Safety to the Committee on Rules;

Assembly Bill No. 953 from the Committee on Banking and Finance to the Committee on Rules;

Assembly Bill No. 1071 from the Committee on Public Safety to the Committee on Rules;

Assembly Bill No. 1476 from the Committee on Public Safety to the Committee on Rules.

**BILLS ORDERED RETURNED TO SENATE**

Assembly Member Low was granted unanimous consent that Assembly Bill No. 545 be ordered returned to the Senate for further action.

**RESOLUTIONS**

The following resolution was offered:

**HOUSE RESOLUTION NO. 68—Rendon.** Relative to the election of officers of the Assembly for the 2019–20 Regular Session.

**BILLS PLACED ON FILE BY UNANIMOUS CONSENT**

Assembly Member Calderon was granted unanimous consent that House Resolution No. 68 be placed on the third reading file.

**SPECIAL RECOGNITION**

Speaker Rendon announced the selection of the new Chief Clerk of the Assembly, Sue Parker, and the new Chief Sergeant at Arms, Alisa Buckley. The official votes will be held on Thursday, January 9, 2020.

**SPECIAL RECOGNITION**

The Members of the Assembly joined Speaker pro Tempore Mullin in extending best wishes and congratulations to Assembly Member Maienschein upon the occasion of his recent engagement.

**SPECIAL RECOGNITION**

The Members of the Assembly joined Speaker pro Tempore Mullin in extending best wishes to Assembly Member McCarty upon the occasion of his birthday today.

**SPECIAL RECOGNITION**

The Members of the Assembly joined Speaker pro Tempore Mullin in extending best wishes to Assembly Member Cooper upon the occasion of his birthday yesterday.

**ASSEMBLY RULE 118(a) SUSPENDED—PRIVILEGES OF THE FLOOR**

Assembly Member Luz Rivas was granted unanimous consent that Assembly Rule 118(a) be suspended granting the privileges of the Floor and permitting guests to sit at her desk, whereupon she introduced her nephews Eric and Nicholas Ramos from Lancaster.

**CONSIDERATION OF DAILY FILE  
THIRD READING OF ASSEMBLY BILLS**

**ASSEMBLY BILL NO. 1506 (McCarty)**—An act to amend Section 47602 of the Education Code, relating to charter schools.

Bill read third time.

**Motion to Amend**

Assembly Member McCarty moved the adoption of amendments.

Amendments read and adopted; bill ordered reprinted, and to be returned to the third reading file.

**Re-reference of Bills to Committee  
Pursuant to Assembly Rule 77.2**

Pursuant to Assembly Rule 77.2, Speaker pro Tempore Mullin re-referred the following bill to committee as noted:

Assembly Bill No. 1506, to the Committee on Natural Resources.

**ADJOURN IN MEMORY**

Assembly Member Calderon was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Hon. Charles Warren, Member of the Assembly from 1963–77; Hon. Paul Bannai, Member of the Assembly from 1973–80; and Hon. Phil Wyman, Member of the Assembly from 1978–92, and State Senator from 1993–94 and 2000–04.

(Assembly Rule 45.5 suspended.)

**ADJOURN IN MEMORY**

Assembly Member Smith was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Gracie Anne Muehlberger and Dominic Blackwell, victims of the Saugus High School shooting, residents of Saugus.

(Assembly Rule 45.5 suspended.)

**ADJOURN IN MEMORY**

Assembly Member Gloria was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Joanne Climie of San Diego.

(Assembly Rule 45.5 suspended.)

**ADJOURN IN MEMORY**

Assembly Member Lorena Gonzalez was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Fahari Jeffers of National City.

(Assembly Rule 45.5 suspended.)

**ADJOURN IN MEMORY**

Assembly Member Wood was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Hon. Mike Reilly, former member of the Sonoma County Board of Supervisors, resident of Sonoma County.

(Assembly Rule 45.5 suspended.)

