



state policy and a well-defined organizational structure for the provision of children's services. Thus, scarce resources are not being maximally utilized.

-The demand for child care is on the rise due to an increased number of families headed by single parents or dual wage earners. The study concludes that if the state does not respond to this need, parents may have to choose between leaving children home unattended or foregoing employment and undermining the economic security of the family.

-California has varying guidelines and requirements for child care services depending on whether the program is state-subsidized or not. This dual system results in inconsistent quality of care for children with similar needs, and considerable variance in the cost of providing the services.

-Adequate programs and services are not available to address the problems of the 20,000-25,000 runaway youths in California. The report concludes that without the needed services, "there is a strong likelihood that these youths will not become responsible, productive adults and may be a burden on the State for the rest of their lives."

-The number of reports of child abuse and neglect in the state increased 365% from 1982 to 1986. The increased number of reports, combined with a shortage of needed services and a lack of inter-agency cooperation, has resulted in severe workload problems and has reduced the level of services provided to abused and neglected children.

-The court system is finding it difficult to deal with the increased number of cases involving abused and neglected children. Delays in the court system further traumatize the children whom the system is designed to protect.

Among its major recommendations, the Commission suggests the state take the following actions:

-Establish a Commission on Children and Youth or a Children's Czar to allow the state to coordinate services, eliminate duplication of efforts, reduce gaps in services, and set overall policy and priorities for the delivery of services to children.

-Stimulate the expansion of public and private child care services by encouraging additional investment in child care facilities at the local level.

-Establish statewide minimum training requirements for child care teachers and caregivers.

-Establish a statewide program to serve runaway and homeless youths.

-Require the use of video or audio tapes in investigations of child abuse and neglect.

-Encourage continuous case management for abused and neglected children after emergency response.

-Require certification for caseworkers serving abused and neglected children.

*A Report on Financial Management and Accountability in the State's K-12 Public School System (November 1987)* represents a continuation of the Commission's ongoing effort to focus attention on the need for a basic level of financial accountability for the funding of the K-12 public school system. At the heart of the Commission's concerns is the need for ultimate accountability at the state level for K-12 spending. After issuing a series of reports and holding numerous public hearings on the issue, the Commission is "frustrated that only limited authority and responsibility exists at the State level for the funding of the K-12 public school system."

California's K-12 system spends nearly \$20 billion annually to educate approximately 4.3 million students. In its report, the Commission describes the system as "a massive business undertaking that dwarfs the business activities of most Fortune 500 companies." The Commission firmly believes that many of the same business principles and practices followed in large corporations can and should be applied to the management, accountability, and control of the state's funding of the system.

The Commission's study reveals irresponsible financial management practices in some school districts, and states that a large number of school districts "may be headed for financial problems in the near future." The report also concludes that the State Department of Education receives "inadequate information to assess the financial condition and performance of school districts," and that the State Superintendent of Public Instruction lacks sufficient authority to intervene in districts which are not operating in a financially responsible manner.

Eight recommendations are presented in the Commission's report. They include the following:

-The Superintendent of Public Instruction should be authorized to intervene in districts where warranted, and to impose sanctions on districts which do not provide timely, accurate, or complete financial reports.

-More frequent financial management assistance reviews of school districts should be conducted by the State Department of Education.

-Additional financial information should be required from the districts in annual audits.

-Sanctions against certified public accounting firms whose work fails to meet state standards should be increased.

-The fraud and abuse review component of school district audits should be expanded.

-Expanded training for independent auditors of school districts should be implemented.

## DEPARTMENT OF CONSUMER AFFAIRS

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

### MAJOR PROJECTS:

*Administrative Changes.* Effective January 4, Debra Beck became DCA's Deputy for Program Development, replacing Doug Carter. Beck comes to DCA from the Governor's Office, where she was Deputy Appointments Secretary. In her new position, Beck is tasked with developing policy for consumer issues and will assist with legislation.

*Assembly Committee Hearing.* On November 17, the Assembly Committee on Governmental Efficiency and Consumer Protection conducted a hearing to investigate the responsiveness of various state licensing agencies to consumer protection concerns. Committee members heard testimony in their attempt to determine whether consumer needs are being addressed in an adequate and timely manner, and whether corrective legislation is warranted.

The Committee invited representatives of consumer groups throughout the state to testify, along with staff members from various state agencies, including DCA.

*Mission Statement.* DCA recently announced its "mission" for the next three years. According to Deputy Director Richard Baiz, it was difficult to propose a mission statement appropriate to the Department as a whole and its

myriad of boards and bureaus. The statement reads as follows: "The mission of the Department of Consumer Affairs is to protect the consumer by promoting and advocating the delivery of quality goods and services, fostering fair competition, and by informing and involving the public" (emphasis original). All DCA boards and bureaus are expected to operate consistently with this statement.

