



showed "a complete breakdown" in financial oversight and that the Regents had fallen into "a state of disrepute" with the public.

Other Audits. Additionally, OAG produced the following reports during the past few months:

- **Report No. P-135 (June 1992)** reviews the Department of General Services' procurement and material management practices;

- **Report No. F-104 (June 1992)** reviews the State Treasurer's Statement of Securities Accountability as of June 30, 1991;

- **Report No. P-134 (July 1992)** reviews court services in San Bernardino County;

- **Report No. P-142 (July 1992)** reviews selected areas of the Chino Unified School District's Building Program;

- **Report No. I-214 (August 1992)** summarizes OAG's investigations between January 1991 and July 1992 of improper activities ranging from the misuse of state resources to abuse of official position; and

- **Report No. P-141 (September 1992)** reviews the Judges' Retirement System.

■ LEGISLATION

AB 3036 (Eaves) would have required the Auditor General to study the long-term financial impact on the State Highway Account of the conversion of motor vehicles to low- or zero-emission alternative fuels. This bill died in committee.

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY (LITTLE HOOVER COMMISSION)

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The Little Hoover Commission was created by the legislature in 1961 and became operational in the spring of 1962. (Government Code sections 8501 *et seq.*) Although considered to be within the executive branch of state government for budgetary purposes, the law states that "the Commission shall not be subject to the control or direction of any officer or employee of the executive branch except

in connection with the appropriation of funds approved by the Legislature." (Government Code section 8502.)

Statute provides that no more than seven of the thirteen members of the Commission may be from the same political party. The Governor appoints five citizen members, and the legislature appoints four citizen members. The balance of the membership is comprised of two Senators and two Assemblymembers.

This unique formulation enables the Commission to be California's only truly independent watchdog agency. However, in spite of its statutory independence, the Commission remains a purely advisory entity only empowered to make recommendations.

The purpose and duties of the Commission are set forth in Government Code section 8521. The Code states: "It is the purpose of the Legislature in creating the Commission, to secure assistance for the Governor and itself in promoting economy, efficiency and improved service in the transaction of the public business in the various departments, agencies, and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies, and instrumentalities and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...."

The Commission seeks to achieve these ends by conducting studies and making recommendations as to the adoption of methods and procedures to reduce government expenditures, the elimination of functional and service duplication, the abolition of unnecessary services, programs and functions, the definition or redefinition of public officials' duties and responsibilities, and the reorganization and/or restructuring of state entities and programs. The Commission holds hearings about once a month on topics that come to its attention from citizens, legislators, and other sources.

■ MAJOR PROJECTS

No Room for Johnny: A New Approach to the School Facilities Crisis (June 1992). According to this Little Hoover Commission report, California schools face a dramatic increase in the K-12 student population through the end of this decade, with today's 5.1 million students expected to balloon to 7 million by the year 2000. Estimates of the construction costs to provide school facilities for these children range from \$30-\$35 billion, if no cost-saving alternatives are used. The Commission notes that during a

period when the state must decide where to spend its limited resources, schools must compete with many other infrastructure demands. Additionally, school districts are hindered by a complex facilities project approval process involving multiple state agencies, certain state policies which make it difficult for districts to pursue proactive asset management, and a lack of cohesive communities of interest to support school construction projects.

According to the Commission, the state's role as the provider of funds for school facilities is inappropriate; the state should not be a "bottomless pocket" for school facilities spending while the authority for decisions regarding school facilities funding is firmly vested at the local school district level. In spite of the local control over education, numerous court decisions have indicated that the state must act to protect the right of students to equal access to education; it is California's responsibility to ensure that the state's various school facilities are equitable. The Commission suggested that the Governor and legislature take the following actions regarding the facilities funding process:

- modify the Leroy F. Greene State School Building Lease Purchase program to return the responsibility of funding new school facilities to the local school districts, thereby limiting the state's financial role to assuring equity and providing a safety net;

- require the state Department of Education to convene a task force to determine advisory (rather than prescriptive) standards for adequate, modern school facilities that can be adopted by the state in place of the current minimum standards; and

- place a constitutional amendment before voters to modify the approval threshold of general obligation bonds in a manner consistent with the most cost-effective use of the bonds issued.

Even with adequate funds available for construction of new school facilities, the Commission found that the state has created a cumbersome program that micromanages school construction projects, thus delaying the completion and driving up the cost of new school facilities. The state's permit review and planning process for new school facilities may take 18 months or longer, during which a project is reviewed by the local school district, the Department of Education, the Office of Local Assistance, the State Allocation Board, and the Office of the State Architect. Delays caused by this process often add to the cost for new facilities in both rising land values and in higher con-



INTERNAL GOVERNMENT REVIEW AGENCIES

struction costs. In order to streamline the review and approval process, the Commission recommends that the Governor and legislature do the following:

- create a “one-stop shopping system” so that school districts have a single point of contact for school facilities projects;
- set guidelines within which the State Architect could exercise independent authority to use school fees to hire retired employees or contract out for plan checking services;
- require the Office of the State Architect to convene a panel to receive input on and review interpretive guidelines and operating procedures; and
- direct the State Architect to proceed with administrative changes to address the delays and inconsistencies he has identified in the school facilities and plan check process.

