STATE FISCAL PICTURE

The Budget Outlook

- Our “bottom line” budget estimates are similar to the administration’s. However, the state’s fiscal outlook is the most uncertain since the early 1990s.

- This uncertainty relates to the state’s electricity crisis and the very unsettled national and state economic environment.

- Energy-related policy decisions will need to be carefully coordinated with budgetary actions. Given this, the Legislature should withhold consideration of the Governor’s $2.3 billion of one-time proposals outside of the energy area until May. (P&I, “Part I”)

Economic and Revenue Outlook

- Net revenues during the current and budget years combined should exceed the budget forecast by a couple hundred million dollars.

- Strong economic growth through the end of 2000 is significantly boosting revenues in the current year. However, an economic slowdown in 2001 will depress revenues in the budget year.

- The economic and revenue outlooks face major downside risks. (P&I, “Parts II and III”)
PROGRAM HIGHLIGHTS

EDUCATION

➤ The LAO Counter-Proposal to Longer Middle School Year
   Targets Struggling Schools

- Research shows that extending the school year has limited to no effect on
  student achievement. The Governor’s proposal commits the state to potential
  annual spending of $1 billion or more for one unproven strategy—to the
  virtual exclusion of other strategies to improve student achievement.

- The Governor’s proposal also fails to target “pockets” of educational failure,
  where student achievement problems are of most concern. We recommend
  redirecting the proposed $100 million for a longer school year (the budget-
  year amount), along with other savings, to a block grant for disadvantaged
  middle schools and high schools. (Analysis, page E-71.)

- We recommend that the Legislature establish the block grant to improve
  student achievement at middle schools and high schools that are very low-
  performing and/or have high concentrations of students in poverty.
  (Analysis, page E-15.)

➤ The LAO Recommendations for Schools and
   Community Colleges Stress Local Flexibility

- To maximize chances for improving educational results, the state must give
  local schools and community college districts more flexibility to fit budgetary
  resources to local circumstances and needs. The approach we take to the
  state’s K-14 education budget builds on this foundation.

- We recommend various redirections of Proposition 98 spending in 2001-02,
  involving almost $800 million. These recommended redirections include the
  $500 million for a disadvantaged schools block grant (noted above), an
  additional $175 million for K-12 revenue limits (general purpose spending),
  and $81 million for the Partnership for Excellence in community colleges.
  (Analysis, pages E-15, E-67, and E-212.)
Make Better Use of Existing Teacher Training Resources

- The Governor proposes a greatly expanded effort over the next three years to train nearly all the state’s K-12 teachers in providing instruction based on the state’s academic content standards. The Governor proposes spending $830 million over the three years, including a $335 million augmentation for 2001-02.

- We recommend an approach that better accounts for existing programs and provides a more realistic implementation time frame. The LAO approach provides the same number of teaching opportunities over the three years, at a General Fund savings of $235 million in 2001-02 and $500 million over the three years. (Analysis, page E-21.)

Provide Incentive for Year-Round Instruction

- The budget requests a total of $33.1 million to augment summer terms at the California State University (CSU) ($12.4 million) and the University of California (UC) ($20.7 million). We recommend the Legislature provide these funds contingent on the universities increasing enrollments in their summer terms. (Analysis, page E-177.)

Improve Academic Preparation for Higher Education

- Approximately one-third of freshmen arriving at UC and over two-thirds of freshmen arriving at CSU are unprepared for college-level studies. We recommend the Legislature adopt four specific strategies to improve students’ academic preparation for higher education and increase the segments’ accountability for serving unprepared students appropriately. (Analysis, page E-38.)

HEALTH

Adult Health Coverage Plan Misses Some Opportunities

- The budget proposes to expand the Healthy Families Program to provide health coverage for the parents of enrolled children for the first time. We find that the proposal misses some opportunities to further reduce the ranks of the uninsured and to conform and simplify the Healthy Families and Medi-Cal
Programs. We recommend that the Legislature consider (1) further expansion of parental coverage and (2) elimination of the Medi-Cal asset test. (Analysis, page C-134.)