**ANNOUNCEMENTS**

Speaker pro Tempore Mullin announced the following session schedule:

Tuesday, January 7, 2020, Check-in Session, 7 a.m.–3 p.m.;

Wednesday, January 8, 2020, Check-in Session, 7 a.m.–3 p.m.;

Thursday, January 9, 2020, Floor Session, 9 a.m.

**CONSIDERATION OF DAILY FILE (RESUMED)  
UNFINISHED BUSINESS**

**MOTIONS TO RECONSIDER BILLS CONTINUED**

By unanimous consent, the motions to reconsider the votes on Assembly Bills Nos. 162, 628, and 1128, Assembly Constitutional Amendment No. 1, and Senate Bill No. 58 were continued until Thursday, January 8, 2020.

**MOTION TO ADJOURN**

At 1:49 p.m., Assembly Member Calderon moved that the Assembly do now adjourn.

Assembly Member Waldron seconded the motion.

Motion carried.

**QUORUM CALL OF THE ASSEMBLY DISPENSED WITH**

At 1:49 p.m., Speaker pro Tempore Mullin declared the quorum call of the Assembly dispensed with.

**INTRODUCTION AND FIRST READING OF  
ASSEMBLY BILLS**

The following bills were introduced and read the first time:

**ASSEMBLY BILL NO. 1834—Weber and Quirk-Silva.** An act to add Section 42238.08 to the Education Code, relating to education finance.

**ASSEMBLY BILL NO. 1835—Weber and Quirk-Silva.** An act to add Section 42238.09 to the Education Code, relating to education finance.

**ASSEMBLY BILL NO. 1836—Quirk-Silva and McCarty.** An act to add Sections 89763 and 89764 to the Education Code, relating to public postsecondary education.

**ASSEMBLY BILL NO. 1837—Smith.** An act to amend Section 46392 of the Education Code, relating to education finance.

**ASSEMBLY BILL NO. 1838—Chu.** An act to amend Section 48205 of the Education Code, relating to pupil attendance.

**ASSEMBLY BILL NO. 1839—Bonta, Chiu, Kalra, Reyes, and Weber (Coauthors: Berman, Bloom, Chu, Gloria, McCarty, Robert Rivas, Mark Stone, and Wicks).** An act to add Part 8 (commencing with Section 71440) to Division 34 of the Public Resources Code, relating to climate change.

**ASSEMBLY BILL NO. 1840—Ting.** An act to add and repeal Section 14542 of the Public Resources Code, relating to recycling.

**ASSEMBLY BILL NO. 1841—Salas.** An act to add Section 4053 to the Food and Agricultural Code, relating to district agricultural associations.

**ASSEMBLY BILL NO. 1842—Salas.** An act to add Article 1.5 (commencing with Section 68710) to Chapter 2.5 of Title 8 of the Government Code, relating to judges.

**ASSEMBLY BILL NO. 1843—Salas.** An act to amend Section 17100 of the Elections Code, relating to elections.

**ASSEMBLY BILL NO. 1844—Chu and Gonzalez.** An act to amend Section 246.5 of the Labor Code, relating to employment.



**ASSEMBLY BILL NO. 1845—Luz Rivas.** An act to add Chapter 1.5 (commencing with Section 12095) to Part 2 of Division 3 of Title 2 of the Government Code, and to amend Sections 8256 and 8257 of, and to add Section 8257.5 to, the Welfare and Institutions Code, relating to state government.

**ASSEMBLY BILL NO. 1846—Salas.** An act to add Section 772.5 to the Public Utilities Code, relating to public utilities.

**ASSEMBLY BILL NO. 1847—Levine.** An act to add Section 702.1 to the Public Utilities Code, relating to public utilities.

**ASSEMBLY BILL NO. 1848—Lackey.** An act relating to high-speed rail, and making an appropriation therefor.

**ASSEMBLY BILL NO. 1849—Low and Quirk-Silva (Coauthors: Burke, Diep, Eggman, Eduardo Garcia, Gipson, Gloria, Irwin, McCarty, Blanca Rubio, and Ting) (Coauthor: Senator Beall).** An act to amend Section 48205 of the Education Code, relating to pupil attendance.