The Field Act, California’s landmark school structural safety law, generally prohibits schools from placing students in structures which were not built under the Act; as a result, schools are unable to consider existing, vacant buildings as alternatives when seeking classroom space. Although the Field Act appears to add an extra margin of safety for the construction of school buildings compared to the requirements of the Uniform Building Code (UBC) as it is applied to other types of construction, the Field Act also adds to the cost of school facilities. In spite of the Field Act requirements, many students—possibly as many as two million—attend classes each day in non-Field Act space because of waivers, exemptions, and lack of enforcement. To allow for greater use of available facilities, the Commission recommends that the Governor and legislature:

- establish an inspection process that would allow a ten-year waiver for school districts to use UBC Type I and Type II buildings as classroom space when enrollment projections exceed available or expected resources to meet those projections;
- establish an inspection process that provides school districts with a permanent Field Act equivalency certificate for UBC Type I and Type II buildings that offer joint educational opportunities;
- augment the inspection budget of the Office of the State Architect and give the Office increased enforcement powers to deal with school structures and portable classroom buildings that are not in compliance with the Field Act; and
- extend the existing three-year waiver to a more reasonable timeframe that would allow school districts to pursue realistic plans to eliminate the need for a waiver.

The Commission also found that some state policies and requirements have either blocked or failed to promote long-range planning and creative asset management practices by school districts. While the state attempts to provide planning guides and information to assist school districts in long-term planning, only a few districts have been able to work around the obstacles placed by some of the state’s regulations. These districts, such as San Diego and Modesto, have been able to use a wide range of alternatives available to them and forge community support for moving ahead in conjunction with other levels of local government to meet school needs. In order to maximize the local responsibility and allow the districts to function at their best, the Commission recommends that the Governor and the legislature take the following actions:

- modify the Naylor Act to require full market value pricing for sale of land for the purpose of developing school facilities or, at the very least, give school districts an equal opportunity to purchase surplus land from other governmental entities at discounted prices;
- abolish unused-site penalties and requirements that discourage school districts from maximizing revenues from assets;
- direct an appropriate state body to determine the added cost to school construction of public policies that dictate the use of prevailing wage and that set goals for minority/women enterprise participation;
- enact legislation to allow students to attend school in any district when their neighborhood school is too crowded to allow them to attend; and
- create a task force to examine the deferred maintenance practices and make recommendations that will place future building upkeep efforts on a sound foundation.

If the Commission’s recommendations are put into effect, a significant savings in the costs of creating school facilities for the expected additional students could occur through reliance on prefabricated buildings, more intensive use of existing schools through year-round calendars, the reopening of vacant facilities, and creative partnerships with private-sector facilities. The Commission notes that its proposals would require the school districts to convince local residents that there is a need for new facilities and to establish good working relationships with local planning bodies to ensure that appropriate provisions for school facilities are made.

Recent Hearings. On June 16, the Commission held two public hearings; the

first focused on school fiscal matters, and the second focused on the state’s management of its real property. On August 26, the Commission held a public hearing on the state’s workers’ compensation program, focusing on the costs, benefits, and problems plaguing the current system. On September 23, the Commission held a public hearing on state procurement policies and practices, including the major electronic data processing/telecommunications purchases by the state and the Prison Industry Authority.

DEPARTMENT OF CONSUMER AFFAIRS

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In addition to its functions relating to its 37 boards, bureaus, and commissions, the Department of Consumer Affairs (DCA) is charged with carrying out the Consumer Affairs Act of 1970. The Department educates consumers, assists them in complaint mediation, advocates their interests before the legislature, and represents them before the state’s administrative agencies and courts.

The Department may intervene in matters regarding its boards if probable cause exists to believe that the conduct or activity of a board, its members, or employees constitutes a violation of criminal law.

MAJOR PROJECTS

DCA Initiates Investigation of Medical Board Enforcement Unit. In early July, DCA Director Jim Conran asked the California Highway Patrol (CHP) to investigate the enforcement unit of the Medical Board of California (MBC); CHP subsequently agreed. According to internal letters and memoranda, CHP will investigate what Conran called “serious allegations of misconduct” by the upper staff of MBC’s enforcement program; among other things, staff is accused of closing physician misconduct cases filed by consumers without investigating them. CHP will also look into alleged falsification of employee time records, misuse of state time, vehicles, equipment, and frequent-flyer credits, and improper recruitment and promotional practices. Although Conran originally asked the state Attorney General’s Office to conduct the investigation, the AG declined on the basis of a