

ITEM 13 STAFF REPORT

CALIFORNIA PERFORMANCE REVIEW REPORT

On August 3, 2004, the California Performance Review (CPR) issued *The Report of the California Performance Review - Government for the People for a Change*. The Report contains four volumes of comprehensive recommendations to reform and revitalize California's state government.

The Report makes the following recommendations for the Commission on State Mandates (Attachment 1):

- A. The Governor should direct state agencies to review pending draft legislation as early in the process as possible and to focus on mandate impacts in their review to make reimbursements more cost-efficient, predictable and fair.
- B. The Governor should direct state agencies to actively review and provide input into the parameters and guidelines document during the Commission on State Mandates process. This should occur whenever the Commission on State Mandates determines that a reimbursable mandate exists.
- C. The Governor should direct the Department of Finance to develop standardized cost units for specific functions that claimants use in their cost submissions.

State agencies and departments were asked to submit analyses of these recommendations to CPR. Commission staff submitted our analyses on September 1, 2004, indicating that the above recommendations will provide the Administration and the Legislature with timelier information about pending legislation that could result in cost savings to the state. The recommendations would also assist the Commission when it makes mandate determinations and develops and adopts parameters and guidelines and statewide cost estimates (Attachment 2).

The Report also recommends that state government be significantly restructured. One of the recommendations would create the Governor's Office of Management and Budget (OMB) to provide administrative services and oversight to all areas of state government and to make sure that taxpayer dollars are used most efficiently by consolidating procurement, personnel management, financial services, asset tracking and information technology services .

The Report recommends that The Commission on State Mandates be transferred intact to OMB, and under this new agency, should continue to adjudicate claims by local entities that allege the existence of reimbursable state-mandated programs, decide claims against the Controller and determine the existence of significant financial distress for applicant counties that seek to reduce their general assistance standards of aid (See Attachment 3).

CPR staff will be requesting state agencies to analyze the proposed reorganization in the coming weeks. Commission staff will respond when requested.