**ASSEMBLY BILL NO. 1850—Gonzalez.** An act relating to employment.

**ASSEMBLY BILL NO. 1851—Wicks.** An act to add Section 65913.6 to the Government Code, relating to land use.

**ASSEMBLY BILL NO. 1852—Daly.** An act to amend Sections 678, 2051.5, and 10103.7 of the Insurance Code, relating to insurance.

The following resolutions were offered:

**ASSEMBLY CONCURRENT RESOLUTION NO. 140—Mark Stone and Grayson (Principal coauthors: Aguiar-Curry, Boerner Horvath, Chen, Gloria, Gonzalez, Kalra, Maienschein, Mathis, and Robert Rivas) (Principal coauthors: Senators Bates, Dodd, and Skinner).** Relative to Positive Parenting Awareness Month.

**ASSEMBLY CONCURRENT RESOLUTION NO. 141—Kalra (Principal coauthors: Bauer-Kahan, Chu, Cristina Garcia, Quirk, and Salas) (Principal coauthors: Senators Archuleta, Beall, and Wieckowski).** Relative to India Republic Day.

**ASSEMBLY CONCURRENT RESOLUTION NO. 142—Choi and Quirk-Silva (Principal coauthors: Chiu, Medina, and Santiago) (Principal coauthors: Senators Chang and Portantino) (Coauthors: Senators Archuleta, Beall, Lena Gonzalez, and Umberg).** Relative to Korean American Day.

**ASSEMBLY CONCURRENT RESOLUTION NO. 143—Quirk (Coauthors: Bloom, Boerner Horvath, Gloria, Gonzalez, Kamlager, Limón, O'Donnell, Petrie-Norris, Reyes, Mark Stone, and Wood).** Relative to climate crisis.

**ASSEMBLY CONCURRENT RESOLUTION NO. 144—Low.** Relative to Physician Anesthesiologist Week.

**HOUSE RESOLUTION NO. 67—Cervantes and Quirk-Silva (Coauthor: Maienschein).** Relative to Proposition 13 and Homeowners' Rights Protection Week.

### **AUTHOR'S AMENDMENTS** **Committee on Transportation**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Transportation reports:

Assembly Bill No. 1350

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRAZIER, Chair

**ASSEMBLY BILL NO. 1350—**An act to add Chapter 2 (commencing with Section 99100) to Part 11 of Division 10 of the Public Utilities Code, relating to transportation.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Banking and Finance**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Banking and Finance reports:

Assembly Bill No. 699

With author's amendments with the recommendation: Amend, and re-refer to the committee.

LIMÓN, Chair

**ASSEMBLY BILL NO. 699**—An act to amend Sections 1789.11, 1789.12, 1789.13, 1789.14, 1789.15, 1789.16, 1789.19, 1789.21, and 1789.25 of, and to add Section 1789.135 to, the Civil Code, relating to consumer credit.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Housing and Community Development**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Housing and Community Development reports:

Assembly Bill No. 22

With author's amendments with the recommendation: Amend, and re-refer to the committee.

CHIU, Chair

**ASSEMBLY BILL NO. 22**—An act to add Chapter 7.9 (commencing with Section 8699) to Division 1 of Title 2 of the Government Code, relating to housing.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Education reports:

Assembly Bill No. 150

Assembly Bill No. 1021

Assembly Bill No. 216

Assembly Bill No. 1617

Assembly Bill No. 760

With author's amendments with the recommendation: Amend, and re-refer to the committee.

O'DONNELL, Chair

**ASSEMBLY BILL NO. 150**—An act to amend Section 51225.2 of the Education Code, relating to pupils.

Bill read second time.

**ASSEMBLY BILL NO. 216**—An act to amend Sections 49005, 49005.1, 49005.4, 49005.6, 49005.8, 49006, 56521.1, 56521.2 of, and to add Sections 49005.5, 49005.9, and 49006.5 to, the Education Code, relating to pupil discipline.

Bill read second time.

**ASSEMBLY BILL NO. 760**—An act to amend Sections 2574 and 42238.02 of the Education Code, relating to education finance.

