

AMENDED IN ASSEMBLY AUGUST 25, 2005

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 577

**Introduced by Senator Figueroa
(Principal coauthors: Senators Ducheny and Murray)**

February 18, 2005

An act to add Chapter 8.7 (commencing with Section 11830) to Part 1 of Division 3 of Title 2 of the Government Code, relating to state government operations.

LEGISLATIVE COUNSEL'S DIGEST

SB 577, as amended, Figueroa. State government operations: accountability.

Existing law generally sets forth the duties and responsibilities of the head of any state agency, department, board, commission, bureau, or program.

The bill would also, among other things, require all of the following to ensure government's fiscal responsibility:

(1) All state agencies, as defined, to participate, *to the maximum extent feasible*, in the CAL-Card Program for purchases up to \$5,000.

(2) ~~The Department of Finance, in consultation with the Franchise Tax Board and the State Board of Equalization, to report, by January 1, 2008, to the Legislature on the effectiveness of "tax expenditures," as defined.~~

~~(3) The Controller to annually report to the Legislature the names of the agencies, departments, or programs required to submit internal control certification letters and year-end financial reports, but did not submit them by the deadline.~~

~~(4)–~~

(3) The Department of Finance to issue, coincident with the release of the Governor’s Budget and the May ~~revision~~ *Revision* to the Governor’s Budget, a long-range financial plan for the state.

~~(5)–~~

(4) The Department of Finance and the Controller to ~~identify existing overall financial management standards~~ *make recommendations for developing a fiscal management system* for state government and, by ~~July 31, 2006; January 1, 2007~~, to submit a specified report to the Legislature.

~~(6)–~~

(5) The Governor to report by February 1, 2006, to the Legislature on the progress of consolidating federal grant-making functions.

~~(7) The Department of General Services by July 1, 2008, to submit a plan to the Legislature describing how it will ensure that state agencies pay the lowest airfare.~~

~~(8) All state agencies that contract for services to annually submit a specified report to the Legislature relating to those contracts.~~

~~(9)–~~

(6) The Governor, by July 1, 2008, to create and implement a pilot volunteer leave program for state employees.

~~(10) The State Auditor to audit~~

(7) *The Department of General Services to review the state’s telecommunications contracts with telecommunication providers to identify where the state was billed for more than the contracted value of the services provided and to make recommendations to eliminate overpayment for telecommunications services.*

~~(11) The Department of Technology Services~~

(8) *State agencies to implement the State Auditor’s Director of General Services’ recommendations regarding the state’s telecommunications services contracts and to report to the Legislature by July 1, 2007, on the cost savings associated with implementing those recommendations.*

~~(12) The state~~

(9) *State agencies to consider whether all construction projects beginning after January 1, 2006, and funded with state money should*

use an owner controlled insurance program to reduce costs without risking performance or completion.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 8.7 (commencing with Section 11830)
2 is added to Part 1 of Division 3 of Title 2 of the Government
3 Code, to read:

4
5 CHAPTER 8.7. ENSURING GOVERNMENT FISCAL
6 RESPONSIBILITY
7

8 11830. (a) All state agencies shall participate, *to the*
9 *maximum extent feasible*, in the CAL-Card Program for
10 purchases up to five thousand dollars (\$5,000).

11 ~~(b) (1) The Department of Finance, in consultation with the~~
12 ~~Franchise Tax Board and the State Board of Equalization shall~~
13 ~~report, by January 1, 2008, to the Legislature on the effectiveness~~
14 ~~of tax expenditures.~~

15 ~~(2) For purposes of this subdivision, "tax expenditures" means~~
16 ~~any special provision in the tax law that results in the collection~~
17 ~~of fewer tax revenues than would be collected under the basic tax~~
18 ~~structure.~~

19 ~~(3) The report shall address, but not be limited to, all of the~~
20 ~~following issues:~~

21 ~~(A) The public policy purpose of the tax expenditure, whether~~
22 ~~that purpose is achieved, and, if so, whether it is achieved as a~~
23 ~~result of the tax expenditure.~~

24 ~~(B) The effect of the tax expenditure on state and local~~
25 ~~revenues.~~

26 (e)

27 (b) (1) The Department of Finance shall annually report to the
28 Legislature the names of the agencies, departments, or programs
29 required to submit internal control certification letters to the
30 department but did not.

31 (2) The Controller's office shall annually report to the
32 Legislature the names of the agencies, departments, or programs

1 required to submit year-end financial reports, but that did not
2 submit them by the respective deadline.

3 ~~(d)~~

4 (c) Beginning January 1, 2007, the Department of Finance
5 shall, coincident with the release of the Governor's Budget and
6 the May ~~revision~~ *Revision* to the Governor's Budget, issue a
7 long-range financial plan for the state. The plan shall include, but
8 not be limited to, revenue and expenditure projections for the
9 next four years.

