



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.

Recently, the Governor appointed Arthur F. Gerdes and Angie L. Papadakis as members of the Little Hoover Commission.

MAJOR PROJECTS:

Recent Hearings. The Commission conducted three public hearings during the late spring and summer. On April 26, the Commission held a hearing on various issues related to California's Medi-Cal system, including the eligibility process, reimbursement for providers, and pharmaceutical prices. Commission staff

anticipated completing its Medi-Cal report in October.

On June 21, the Commission held a hearing on California's method of addressing its capital outlay needs and its management of real property. Speakers included a senior economist from the Legislative Analyst's Office and representatives from the state Treasurer's Office, the Department of Finance, the Department of General Services, the Governor's Office of Planning and Research, and private financial investment firms. The Commission expected to complete its report on this topic in November.

On August 30 and September 18, the Commission held hearings on the topic of elder care. The hearings focused on issues surrounding residential care facilities and skilled nursing homes. Invited speakers included representatives from the California Advocates for Nursing Home Reform, California Long-Term Care Ombudsman Association, California Association of Health Facilities, California Association of Homes for the Aging, the Attorney General's office, the State Department of Health Services, and the Department of Social Services. Commission staff expected to complete its report on elder care in November.

DEPARTMENT OF CONSUMER AFFAIRS

Director: Michael Kelley
(916) 445-4465

Consumer Infoline: (800) 344-9940
Infoline for the Speech/Hearing Impaired: (916) 322-1700

In addition to its functions relating to its 38 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.

MAJOR PROJECTS:

New DCA Board Proposed. On September 12, the Assembly Committee on Governmental Efficiency and Consumer Protection and the Senate Business and Professions Committee held a joint interim hearing in San Jose to discuss the possible regulation of legal technicians in California. Preprint AB 14 (Eastin), which addresses this issue, is currently under study and contains several major provisions. For example, existing prohibitions against the unau-

thorized practice of law would be repealed. Instead, the bill would provide that no person may advertise or otherwise hold himself/herself out to be an attorney, or use a title that in any way implies that he/she is an active member of the State Bar; and no person may appear, or advertise or hold himself/herself out as entitled to appear, on behalf of another before any court or tribunal of this state unless that person is authorized to so appear pursuant to a rule adopted by the court or tribunal or pursuant to law. This bill would provide for new civil penalties for violations, and would make related changes.

The bill would also establish the Board of Legal Technicians within DCA. The bill would require every person who practices as a legal technician to be licensed or registered with the board in the specific area of substantive law in which he/she practices. Further, the board would determine which areas require licensure and which require registration. The bill would require various disclosures by legal technicians, and would provide for conciliation and arbitration of customer complaints. The bill would also impose various fees for registration and licensure, which would support the licensing and enforcement activities of the board.

In the past, the State Bar has been concerned about legal technicians—also called independent paralegals—providing routine legal services to the public without attorney supervision. However, in 1988, the Bar's Public Protection Committee unanimously recommended that legal technicians be allowed to provide many legal services to the public directly. The Committee's recommendation stemmed from its finding that there is a vast unmet need for affordable legal services. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 123 and Vol. 8, No. 3 (Summer 1988) pp. 129-30 for background information.)

Another proponent of the legal technician regulation movement is HALT-An Organization of Americans for Legal Reform. In defense of its position, HALT cites the inability of 80% of low-income people and 130 million middle-income people to obtain help with civil legal problems because they can't afford an attorney. HALT believes that allowing nonlawyers to provide legal services directly to the public would let consumers choose based on the expertise they need and can afford.

At the September hearing, almost every speaker agreed that the legal profession has failed to address a vast unmet need for affordable legal services. Assemblymember Eastin expects to for-



mally introduce the bill in December, and expects it to go through several drafts before it becomes the subject of further public hearings.

Conflict of Interest Code. In September, DCA submitted a final statement of reasons on proposed changes to its Conflict of Interest Code to the Fair Political Practices Commission. (See CRLR Vol. 10, No. 1 (Winter 1990) p. 41 for background information.) These regulatory changes update the existing code adopted in 1977 by increasing the list of designated employees subject to disclosure requirements. A small number of currently designated positions would be deleted from the list. Also, the proposed changes would amend and simplify the disclosure categories which set forth the types of investments, interests in real property, and income which must be reported by designated employees. After approval by the Commission, the proposal will be submitted to the Office of Administrative Law.