Bill read second time.

**ASSEMBLY BILL NO. 1021**—An act to add Section 37203 to the Education Code, relating to pupils.

Bill read second time.

**ASSEMBLY BILL NO. 1617**—An act to add Section 51225.7 to the Education Code, relating to pupil instruction.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

**Committee on Higher Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Higher Education reports:

Assembly Bill No. 1155

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MEDINA, Chair

**ASSEMBLY BILL NO. 1155**—An act to add Chapter 5.2 (commencing with Section 66310) to Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Housing and Community Development**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Housing and Community Development reports:

Assembly Bill No. 1315

With author's amendments with the recommendation: Amend, and re-refer to the committee.

CHIU, Chair

**ASSEMBLY BILL NO. 1315**—An act to add Section 65913.3 to the Government Code, relating to land use.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Judiciary**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Judiciary reports:

Assembly Bill No. 573

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MARK STONE, Chair

**ASSEMBLY BILL NO. 573**—An act to add Chapter 4 (commencing with Section 6390) to Part 4 of Division 10 of the Family Code, relating to domestic violence.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

January 6, 2020

Mr. Speaker: The Chair of your Committee on Judiciary reports:  
Assembly Bill No. 1712

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MARK STONE, Chair

**ASSEMBLY BILL NO. 1712**—An act to amend Section 12586 of the Government Code, relating to charitable organizations.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

### **Committee on Transportation**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Transportation reports:  
Assembly Bill No. 226  
Assembly Bill No. 461

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRAZIER, Chair

**ASSEMBLY BILL NO. 226**—An act to amend Section 9105 of the Vehicle Code, relating to registration.

Bill read second time.

**ASSEMBLY BILL NO. 461**—An act to amend Section 4601 of, and to add Section 4611 to, the Vehicle Code, relating to vehicles.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

### **Committee on Housing and Community Development**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Housing and Community Development reports:  
Assembly Bill No. 725

With author's amendments with the recommendation: Amend, and re-refer to the committee.

CHIU, Chair

**ASSEMBLY BILL NO. 725**—An act to amend Section 65583.2 of the Government Code, relating to land use.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

### **Committee on Business and Professions**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Business and Professions reports:  
Assembly Bill No. 1525

With author's amendments with the recommendation: Amend, and re-refer to the committee.

LOW, Chair

**ASSEMBLY BILL NO. 1525**—An act to add Chapter 24 (commencing with Section 26260) to Division 10 of the Business and Professions Code, relating to cannabis.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Insurance**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Insurance reports:

Assembly Bill No. 1263

Assembly Bill No. 1616

With author's amendments with the recommendation: Amend, and re-refer to the committee.

DALY, Chair

**ASSEMBLY BILL NO. 1263**—An act to add Chapter 1.6 (commencing with Section 1939.60) to Title 5 of Part 4 of Division 3 of the Civil Code, to add Article 5.1 (commencing with Section 11629.6) to Chapter 1 of Part 3 of Division 2 of, and to repeal Section 11580.24 of, the Insurance Code, and to amend Sections 11752, 11754, and 11760 of the Vehicle Code, relating to business regulation.

Bill read second time.

**ASSEMBLY BILL NO. 1616**—An act to amend Section 10295.6 of the Insurance Code, relating to insurance.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

#### **Committee on Privacy and Consumer Protection**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Privacy and Consumer Protection reports:

Assembly Bill No. 1163

With author's amendments with the recommendation: Amend, and re-refer to the committee.

CHAU, Chair

**ASSEMBLY BILL NO. 1163**—An act to amend Section 1793.03 of the Civil Code, relating to consumer warranties.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Transportation**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Transportation reports:

Assembly Bill No. 40

Assembly Bill No. 1594

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRAZIER, Chair

**ASSEMBLY BILL NO. 40**—An act to add Section 44274.8 to the Health and Safety Code, relating to vehicular air pollution.

Bill read second time.

