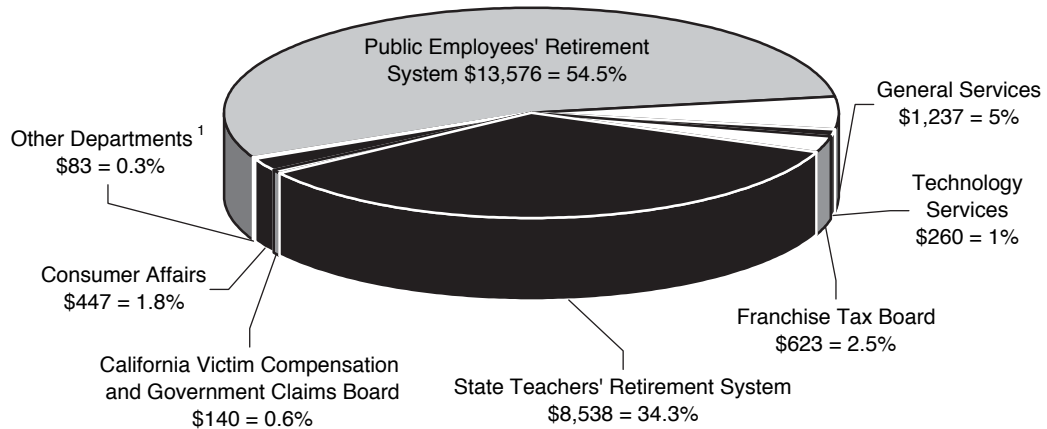


STATE AND CONSUMER SERVICES

The State and Consumer Services Agency's (SCSA) mission is to help educate consumers and make government more efficient, effective, and accountable for all California taxpayers. SCSA entities are responsible for civil rights enforcement, consumer protection, and the licensing of 2.3 million Californians in more than 230 professions. The SCSA handles the procurement of nearly \$4 billion worth of goods and services, the management and development of state real estate, oversight of two state employee pension funds, collection of state taxes, hiring of state employees, providing information technology services, adopting state building standards, and administering two state museums. The Secretary for the SCSA is Chair of the California Building Standards Commission and the Victim Compensation and Government Claims Board. The Governor's Budget proposes \$24.9 billion (\$574.9 million General Fund) and 16,039.1 positions for the various entities within the SCSA (shown in Figure SCS-01). This represents an increase of \$1.7 billion from the revised 2006-07 Budget (a decrease of \$27.5 million General Fund and an increase of \$1.8 billion in other funds) and an increase of 325 positions. These amounts represent a 7 percent increase in total funds and 4 percent decrease in General Fund over the revised 2006-07 Budget.

Figure SCS-01
Proposed State and Consumer Services Agency Expenditures for 2007-08
All Funds
 (Dollars in Millions)



¹ Other Departments include: Secretary for State and Consumer Services (\$3), Seismic Safety Commission (\$3), Department of Fair Employment and Housing (\$24), California Science Center (\$27), State Personnel Board (\$24), and the Fair Employment and Housing Commission (\$1).

MAJOR ACCOMPLISHMENTS IN 2006-07

Initiatives implemented on an ongoing basis in 2006-07 include the following:

iLicensing System-The 2006-07 Budget includes \$1.3 million (various special funds) to establish an iLicensing System that will make online data available to licensees and applicants of all programs overseen by the Department of Consumer Affairs (DCA). This system will provide increased accessibility to licensing information for more than 2.3 million licensees and make it more convenient for them to obtain and maintain their licenses, and provide online payment of associated licensing fees.

Consumer Assistance Program-The 2006-07 Budget includes \$7.5 million (various special funds) for the Bureau of Automotive Repair to support two consumer assistance programs: the Smog Check Repair Assistance Program and the Vehicle Retirement Program. This funding compensates vehicle owners that agree to destroy their high-polluting vehicles and provides assistance to low-income consumers in obtaining and making needed repairs, to meet California's smog check requirements.

Employment Discrimination Caseload-The 2006-07 Budget provides \$1 million General Fund for additional employment discrimination enforcement. This augmentation will improve access to the Department of Fair Employment and Housing's services, shorten waiting time for appointments, and enhance the department's ability to fulfill its mission.

PROPOSED STATE AND CONSUMER SERVICES AGENCY SPENDING FOR 2007-08

Change Table SCS-01 illustrates the major changes proposed to SCSA spending in the Governor's Budget.