➤ **Legislation Needed to Guide HIPAA Compliance Activities**

- We recommend legislation be enacted to improve the oversight of state implementation of recent federal legislation—the Health Insurance Portability and Accountability Act (HIPAA)—which requires significant changes in the state’s health data systems and operations. In addition, we recommend shifting all appropriations for HIPAA activities into one central funding mechanism. (Analysis, page C-19.)

➤ **State Could Assist With Proposition 36 Implementation**

- Because the state has a stake in the potential success of Proposition 36, which sends certain adult drug offenders to drug treatment and community supervision instead of prison or jail, we offer the Legislature a number of options for legislative changes and state budget adjustments that could assist counties with their implementation of the measure. (Analysis, page C-36.)

➤ **Long-Term Care Services—A Fragmented System**

- Our analysis of California’s long-term care programs finds that they comprise a fragmented service system, although current efforts are under way to improve coordination. We recommend modifying budget proposals for pilot projects for new approaches to long-term care to take advantage of available federal grant funding. (Analysis, page C-50.)

➤ **Federal Law Could Strengthen Women’s Cancer Programs**

- A new federal law could allow the state to build on the limited services now available for low-income women who are diagnosed with breast or cervical cancer. We offer several options that could better coordinate cancer screening and treatment programs for women. (Analysis, page C-121.)

➤ **Modify Tobacco Settlement Fund Proposal**

- A proposed new tobacco settlement fund will not be a viable long-term source of funding for the health programs it is supposed to support because its revenues are likely to decline. We recommend the Legislature address the
problem by setting aside a larger reserve fund and by considering changes in
the mix of programs that would be supported from the fund.
(Analysis, page C-69.)

SOCIAL SERVICES

➤ Current-Year CalWORKs Savings Proposal
Should Be Considered With 2001-02 Budget

■ The Governor’s budget proposes a one-time, current-year reduction in the
state’s maintenance-of-effort level for the California Work Opportunity and
Responsibility to Kids (CalWORKs) program for a General Fund savings of
about $150 million. In order to hold the program’s overall funding level
harmless, the budget proposes urgency legislation to backfill this reduction
with funds taken from county performance incentive payments.

■ This proposal raises policy issues for the Legislature regarding spending on
county performance incentives, General Fund support for CalWORKs, and
the level of the Temporary Assistance for Needy Families reserve. We recom-
pend that this proposal be moved into the 2001-02 budget process, thereby
allowing the Legislature time to deliberate fully on its priorities regarding these
issues. (Analysis, page C-186.)

➤ Reduce Children’s Length of Stay in
Foster Care by Reforming Agency Rates

■ Longer stays in foster care adversely impact children by reducing the time
they spend in a permanent living situation. Research indicates that (1) chil-
dren stay longer in foster family agency (FFA) homes than in regular foster
family homes and (2) the needs of the children do not explain the longer stay.
The higher payments made to FFAs may create a fiscal incentive for FFAs to
keep children longer in foster care. We recommend enactment of legislation
to conduct a three-year pilot project whereby FFA treatment rates would
incrementally decrease over time. (Analysis, page C-200.)

➤ Options for Expanding Food Stamps Eligibility

■ Recent federal changes give California the option of (1) automatically provid-
ing food stamps to families leaving CalWORKs and (2) allowing food stamps
recipients with more reliable vehicles to remain eligible. We recommend that the Department of Social Services report at budget hearings on cost estimates for these and other food stamps changes. (Analysis, page C-207.)

**Expanding Structured Decision Making Could Reduce Child Abuse and Neglect**

- Structured Decision Making (SDM) is a series of “tools” designed to aid child welfare workers in making critical child safety decisions. Research indicates that SDM improves child welfare outcomes, as compared to alternative approaches. Currently, 14 California counties are using SDM and 10 additional counties are on the SDM waiting list. We make various recommendations for expanding the use of SDM in California. (Analysis, page C-223.)