**ASSEMBLY BILL NO. 1594**—An act to add Section 43022.6 to the Health and Safety Code, relating to vehicular air pollution.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

#### **Committee on Public Safety**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Safety reports:

Assembly Bill No. 1210

With author's amendments with the recommendation: Amend, and re-refer to the committee.

JONES-SAWYER, Chair

**ASSEMBLY BILL NO. 1210**—An act to add Chapter 9 (commencing with Section 540) to Title 13 of Part 1 of the Penal Code, relating to crimes.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Higher Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Higher Education reports:

Assembly Bill No. 968

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MEDINA, Chair

**ASSEMBLY BILL NO. 968**—An act to add and repeal Article 6 (commencing with Section 78070) of Chapter 1 of Part 48 of Division 7 of Title 3 of the Education Code, relating to community colleges.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Labor and Employment**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Labor and Employment reports:

Assembly Bill No. 882

With author's amendments with the recommendation: Amend, and re-refer to the committee.

KALRA, Chair

**ASSEMBLY BILL NO. 882**—An act to add Section 1029 to the Labor Code, relating to employment.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Public Employment and Retirement**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Employment and Retirement reports:

Assembly Bill No. 979

With author's amendments with the recommendation: Amend, and re-refer to the committee.

RODRIGUEZ, Chair

**ASSEMBLY BILL NO. 979**—An act to amend Sections 7522.30, 22760, 22814, 75506.7, 75521, 75522, 75523, 75553, 75570, 75571.5, 75590, 75601, and 75602 of, and to add Sections 75522.5 and 75591.5 to, the Government Code, relating to judges' retirement, and making an appropriation therefor.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Natural Resources**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Natural Resources reports:

Assembly Bill No. 464

Assembly Bill No. 966

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRIEDMAN, Chair

**ASSEMBLY BILL NO. 464**—An act to amend Section 38505.5 of the Health and Safety Code, relating to greenhouse gases.

Bill read second time.

**ASSEMBLY BILL NO. 966**—An act to add Section 38534 to the Health and Safety Code, relating to greenhouse gases.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

**Committee on Higher Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Higher Education reports:

Assembly Bill No. 151

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MEDINA, Chair

**ASSEMBLY BILL NO. 151**—An act to amend Section 69436 of the Education Code, relating to student financial aid.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Agriculture**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Agriculture reports:

Assembly Bill No. 1205

With author's amendments with the recommendation: Amend, and re-refer to the committee.

EGGMAN, Chair

**ASSEMBLY BILL NO. 1205**—An act to amend the heading of Division 18 (commencing with Section 52001) of, and to add Chapter 3.5 (commencing with Section 52681) to Division 18 of, the Food and Agricultural Code, relating to agriculture.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Business and Professions**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Business and Professions reports:

Senate Bill No. 275

With author's amendments with the recommendation: Amend, and re-refer to the committee.

LOW, Chair

**SENATE BILL NO. 275**—An act to amend Section 2960.1 of the Business and Professions Code, relating to healing arts.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Human Services**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Human Services reports:

Assembly Bill No. 823

With author's amendments with the recommendation: Amend, and re-refer to the committee.

REYES, Chair

**ASSEMBLY BILL NO. 823**—An act to amend Sections 4418.25, 4640.6, and 4696.1 of the Welfare and Institutions Code, relating to developmental services.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Higher Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Higher Education reports:

Assembly Bill No. 1512

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MEDINA, Chair



**ASSEMBLY BILL NO. 1512**—An act to amend Section 79500 of, and to amend the heading of Article 9 (commencing with Section 79500) of Chapter 9 of Part 48 of Division 7 of Title 3 of, the Education Code, relating to public postsecondary education.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Public Safety**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Public Safety reports:

Assembly Bill No. 904

Assembly Bill No. 1029

With author's amendments with the recommendation: Amend, and re-refer to the committee.

JONES-SAWYER, Chair

**ASSEMBLY BILL NO. 904**—An act to amend Section 1546.1 of the Penal Code, relating to search warrants.

Bill read second time.