*1988 CLEAR Conference.* On February 5 and 6, DCA sponsored the western regional conference of the National Clearinghouse on Licensure, Enforcement and Regulation (CLEAR). In addition to California, participating states included Hawaii, Oregon, Washington, Nevada, Utah, New Mexico, and Arizona. Held in Sacramento, the theme of the Conference was "Re-Examining Public Protection: Responsibilities and Risks of Occupational Regulation."

Staff and Board members from DCA and many other state agencies, bureaus, and boards attended, along with their counterparts from the other western states. In conjunction with the conference, DCA conducted an investigator/inspector training program for appropriate employees of its boards and bureaus.

#### LEGISLATION:

*AB 1177 (Floyd)* would abolish several of the state's "super agencies" which report directly to the Governor, including the Office of the Secretary of State and Consumer Services, which oversees DCA. The duties, responsibilities, and authority of the abolished agencies would transfer to their respective departments, boards, and commissions. DCA has taken no position on this bill.

*AB 70 (O'Connell).* Existing law requires a retail seller who sells any consumer goods or services which (1) are sold in multiple units only, and (2) are advertised by price, to advertise those goods or services at the price of the minimum multiple units in which they are offered. An exception to this requirement exists for consumer goods (but not for consumer services) whereby those goods may be advertised at a single unit price (even though the goods are sold only in multiple units) so long as the advertisement also discloses the price of the minimum multiple unit in which they are offered. AB 70 would apply the exception to retail sellers of consumer services, in addition to sellers of consumer goods.

#### ASSEMBLY OFFICE OF RESEARCH

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Established in 1966, the Assembly Office of Research (AOR) brings together legislators, scholars, research experts and interested parties from within and outside the legislature to conduct extensive studies regarding problems facing the state.

Under the direction of the Assembly's bipartisan Committee on Policy Research, AOR investigates current state issues and publishes reports which include long-term policy recommendations. Such investigative projects often result in legislative action, usually in the form of bills.

AOR also processes research requests from Assemblymembers. Results of these short-term research projects are confidential unless the requesting legislators authorize their release.

#### MAJOR PROJECTS:

*California's Trauma Care System: A Medical and Financial Emergency (October 1987),* prepared at the request of Assemblymember Mike Roos, concludes that the system faces serious financial problems which are "likely to increase unless funds are provided to help offset the significant cost losses occurring today." AOR staff estimate that the system's 1987 losses will total approximately \$100 million, with unreimbursed physician costs approaching \$30.8 million.

At one time, California's system included as many as 55 Trauma Centers. Thirty-five Centers responded to AOR's requests for information. Those 35 hospitals served over 37,000 trauma patients during the 1986-87 fiscal year.

The AOR study cites several causes for the large losses incurred by the hospitals in the system. At the 29 Centers which reported cost data, "45% of all trauma patients make no payment on the hospital bills they incur." AOR staff estimate that those 29 hospitals lost nearly \$66 million during 1986-87. The study places the average loss per nonpaying trauma patient statewide at approximately \$5,000.

Physician fees constitute another source of large losses attributable to the trauma care system. The study estimates that university and teaching hospitals lose an additional \$7.4 million in physician fees annually; and non-public hospitals lose \$12.9 in physician fees. Again, the losses are due to nonpaying patients.

To solve the financial problems of

the system, the study makes two recommendations: (1) current legislation should be amended to fund 25% of the cost loss for Trauma Centers and physicians serving the Centers; it is estimated that an appropriation of \$32.7 million would suffice; and (2) the legislature should assign to an appropriate committee, for interim study, the evaluation of the state and local oversight system to ensure better performance in the future. AOR staff were "appalled" at the lack of knowledge of the system's financial problems at the state and local level, considering the \$4.4 million annual appropriation to fund the oversight system.

#### SENATE OFFICE OF RESEARCH

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Established and directed by the Senate Committee on Rules, the Senate Office of Research (SOR) serves as the bipartisan, strategic research and planning unit for the Senate. SOR produces major policy reports, issue briefs, background information on legislation and, occasionally, sponsors symposia and conferences.

Any Senator or Senate committee may request SOR's research, briefing and consulting services. Resulting reports are not always released to the public.

#### MAJOR PROJECTS:

*Time Off for Parents: The Benefits, Costs, and Options of Parental Leave (September 1987)* explores current issues pertaining to parental employment leave following the birth of a child. The report provides an overview of the situation faced by most new parents who are employed, including a discussion of factors which seriously impact those individuals and their children.

Such factors include the growing economic pressures faced by working parents (e.g., in 1984, 46% of women in the workforce were single, divorced, widowed, or separated); the weakening of the role of extended families (caused in part by increasing household mobility and generational distance); and a shortage of adequate professional child care, particularly with regard to care of infants (the minimum age for admission of a child to a day care program is generally two years). The critical nature of such a shortage becomes more apparent in light of SOR's findings that "half of the mothers of infants under one year