

The report attributes these problems to specified procedural deficiencies in the disability claims process and unreliable computer equipment in field offices.

Report No. P-629.2 (December 1986) summarized the results of a statewide review of overtime and travel controls. Auditors found that, overall, the statewide controls are working effectively. These findings are particularly significant in light of a June 1986 OAG report indicating that the Department of Transportation has mismanaged employee overtime and travel. As a result of that audit, OAG completed the comprehensive statewide review which resulted in its December report.

Report No. P-655 (December 1986) discloses audit results concerning the Department of Corrections' selection of a prison site in Los Angeles County. The report states that the Department of Corrections did not follow established procedures in determining the site for a state prison reception center.

Auditors discovered that appraisers who estimated the market value of the reception center site did not consider the effect of either the hazardous waste contamination on adjacent property or the potential contamination on the site itself. As a result, completion of the reception center may be delayed.

In its audit, OAG recommends testing for hazardous waste contamination of soil at the site and reappraisal of the land's market value.

FUTURE AUDIT REPORTS:

As of this writing, numerous OAG audits were in progress, including those concerning unemployment insurance overpayments, therapeutic drug utilization, vocational education, the Department of Insurance, and mandated programs for AIDS. Results of several of these audits will be reported in CRLR Vol. 7, No. 2 (Spring 1987).

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 real, 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.

MAJOR PROJECTS:

Nursing Homes. The Commission is presently conducting its third investigation since 1977 into the state's nursing homes. In its initial report on the subject in 1977, the Commission criticized the state for poor enforcement of regulations and licensing law. In a 1982 follow-up investigation, the Commission made surprise visits to nursing homes and

conducted public hearings. Results of that investigation, documented in a 1983 report entitled "The Bureaucracy of Care," indicated a need for significant changes in the state's regulatory efforts.

The California legislature responded by passing a package of bills known collectively as the Nursing Home Patient Protection Act (NHPPA). The final elements of the NHPPA became effective in March of 1985.

The Commission's decision to conduct a third investigation closely follows publication of a recent four-part series in the *San Jose Mercury News* which reported the continuation of serious problems in nursing home patient care, despite the recent regulatory reforms. The *Mercury News* reported that Commission Chairperson Nathan Shapell has vowed to "ride herd" on nursing homes until patient care improves.

State Controller Office Relocation. In a December 10 letter to the Governor and state legislators, the Commission charged that California Controller Ken Cory wasted as much as \$4.7 million in his staff's recent move into a downtown Sacramento bank building.

The move into the new facilities resulted in consolidation of staff formerly housed in twelve facilities located throughout Sacramento. The Commission stated that a more detailed and comprehensive analysis of alternate locations should have been performed prior to the relocation, which more than doubled the cost of housing the Controller's 1,300 employees.

PUBLIC HEARINGS:

At a public hearing on November 19, 1986, the Commission received testimony regarding the impact of tax-free mail order sales on California retailers and the potential tax revenue loss to California. The Commission also heard testimony on the state's lottery operations at the hearing.

DEPARTMENT OF CONSUMER AFFAIRS

Director: Marie Shibuya-Snell (916) 445-4465

In addition to its functions relating to its forty boards, bureaus and commissions, the Department 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:

Enforcement. At the request of attorneys for the Department of Consumer Affairs (DCA), a Superior Court judge recently shut down the operations of Century Management Company (Century), a West Los Angeles auto subleasing business. The Department's pleadings alleged that Century solicited leased autos from the original lessees, often promising to free them from further obligation under their leases. According to the allegations, Century then subleased these autos to others (sublessees), charging a large down payment, inflated monthly payments, as well as inflated payments on insurance, the coverage of which is questionable.

Additionally, the court appointed Daniel M. Foley of Foley Accountancy in Tustin to unravel Century's subleasing transactions.