Major workload adjustments required by law for 2007-08 include the following:

- Establish the Professional Fiduciaries Bureau-The Governor's Budget includes \$1.1 million (Professional Fiduciary Fund) and 4.8 positions for the creation of the Professional Fiduciaries Bureau effective January 1, 2007. The Bureau is responsible for licensing and regulating of professional fiduciaries in California.
- Bureau of Automotive Repair: Visible Smoke Test-The Governor's Budget includes \$12.3 million (various special funds) and 8.6 positions for the Bureau of Automotive Repair to implement a visible smoke test into the Smog Check Program by January 1, 2008, and to increase the vehicle retirement payment to specified consumers.
- Improve Housing Case Processing-The Governor's Budget includes \$873,000 General Fund and 6.7 positions to improve case processing and service to individuals that file a housing discrimination complaint with the Department of Fair Employment and Housing.
- California Science Center Phase II Operational Startup-The Governor's Budget includes \$1.9 million General Fund and 4.3 positions to begin hiring key employees and purchasing critical equipment necessary to bring the Phase II project online.
- Earthquake Research Grants-The Governor's Budget includes \$2 million (Special Deposit Fund) for the administration and issuance of grants for research related to earthquake risk reduction. The Seismic Safety Commission is finalizing a settlement that will provide one-time funding of \$6.6 million to implement a multi-year earthquake grant research program. The program will address risk reduction needs identified by the state to reduce the risk of death, injury, and property damage during earthquakes.

Change Table SCS-01

State and Consumer Services Agency - Changes by Broad Categories

	2006-07			2007-08		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
2006 Budget Act	\$576,382	\$22,346,534	15,610.7	\$574,640	\$22,199,332	15,610.7
Workload Adjustments						
BAR - Visible Smoke Test (AB 870)	--	--	--	--	12,265	8.6
Earthquake Research Grants	--	--	--	--	2,000	1.0
Improve Housing Case Processing	--	--	--	873	--	6.7
Operational Startup for Phase II Project	--	--	--	1,857	--	4.3
Professional Fiduciaries Bureau Establishment	--	--	--	--	1,055	4.8
Enrollment/Caseload/Population	--	-60,646	--	--	1,136,342	--
Employee Compensation/Retirement	25,640	43,543	--	24,282	39,704	--
Expiring Programs or Positions	--	--	--	-11,409	-7,627	-192.9
One-Time Cost Reductions	--	--	--	-5,284	-7,217	--
Full-Year Cost of New Programs	--	--	--	--	9,228	--
Other Workload Adjustments	12,239	40,634	103.4	-37,002	830,901	274.1
Totals, Workload Adjustments	\$37,879	\$23,531	103.4	-\$26,683	\$2,016,651	106.6
Policy Adjustments						
Green Building Action Plan Resources	--	--	--	--	3,398	4.7
Office of Information Security and Protection	--	--	--	1,701	--	14.0
Other Policy Adjustments	--	--	--	22,882	53,404	303.1
Totals, Policy Adjustments	\$0	\$0	--	\$24,583	\$56,802	321.8
Infrastructure Adjustments	-\$11,937	\$199,262	--	\$2,325	\$55,925	--
Total Adjustments	\$25,942	\$222,793	103.4	\$225	\$2,129,378	428.4
Governor's Budget	\$602,324	\$22,569,327	15,714.1	\$574,865	\$24,328,710	16,039.1

* Dollars in Thousands

The major policy adjustments included in the Budget are discussed in Program Enhancements and Other Budget Adjustments.

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

The 2007-08 Governor's Budget proposes significant changes for the departments within the State and Consumer Services Agency. Notable funding changes included in the Governor's Budget for these departments are further described below.

SECRETARY FOR STATE AND CONSUMER SERVICES AGENCY

The State and Consumer Services Agency's (SCSA) mission is to help educate consumers and make government more efficient, effective, and accountable for all California taxpayers through the various departments within the SCSA. The Governor's Budget includes \$3.2 million (\$2.5 million General Fund), an increase of \$1.8 million (\$1.7 million General Fund) over the revised 2006-07 Budget primarily to support the California Office of Information Security and Protection.

CALIFORNIA OFFICE OF INFORMATION SECURITY AND PROTECTION

The Governor's Budget includes \$1.7 million General Fund and 14 positions to support the California Office of Information Security and Protection within the SCSA. This reflects the transfer of privacy protection responsibility from the DCA and information security responsibility from the Department of Finance. The Office will be responsible for leading state agencies in securing and protecting the state's information by identifying critical technology assets and addressing vulnerabilities, deterring identify theft and security incidents, sharing information and technology lessons promptly, enhancing government response and recovery, and developing consumer education programs.