**Judiciary and Criminal Justice**

**Slower Prison Inmate Population Growth**

- The California Department of Corrections (CDC) is projecting a slower rate of growth in the prison population than the state experienced through much of the 1990s.

- Based on our review of recent population data, including anticipated effects of Proposition 36, we estimate that the prison population will decline slightly between now and next year. (Analysis, page D-46.)

**Need to Link Developmentally Disabled Offenders To Community Care**

- In the face of recent court cases, the CDC prepared a remedial plan to increase services to inmates with developmental disabilities. The plan, however, does not address the question of providing adequate community services for parolees.

- We recommend the Legislature direct CDC to identify and plan for the community service needs of parolees with developmental disabilities. (Analysis, page D-54.)
Prison Management Costs Still Increasing

- The cost of providing health care to inmates continues to increase. We recommend CDC report on reforms for selected components of the medical care program including pharmacy services and medical contracting. (Analysis, page D-64.)

- The department continues to experience high sick leave usage and overtime expenses. Our review found that departmental actions have not resulted in significant reductions in these costs. We discuss several budget initiatives aimed at addressing these issues and recommend more aggressive cost containment measures. (Analysis, page D-67.)

Transfer of Trial Court Facilities Poses Potential Major State Financial Liability

- Recent legislation shifted primary financial responsibility for trial court support from counties to the state. This has resulted in a major new state financial responsibility which is expected to exceed $1.2 billion in 2001-02.

- A state/local task force has voted to recommend that the state assume full responsibility for court facilities as well. This could transfer an additional multibillion dollar responsibility to the state in the long run.

- We make several recommendations to help the state appropriately limit this future funding liability and start containing other escalating court costs as well. (Analysis, page D-19.)

Technical Assistance Plan for Youth Authority Provides Useful Oversight Tool

- The Board of Corrections recently submitted a report to the Youth Authority to assist in its institutional operations. This report could prove to be a useful guide in assessing departmental progress in a number of important program areas. (Analysis, page D-82.)

New Youth Authority Initiatives Reflect Legislative Priorities

- The budget proposes new resources for sex offender, mental health, and substance abuse treatment, and ward grievance procedures. Last year the
Governor vetoed legislative increases in these areas. While the budget proposals reflect these legislative priorities, they are significantly more modest in scope. (Analysis, page D-93.)

➢ War on Methamphetamine Program Not Justified

- The budget proposes a new $40 million program to assist local law enforcement agencies to combat methamphetamines. We find that the program has not been justified and recommend that funding be deleted. We note that the proposal lacks important details and that a significant level of state and federal resources are already being directed to such efforts. (Analysis, page D-100.)

CAPITAL OUTLAY

➢ Implementing the California Infrastructure Plan

- Chapter 606, Statutes of 1999 (AB 1473, Hertzberg), requires the Governor, beginning in the 2002-03 budget year, to submit to the Legislature a California Infrastructure Plan. The purpose of the plan is to give the Legislature sufficient information to understand and make funding decisions on the state’s long-term infrastructure needs.

- We recommend the Legislature hold hearings and develop requirements for information it needs to have included in the plan about departments’ strategic plans, priorities, and projects. (Analysis, page G-15.)

➢ Funding Higher Education

- We recommend the Legislature fund higher education capital outlay based on statewide priorities and criteria, not on the basis of the formula used in recent years that allocated one-third of available bond funds each to the community colleges, CSU, and UC.

- We recommend the Legislature use construction cost guidelines in funding capital outlay projects at UC. This would result in significant reductions in state funds for requested projects in the budget year.
We recommend the Legislature fund capital outlay projects at the three segments on the basis that facilities are used year round. This would reduce the need to construct many new buildings. (Analysis, page G-19.)