DCA Activities with PUC. The state Public Utilities Commission (PUC) requested that DCA staff review an application for PUC certification from a reseller of long distance services (Starcom, Inc.). The PUC must grant certification before any provider may legally operate in California. DCA staff reviewed the Starcom application and marketing plans, and concluded that certain marketing plans violate several provisions of California law. After evaluating DCA's opinion of Starcom's proposed marketing plan and operation, PUC denied Starcom's application.

The DCA's action on this issue has led to further PUC requests for Department participation in the certification process with respect to applications to sell long distance services in California. Moreover, the Department outlined the types of unfair business practices which may be anticipated in the long distance telephone industry, and advised the PUC of the need to scrutinize future applications in those areas.

Site Visits: DCA Director Marie Shibuya-Snell travels to both San Diego and Los Angeles every three months to meet with local groups to exchange information and bring them up-to-date on the DCA's present and future concerns. The DCA believes the quarterly meetings facilitate interaction among local groups, which results in better localized communications, cooperation and consolidation of consumer group efforts.

LITIGATION:

Omari v. National Security Financial

Services. The Department has intervened in a southern California lawsuit which challenges the business practices of an automobile subleasing firm, National Security Financial Services. The firm is alleged to have obtained and re-leased vehicles without following provisions contained in the original lease agreements and in a manner contrary to state law. Many of the vehicles re-leased by National Security were repossessed by the original leasing companies, damaging the credit rating of the original lessees and costing sublessees substantial out-of-pocket losses.

By intervening in the lawsuit pursuant to the Consumer Affairs Act of 1970, the Department hopes to obtain a ruling that this practice is unlawful, unfair, fraudulent, and contrary to state law.

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.

Further information concerning AOR activities is available by contacting Pat Brawley, the coordinator of AOR's Legislative Reference Service.

MAJOR PROJECTS:

Bilingual Education: *Learning English in California (June 1986)* critiques the state's bilingual education program and has identified a number of problems. The report recommends policy initiatives involving program effectiveness and teacher qualifications, including the following:

- The state Department of Education should allocate resources to collect and evaluate data on various aspects of the bilingual program.

- Increased emphasis should be given to the "comprehensible language approach" currently used in some schools, as this approach appears to be working, and at a cost lower than other options.

- The Department of Education should conduct a thorough review of the state's secondary level bilingual program. AOR's report refers to the secondary program as the "weakest link" in California bilingual education, noting a problem of thinly-spread resources.

- A number of specific strategies should be employed to increase the pool of trained bilingual teachers in the state.

AOR's report observed that by the year 1990, California will need nearly 23,000 bilingual teachers. It concluded that at the current rate of recruitment and training, the state will not be able to meet this need.

Smoking Gun: The Case for Concealed Weapon Permit Reform (June 1986) is based on a survey of California's police chiefs and sheriffs regarding the issuance of concealed weapon permits. Under existing law, permits are required to carry a concealed handgun. Such permits are issued by nearly 500 authorities throughout the state, including local sheriffs and police chiefs. Criteria for issuance of the permits, however, appear to be vague, diverse, and inconsistently applied, according to AOR. While some jurisdictions issue permits liberally, others make it virtually impossible to obtain them. Strict local standards for permit issuance are undermined by such inconsistencies because even though permits are issued locally, they are generally valid statewide.

The AOR report concludes that "California's laws governing the carrying of firearms, particularly handguns, are inconsistently applied, poorly constructed and, in some areas, confusing to the point of incomprehensibility." The report recommends that the legislature review and revise these laws, and codify a simple, uniform set of firearm rules.

California 2000: A People in Transition (June 1986) focuses on major issues affecting human resources in the state. Among those areas of concern identified are preschool education, child care, teen parenting, teacher supply and quality, and long-term care of older Californians.

AOR recommends numerous methods of addressing the state's human resource needs, including the following:

- Expand preschool education programs to all economically disadvantaged three- and four-year-old children.
- Establish public/private partnerships