CALIFORNIA SCIENCE CENTER

The California Science Center is an educational science and technology center administered by a nine-member board of directors appointed by the Governor. The Science Center is a place where children, teachers, and families can explore how science is relevant to their everyday lives. Through hands-on experiences, children, teachers, and families are introduced to scientific principles in the context of the world that surrounds them. It is an approach intended to stimulate curiosity and challenge visitors to think, question, and see their world in an entirely new way. The Governor's Budget includes \$26.7 million (\$19.8 million

STATE AND CONSUMER SERVICES

General Fund), an increase of \$5.7 million (\$4.6 million General Fund) over the revised 2006-07 Budget.

OPERATIONAL STARTUP FOR THE PHASE II PROJECT

The Governor's Budget includes \$1.9 million General Fund and 4.3 positions to begin hiring key employees and purchasing critical equipment necessary to bring the Phase II project online. The Phase II project is a 146,000 square-foot facility that will nearly double the amount of exhibit space at the Science Center, and will include the World of Ecology exhibit. Construction of the California Science Center Phase II Project will be completed in 2009.

FRANCHISE TAX BOARD

The Governor's Budget includes \$623.4 million (\$518 million General Fund), a decrease of \$139.9 million (\$44.2 million General Fund) from the revised 2006-07 Budget.

The Franchise Tax Board (FTB) administers the personal income tax and corporation tax, as well as the Homeowners' and Renters' Assistance Programs, Child Support Automation, Department of Motor Vehicles Collections, Courts Collections, and Political Reform Act Audits. The FTB's tax collection activities result in over 60 percent of General Fund revenue.

TAX GAP ENFORCEMENT

The Governor's Budget proposes \$19.6 million General Fund and 230 positions for various efforts to close the state's estimated \$6.5 billion tax gap. The tax gap is the difference between the amount of tax owed and the amount paid. Of the proposed resources, \$13.6 million and 180.5 positions are associated with six existing pilot programs proposed for permanent establishment. The existing programs concentrate on detecting non-filers and filers of fraudulent returns and on audit and collections activities. The FTB estimates these programs will generate \$64.7 million in revenues in 2007-08, and \$68.5 million in revenues in 2008-09.

The remaining \$6 million and 49.5 positions are for new initiatives to educate independent contractors about filing requirements, expand the corporate non-filer program, address out-of-state tax avoidance, and increase investigations of persons who fail to file a return, or who file fraudulent returns. The FTB estimates these initiatives will generate \$12.8 million in revenues in 2007-08, and \$29.8 million in revenues in 2008-09.

ENHANCE CUSTOMER SERVICE STAFFING

The Governor's Budget proposes to redirect \$1.3 million in savings to restore 27 customer service positions that were previously eliminated due to budgetary constraints. The proposed positions will allow FTB to reduce customer service wait times and to respond more effectively to taxpayer inquiries.

The savings proposed for re-direction are associated with Chapter 773, Statutes of 2006 (AB 2341), which eliminated the need for corporations to file tax clearance certificates before dissolving.

CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM

The Governor's Budget proposes to reduce CCSAS funding by \$99.2 million (\$33.7 million General Fund) in 2007-08. This adjustment reflects the transition of the project from development to implementation.

DEPARTMENT OF GENERAL SERVICES

The Department of General Services provides centralized services to state agencies in the following areas: telecommunications; management of state-owned and leased real estate; approval of architectural designs for local schools and other state-owned buildings; printing services; procurement of commodities, services, and equipment for state agencies; and maintaining the state vehicle fleet. The Department, a fee-for-service agency, receives the majority of its funding from rates, fees, and other charges paid by client departments. The Governor's Budget includes \$1.2 billion (\$9.2 million General Fund), a decrease of \$170.2 million (\$11.4 million General Fund increase) above the revised 2006-07 Budget.

GREEN BUILDING ACTION PLAN RESOURCES

The Governor's Budget includes \$3.4 million (Service Revolving Fund) and 4.7 positions to implement required energy savings programs and projects as specified in the Governor's Executive Order S-20-04 and the accompanying Green Building Action Plan. These resources will enable the state to systematically reduce state energy consumption by taking all cost-effective measures described in the Green Building Action Plan to retrofit, build, and operate the most energy and resource efficient buildings. Ultimately, these resources will enable the state to operate state-owned facilities rated "Silver" or higher as determined by the United States Green Building Council Leadership in Energy and Environmental Design and will result in significantly reduced grid-based energy usage by state buildings.