**ASSEMBLY BILL NO. 1029**—An act to amend Section 13519 of, and to add Section 803.7 to, the Penal Code, relating to domestic violence.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

#### **Committee on Transportation**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Transportation reports:

Assembly Bill No. 867

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRAZIER, Chair

**ASSEMBLY BILL NO. 867**—An act to add Sections 1680 and 4602.5 to the Vehicle Code, relating to the vehicles.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Banking and Finance**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Banking and Finance reports:

Assembly Bill No. 1551

With author's amendments with the recommendation: Amend, and re-refer to the committee.

LIMÓN, Chair

**ASSEMBLY BILL NO. 1551**—An act to amend Section 22684 of the Financial Code, and to amend Section 5913 of, and to add Section 5913.1 to, the Streets and Highways Code, relating to financial institutions.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Environmental Safety and Toxic Materials**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Environmental Safety and Toxic Materials reports:

Assembly Bill No. 495

With author's amendments with the recommendation: Amend, and re-refer to the committee.

QUIRK, Chair

**ASSEMBLY BILL NO. 495**—An act to amend Sections 111792.5 and 111793 of, and to add Sections 111673 and 111794 to, the Health and Safety Code, relating to cosmetics.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Judiciary**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Judiciary reports:

Assembly Bill No. 325

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MARK STONE, Chair

**ASSEMBLY BILL NO. 325**—An act to amend and repeal Sections 21701, 21703, 21705, and 21712 of the Business and Professions Code, relating to self-service storage facilities.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**Committee on Health**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Health reports:

Assembly Bill No. 940

With author's amendments with the recommendation: Amend, and re-refer to the committee.

WOOD, Chair

**ASSEMBLY BILL NO. 940**—An act to amend Sections 11831.6 and 11831.7 of the Health and Safety Code, relating to recovery residences.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

January 6, 2020

Mr. Speaker: The Chair of your Committee on Health reports:

Assembly Bill No. 910

With author's amendments with the recommendation: Amend, and re-refer to the committee.

WOOD, Chair

**ASSEMBLY BILL NO. 910**—An act to amend Section 1250.8 of the Health and Safety Code, relating to health facilities.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Higher Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Higher Education reports:

Assembly Bill No. 70

With author's amendments with the recommendation: Amend, and re-refer to the committee.

MEDINA, Chair

**ASSEMBLY BILL NO. 70**—An act relating to mental health.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Elections and Redistricting**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Elections and Redistricting reports:

Assembly Bill No. 1276

With author's amendments with the recommendation: Amend, and re-refer to the committee.

BERMAN, Chair

**ASSEMBLY BILL NO. 1276**—An act relating to a Green New Deal.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Education**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Education reports:

Assembly Bill No. 1552

With author's amendments with the recommendation: Amend, and re-refer to the committee.

O'DONNELL, Chair

**ASSEMBLY BILL NO. 1552**—An act relating to pupil instruction, and making an appropriation therefor.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

#### **Committee on Natural Resources**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Natural Resources reports:

Assembly Bill No. 1567

With author's amendments with the recommendation: Amend, and re-refer to the committee.

FRIEDMAN, Chair

**ASSEMBLY BILL NO. 1567**—An act to amend Section 50710.4 of the Health and Safety Code, relating to housing.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

## REPORTS OF STANDING COMMITTEES

### Committee on Rules

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 315

With the recommendation: That the bill be re-referred to the Committee on Local Government.

COOLEY, Chair

Above bill re-referred to the Committee on Local Government.

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 1071

With the recommendation: That the bill be re-referred to the Committee on Natural Resources.

COOLEY, Chair

Above bill re-referred to the Committee on Natural Resources.

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 276

With the recommendation: That the bill be re-referred to the Committee on Education.

COOLEY, Chair

Above bill re-referred to the Committee on Education.

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 499

With the recommendation: That the bill be re-referred to the Committee on Privacy and Consumer Protection.

COOLEY, Chair

Above bill re-referred to the Committee on Privacy and Consumer Protection.

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 953

With the recommendation: That the bill be re-referred to the Committee on Housing and Community Development and the Committee on Local Government.