10 ~~(e)~~

11 (d) The Department of Finance and the Controller shall
12 ~~identify existing overall financial management standards for state~~
13 ~~government and report to the Legislature, on or before July 31,~~
14 ~~2006, about deficiencies in, failure to follow, and~~
15 ~~recommendations for improving, the standards. make~~
16 *recommendations for developing a fiscal management system for*
17 *state government encompassing accounting, asset management,*
18 *treasury management, procurement, and budgeting functions. A*
19 *report with recommendations shall be provided to the*
20 *Legislature no later than January 1, 2007. The report shall*
21 *include, but not be limited to, all of the following:*

22 (1) *Advancements in fiscal management technology.*

23 (2) *The fiscal management systems that other states have*
24 *implemented successfully and how they were developed.*

25 (3) *Private sector best practices in fiscal management.*

26 (4) *Information needed by managers in state government to*
27 *improve efficiency and effectiveness in providing services.*

28 11831. (a) All state agencies shall use the State Contract and
29 Procurement Registration System and the ~~Governor~~ *Director of*
30 *General Services* shall, by February 1, 2006, certify to the
31 Legislature that all managers who might use it have been notified
32 of the legal requirement to do so.

33 (b) The Governor shall, by February 1, 2006, report to the
34 Legislature on the progress of consolidation or coordination of
35 federal grant-making functions by a memorandum of
36 understanding or other ~~means and shall report every month until~~
37 ~~the Governor certifies that no further consolidation or~~
38 ~~coordination will achieve savings or increase the federal funds~~
39 ~~returning to California. means.~~

1 (c) All state agencies shall utilize the California Automated
2 Travel Expense Reimbursement System (CalATERS) by ~~January~~
3 *July 1, 2008.*

4 ~~(d) The Department of General Services shall, by January 1,~~
5 ~~2008, submit a plan to the Legislature describing how it will~~
6 ~~ensure that all state agencies pay the lowest airfare, including,~~
7 ~~but not limited to, ensuring that state fares do not exceed those~~
8 ~~available on the Internet, and utilizing special plans for business~~
9 ~~travelers.~~

10 11832. (a) State agencies that enter into contracts for services
11 shall annually report to the Legislature on or before March 31, on
12 the status of all of that agency's contracts for services entered
13 into during the 12 months preceding the date of the report. Each
14 report shall address, but not be limited to, the following issues:
15 *The Governor's Office on Service and Volunteerism, in*
16 *consultation with the Department of Finance and the Controller,*
17 *shall identify all funds donated directly to the state or to any*
18 *state-affiliated auxiliary foundation and shall, by January 1,*
19 *2007, propose to the Legislature amendments to Section 11005*
20 *that would make donating to the state government easier and*
21 *more efficient.*

22 (1) ~~All efforts made by the agency to determine that the~~
23 ~~services cannot be comparably performed by existing state~~
24 ~~employees.~~

25 (2) ~~All efforts made by the agency to comply with the~~
26 ~~requirements contained in Article 4 (commencing with Section~~
27 ~~19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the~~
28 ~~Government Code and Sections 10295 to 10412, inclusive, of the~~
29 ~~Public Contract Code.~~

30 ~~(b) The Governor's Office on Service and Volunteerism, in~~
31 ~~consultation with the Department of Finance and the State~~
32 ~~Controller, shall identify all funds donated directly to the state or~~
33 ~~to any state-affiliated auxiliary foundation and shall, by _____,~~
34 ~~propose to the Legislature amendments to Section 11005 that~~
35 ~~would make donating to the state government easier and more~~
36 ~~efficient.~~

37 (e)

38 (b) By July 1, 2008, the Governor shall create and implement
39 a pilot volunteer leave program for state employees. The
40 Governor shall designate the agencies and departments selected

1 for the pilot program. By March 1, 2010, the Governor shall
2 report to the Senate Committee on Budget and Fiscal Review and
3 the Assembly Committee on Budget whether the state enjoyed
4 any savings as a result of the pilot project, whether it should be
5 expanded, and, if so, suggested legislative amendments and
6 language for such an expansion.

7 (d) (1) On or before July 1, 2006, ~~the State Auditor shall audit~~
8 *Department of General Services shall review* adherence to the
9 state's telecommunications contracts with telecommunications
10 providers. ~~The audit review shall identify telecommunication~~
11 ~~charges where the state was billed for more than the contracted~~
12 ~~value of the services provided. The State Auditor director may~~
13 ~~make recommendations for state agencies to eliminate~~
14 ~~overpaying for telecommunications services. The Department of~~
15 ~~Technology Services shall reimburse the State Auditor for all~~
16 ~~costs associated with the audit required by this subdivision.~~

17 (2) On or before December 31, 2006, ~~the Department of~~
18 ~~Technology Services state agencies shall implement the~~
19 ~~recommendations of the State Auditor director and, on or before~~
20 ~~July 1, 2007, the director shall report to the Governor and the~~
21 ~~Legislature about the implementation of the State Auditor's~~
22 ~~recommendations and whether the recommendations, as~~
23 ~~implemented, have resulted in cost savings.~~

24 (e) The Governor shall report to the Legislature by March 1,
25 2006, on the status of compliance with Sections 15814.30 to
26 15814.35, inclusive, requiring "life-cycle" costing of state
27 construction projects.

28 (f) For all construction projects beginning after January 1,
29 2006, that are funded with state money ~~the state state agencies~~
30 shall consider whether an owner controlled insurance program
31 may reduce costs without risking performance or completion.

32 11833. For purposes of this chapter, "state agency" has the
33 same meaning as that contained in Section 11000.