STATE AND CONSUMER SERVICES

STATE CAPITOL MAINTENANCE AND REPAIRS

The Governor's Budget includes \$7.4 million General Fund and 4.3 positions to complete critical repairs to the State Capitol. A recently completed infrastructure report has identified the repair, system replacement, and maintenance activities necessary over the next 20 years to extend the useful life of the State Capitol.

The Governor's Budget includes \$1.5 million General Fund to complete the Capitol Park Master Plan. The Capitol Park Master Plan will identify the historic landscape of the park, the current infrastructure conditions, security and maintenance needs, and future memorial locations and how to address all of the needs through the maintenance and reconstruction of the park over the next 50 years.

DEPARTMENT OF CONSUMER AFFAIRS

The DCA protects consumer interests through licensing and regulation of specific professions, occupations, and businesses. The DCA is directed by statute to facilitate a free-enterprise market economy by educating consumers, fostering competition, guarding against fraudulent practices, and promoting consumer representation throughout all levels of government.

The Governor's Budget includes \$447 million various special funds, an increase of \$31.8 million (decrease of \$828,000 General Fund) above the revised 2006-07 Budget.

FIDUCIARIES BUREAU

The Governor's Budget includes \$1.1 million and 4.8 positions to create the Professional Fiduciaries Bureau pursuant to Chapter 491, Statutes of 2006 (SB 1550) effective January 1, 2007. The Bureau is responsible for licensing and regulating professional fiduciaries in California. A professional fiduciary acts as a conservator, guardian, trustee, personal representative, or agent under a durable power of attorney for health care or finances for at least two unrelated consumers requiring such services. By July 1, 2008, all professional fiduciaries must be licensed by the Bureau, which will be funded through fees paid by licensees.

BUREAU OF AUTOMOTIVE REPAIR

The Governor's Budget includes \$12.3 million and 8.6 positions for the Bureau of Automotive Repair to implement the provisions of Chapter 761, Statutes of 2006 (AB 1870), which require the Bureau to incorporate a visible smoke test into the Smog Check Program by January 1, 2008. AB 1870 also increases the payment to consumers who retire a vehicle that fails its biennial Smog Check inspection from \$1,000 to \$1,500. The Program is funded through smog abatement fees paid by motorists.

OFFICE OF PRIVACY PROTECTION

The Office of Privacy Protection will be transferred to the SCSA as part of the creation of the California Office of Information Security and Protection. As a result, the Governor's Budget reflects a reduction of \$878,000 (\$826,000 General Fund) and 8.7 positions for the DCA.

BUREAU OF PRIVATE POSTSECONDARY AND VOCATIONAL EDUCATION

The Governor's Budget includes \$11.4 million (federal fund and various special funds) and 74.7 positions to continue funding for the Bureau of Private Postsecondary and Vocational Education, an increase of \$3.4 million special funds and 20.3 positions. Although the Bureau is scheduled to sunset effective July 1, 2007, the Administration will be sponsoring legislation to reform the Bureau's operations, and establish the Private Postsecondary Education and Student Protection Act. The Governor's Budget reflects this change to create a licensing program that is more efficiently administered and enforced and to protect students who pay in advance for educational services, which will be funded through fees paid by licensees.

ENFORCEMENT

The DCA is charged with safeguarding the life, health, property and welfare of the people of California by regulating the practices of its licensees. This is partially accomplished by enforcing laws and regulations for each of the regulated professions under the DCA's purview. The Governor's Budget includes an increase of \$3 million for additional enforcement activities. This funding will allow the affected boards, bureaus, and the Division of Investigations to ensure that qualified and licensed professionals are providing consumer services. Enforcement activities are funded through fees and citations paid by licensees. Funding increases are proposed for enforcement activities for the following DCA entities:

- Board of Accountancy (\$345,000)
- Dental Board (\$440,000)
- Board of Occupational Therapy (\$67,000)
- Board for Professional Engineers and Land Surveyors (\$96,000)
- Board of Vocational Nursing and Psychiatric Technicians (\$1,175,000)
- Bureau of Security and Investigative Services (\$199,000)
- Hearing Aid Dispensers Bureau (\$67,000)
- Division of Investigations (\$583,000)