COOLEY, Chair

Above bill re-referred to the Committee on Housing and Community Development.

Date of Hearing: January 6, 2020

Mr. Speaker: Your Committee on Rules reports:

Assembly Bill No. 1469

With the recommendation: That the bill be re-referred to the Committee on Business and Professions.

COOLEY, Chair

Above bill re-referred to the Committee on Business and Professions.

**AUTHOR'S AMENDMENTS**  
**Committee on Local Government**

January 6, 2020

Mr. Speaker: The Chair of your Committee on Local Government reports:

Assembly Bill No. 315

Assembly Bill No. 584

With author's amendments with the recommendation: Amend, and re-refer to the committee.

AGUIAR-CURRY, Chair

**ASSEMBLY BILL NO. 315**—An act to amend Sections 50024 and 53060.5 of the Government Code, relating to local government.

Bill read second time.

**ASSEMBLY BILL NO. 584**—An act to amend Section 7145 of the Fish and Game Code, relating to fishing.

Bill read second time.

Author's amendments, presented pursuant to Assembly Rules, read and adopted; bills ordered reprinted, and to be re-referred to the committee.

**INTRODUCTION OF GUESTS**

Assembly Member Burke, of the 62nd Assembly District, introduced members of the California Society of Enrolled Agents (CSEA).

Assembly Member Patterson, of the 23rd Assembly District, introduced Deanna Allen, Area Representative, World Heritage, Fresno, and her daughter Kenzie Allen; and welcomed foreign exchange students participating in the Future Leaders Exchange (FLEX) Program: Tija Guvaite, Student from Kaunas, Lithuania, attending Kerman High School in Kerman, FLEX Scholarship Winner (United States Department of State); Claudia Lara Pinillos, Student from Almeria, Spain, attending Kingsburg High School in Kingsburg, SHE Scholarship Winner; and Margaud Gales, Student from Plonéour-Lanvern, Bretagne, France, attending Kingsburg High School, Kingsburg.

**ADJOURNMENT**

At 3 p.m., pursuant to the motion by Assembly Member Calderon, the Assembly adjourned until 7 a.m., Tuesday, January 7, 2020, out of respect to the memory of Hon. Charles Warren, Hon. Paul Bannai, and Hon. Phil Wyman on motion of Assembly Member Calderon; out of respect to the memory of Gracie Anne Muehlberger and Dominic Blackwell on motion of Assembly Member Smith; out of respect to the memory of Joanne Climie on motion of Assembly Member Gloria; out of respect to the memory of Fahari Jeffers on motion of Assembly Member Lorena Gonzalez; and out of respect to the memory of Hon. Mike Reilly on motion of Assembly Member Wood.

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ANTHONY RENDON, Speaker

AMY LEACH, Minute Clerk

## AMENDMENTS CONSIDERED BY THE ASSEMBLY ON JANUARY 6, 2020

The following measures were amended in the Assembly on this day:

AB	RN	AB	RN
22	2000691	979	2000378
40	2000706	1021	2001307
70	2000790	1029	2000674
150	2000633	1071	2000673
151	1923478	1155	2000321
216	2000735	1163	2000487
226	1923420	1205	2000668
276	2000567	1210	2001030
315	2002202	1211	2001261
325	2002173	1263	2000827
461	1923322	1276	2002165
464	2000714	1315	2001063
495	2001592	1350	2000627
573	2000484	1450	2000207
582	2000474	1476	2001136
584	2000910	1506	2001167
699	2001011	1512	2000630
725	2000776	1525	2000756
760	2000785	1551	2000493
823	2000208	1552	2002046
855	2000682	1567	2001440
867	2001466	1594	2001002
882	2000546	1599	1923295
904	2000922	1616	2001169
910	2002488	1617	2000561
940	2001966	1712	2000728
953	2001627		
966	2000675	<b>SB</b>	<b>RN</b>
968	2000834	275	1920217

<b>Daily Total:</b>	<b>56</b>
<b>Cumulative Total:</b>	<b>2853</b>