Consumer Infoline. DCA's Consumer Assistance Office provides updated consumer information via its toll-free telephone information system. "Consumer Infoline" offers prerecorded messages dealing with landlord-tenant issues such as security deposits, repairs, evictions, and rent increases; sales and promotions issues such as refunds and exchanges, warranties, and advertising; automobile issues, such as buying and returning new and used cars, automobile repair shops, the Lemon Law, service contracts, and extended warranties; and credit issues, such as debt collection agencies, credit report problems, billing disputes, and financial institutions. Plans are under way to add additional recorded messages to the system, including health and medical care, checking a business reputation, professional licensing information, and filing a complaint against a licensed professional or business.

Live consumer advisors are also available to provide information and counseling services to consumers and mediate certain consumer complaints. The phone number for this service is listed above.

LEGISLATION:

AB 2649 (Johnson), as amended August 6, was sponsored by DCA as a clean-up measure to its 1989 legislation which eliminated the Bureau of Personnel Services and its licensing of specified types of employment agencies. (See CRLR Vol. 9, No. 4 (Fall 1988) pp. 74-75 for background information.) This bill, which makes a number of clarifying and technical amendments to eliminate ambiguity and correct omissions in the

previous legislation, was signed by the Governor on September 22 (Chapter 1256, Statutes of 1990).

AB 3584 (Speier), which would have prohibited members of a licensing or regulatory board, bureau, or commission within DCA from accepting any gift from any person subject to the licensing or regulatory authority of that board, bureau, or commission, died in the Senate inactive file.

SB 1795 (Montoya), which would have allowed DCA's Director to investigate any allegations of misconduct with respect to a board's license examinations, and to intervene in any matter of any board where an investigation determines there is probable cause to believe that the conduct or activity of a board, its members, or employees constitutes a criminal violation, died in the Senate Business and Professions Committee.

ACR 151 (Chacon), which would have requested DCA to establish a Travel Advisory Committee to study, analyze, and recommend legislation relative to travel, died in the Assembly Committee on Governmental Efficiency and Consumer Protection.

The following is a status update on bills reported in detail in CRLR Vol. 10, Nos. 2 & 3 (Spring/Summer 1990) at pages 54-55:

AB 2572 (Eastin), as amended August 6, requires the author or sponsor, prior to the consideration by the legislature of legislation creating any new state board, to develop a plan for the establishment and operation of the proposed state board. Also, the Joint Legislative Budget Committee is required to establish criteria and review processes for the operational review of each state board after its enactment. This bill was signed by the Governor on September 12 (Chapter 832, Statutes of 1990).

AB 2984 (Floyd), which specifically requires DCA Director permission before any DCA entity may institute or join legal action against any other state or federal agency, was signed by the Governor on July 16 (Chapter 285, Statutes of 1990).

SB 2241 (Watson) would have required the Governor and every other appointing authority, in making appointments to state boards, councils, committees, and all statewide panels, to be responsible for nominating or appointing a variety of competent persons of diverse backgrounds, abilities, interests, and opinions, and who are reflective of the numerical composition of all segments of the state's population, including but not limited to women and ethnic minorities. This bill was vetoed by the Governor on September 17.

AB 2787 (Chacon), as amended August 30, would have provided that it is the policy of the state of California that the composition of state boards and commissions be broadly reflective of all minority groups and disabled persons. This bill died in the Senate Rules Committee.

AB 3242 (Lancaster), as amended July 27, is DCA's omnibus bill and contains provisions pertaining to numerous DCA agencies. Among other things, AB 3242 makes it unlawful for any person to fail to surrender a license, registration, permit, or certificate which is expired or issued in error. Also, this bill provides that a person engaging in a business for which a license is required may not bring an action for compensation without proving that he/she was licensed during the time of the performance of the act. This bill was signed by the Governor on September 21 (Chapter 1207, Statutes of 1990).

SB 2823 (Garamendi), as amended August 6, deletes the January 1, 1992 sunset date in the statute which authorizes DCA's dispute resolution advisory council and for dispute resolution programs to be operated pursuant to contract by counties which desire to participate under specified circumstances. This bill was signed by the Governor on September 23 (Chapter 1272, Statutes of 1990).

AB 2757 (Moore), which would have required the directors of specified state agencies to conduct studies on how to facilitate the operation of extended office hours, was vetoed on September 27.

AB 3167 (Speier), as amended August 24, would require all state agencies, with specified exceptions, which provide over-the-counter information and services directly to the public to provide those services during specified lunch hours. This bill was signed by the Governor on September 29 (Chapter 1506, Statutes of 1990).

AB 3345 (Floyd) was substantially amended on August 29 and no longer relates to DCA.

LITIGATION:

J. J. & J. Porter, Inc., dba Check-X-Change v. Municipal Court of Sacramento, Small Claims Division, No. C008320 (Third District Court of Appeal), presents the issue whether check-cashing companies are assignees who are prohibited from collecting in the small claims division by Code of Civil Procedure section 117.5. (See CRLR Vol. 10, Nos. 2 & 3 (Spring/Summer 1990) p. 55 for background information.) In December 1989, the Sacramen-



to County Superior Court ruled that such a suit is permissible; the Municipal Court appealed the decision to the Third District Court of Appeal.

In June, DCA submitted an amicus curiae brief in this matter, arguing that such a suit is prohibited by section 117.5. In so doing, DCA seeks to preserve the small claims court as a forum for settling small disputes between parties who have personal knowledge of, and interest in, the disputes.

A decision in the case is not expected for some time.

OFFICE OF THE LEGISLATIVE ANALYST

Legislative Analyst: Elizabeth G. Hill (916) 445-4656

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

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

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

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

LAO consists of 76 professionally trained analysts and 26 support staff. The staff is divided into ten operating sections, each of which is responsible for a specific subject area. These areas are health, welfare and employment, taxation and economic research, agriculture and natural resources, business and transportation, criminal justice, employee compensation and general service

agencies, education, capital outlay, and long-term policy issues.

MAJOR PROJECTS:

State Spending Plan for 1990-91 (August 1990) summarizes the fiscal effect of the 1990 Budget Act, including the effects of major legislation which is part of the overall state spending plan for 1990-91. The report begins by recounting the history of this year's budget crisis, and how it was resolved. It then highlights the funding levels that were ultimately approved for the state's major programs. Finally, the report describes projected state revenues for 1990-91.

The expenditure and revenue estimates in the report reflect (1) the most recent projections of revenue to the General Fund; and (2) the administration's assumptions about caseloads under various entitlement programs. As the fiscal year progresses, these estimates will be modified to reflect factors such as:

- unanticipated economic developments such as might result from the current conflict in the Persian Gulf;
- changes in the rate of expenditure under entitlement programs, such as Aid to Families with Dependent Children and Medi-Cal;
- the enactment of new legislation;
- the fiscal effect of ballot measures approved by the electorate;
- administrative actions taken by the executive branch;
- decisions handed down by the courts; and
- actions taken by Congress and the President on the 1991 federal budget.

Following the longest budget negotiations in California history, the Budget Act of 1990 was signed by the Governor on July 31. In attempting to resolve a \$3.6 billion funding gap, a combination of revenue increases and expenditure reductions was agreed upon by the legislature and the administration. Specific adjustments made by the legislature to the Governor's budget resulted in a net expenditure reduction of over \$1 billion. In so doing, the legislature rejected many of the Governor's proposed reductions and included reductions that were not proposed by the Governor. For example, the legislature rejected the Governor's proposal to cut \$38 million in funding for caseload growth in the Child Welfare Services (CWS) program, and his proposal to use \$27.3 million in bond funds for state operations purposes in the Department of Corrections and the California Youth Authority. However, the legislature included a \$175 million reduction in the Medically Indigent Services/County Medical Services programs and eliminated the Assistance to

Counties for the Defense of Indigent program.

In addition to these adjustments, \$1.091 million in expenditures was reduced by various legislative actions, including the rejection of the Governor's proposed In-Home Supportive Services program and AB 8 County Health Services program reductions, and the inclusion of the State Teachers' Retirement System and Public Employees' Retirement System retirement contribution savings measures.

Also, the passage of five bills will create \$795 million in increased state revenues. These bills include AB 274 (Isenberg) (Chapter 452, Statutes of 1990), which will raise \$561 million by making state tax law conform to recent changes in federal tax law.

The report notes that total state expenditures (from the general fund and state special funds) approved to date amount to \$50.9 billion for 1990-91. Spending in the education area accounts for 44% of total state expenditures; health and welfare programs account for 27%; business, transportation, and housing programs account for 7%; youth and adult corrections account for 7%; and 15% is allocated to various programs.

Turning to projected general fund and special fund revenues for 1990-91, the report notes that general fund revenues and incoming transfers from other funds are projected to reach \$42.9 billion, and special fund revenues are projected to total \$8.8 billion, totalling \$51.7 billion in revenue.

Year-Round School Incentive Programs: An Evaluation (April 1990) provides a description of year-round education, describes the state's current involvement in providing financial incentives to school districts to operate year-round education programs, presents criteria for evaluating such incentive payment programs, evaluates existing programs based on these criteria, and describes the major features that an alternative incentive payment program should include.

The report notes that year-round education is an alternative schedule for learning that reorganizes the academic calendar so that instructional blocks and vacation periods are evenly distributed across a 12-month calendar. California provides year-round school incentive funds through two separate programs—the "SB 813 program" and the "SB 327 program"—to encourage school districts to operate year-round education programs as an alternative to constructing new school facilities. To qualify for these incentive funds, school districts must (1) be eligible to partici-