Establishment of Pharmacy School at UC San Diego Has Not Been Justified

- The budget proposes $1.4 million for preliminary plans for a Pharmaceutical Sciences Building at UC San Diego having a total cost of $29.8 million. It is the first building for a proposed pharmacy school that would have an ultimate enrollment of 300 full-time-equivalent students.

- The Legislature has received no information to justify the establishment of a new pharmacy school. Lacking this information, we recommend the Legislature delete funding for this project. (Analysis, page G-99.)

Three UC Projects Recommended for Deletion Because of Lack of Information

- We recommend deletion of $148 million for three UC projects because insufficient information has been provided about the nature, scope, and cost of facilities to be constructed. The projects are:
  - Institutes for Science and Innovation, $108 million.
  - The UC San Francisco, Fresno Medical Center, $30 million.
  - The UC Riverside, Heckman International Center for Management, $10 million. (Analysis, page G-100.)

Withhold Recommendation on Four Projects for UC Merced Pending Information About Projects and UC’s Progress in Developing Campus

- The budget proposes $161 million for four projects at the Merced campus. There is, however, little information about the four projects, including where in Merced the campus will be located.

- In addition, UC has provided the Legislature with very little information about its progress in developing the Merced campus and has not explained how it
has spent the $71.2 million that has been appropriated for it since 1997. Pending receipt of information on these issues, we withhold recommendation on the proposed projects (Analysis, page G-104.)

➤ The CSU Channel Islands Science Laboratory Facility Not Needed

- The budget proposes $10 million to construct a new 30,000 gross square feet (gsf) science laboratory building. The Channel Islands campus (the former Camarillo State Hospital), however, contains 1.2 million gsf of largely vacant space, which CSU has advised could be renovated for instructional use at far less cost. Accordingly, we recommend the Legislature delete funding for this building. (Analysis, page G-110.)

➤ Department of Mental Health

- The budget proposes $349.3 million of lease payment bonds for construction of a new 1,500-bed mental health treatment facility for sexually violent predators (SVPs).

- We withhold recommendation on the request because (1) the cost has increased $66 million (23 percent) without explanation and (2) a 1,500-bed facility is too large based on the projected SVP population. Further, if construction funds are provided, we recommend the Legislature appropriate the necessary amount from the General Fund rather than lease payment bonds. (Analysis, page G-68.)

TRANSPORTATION

➤ Projected Big Drop in State Highway Account Balance Unlikely

- The budget projects that the State Highway Account balance will fall from $878 million at the end of 2000-01 to $222 million at the end of 2001-02. This reduction assumes that the department will increase its capital outlay and local assistance expenditures by 30 percent and 18 percent, respectively. Given the department’s history in overestimating expenditures, we find it unlikely that such a dramatic reduction will be realized. (Analysis, page A-13.)
Traffic Congestion Relief Program Will Take Years to Implement

- To date, $340 million out of a total $4.9 billion has been allocated towards 57 projects specified in the Traffic Congestion Relief Program, enacted last year by the Legislature and Governor. Given the complexity of some of the projects, it is likely that much of the project-specific funding will not be expended for many years. (Analysis, page A-33.)

Still Room for Improvement in Caltrans Project Delivery

- In 1999-00, Caltrans delivered 82 percent of projects and 85 percent of funding that were programmed for delivery in the State Transportation Improvement Program. This still leaves room for improvement. We recommend that the department report on actions it is taking to expedite project delivery in general and environmental review in particular. (Analysis, page A-38.)

The Department of Transportation (Caltrans) Should Reorganize Its Information Technology Program

- Significant inefficiencies exist in the way that information technology (IT) is currently organized and funded at Caltrans. We recommend that the department reorganize itself to consolidate IT staff and functions into one program and create a separate IT budget. (Analysis, page A-58.)

Electronic Toll Collection System Plagued With Problems; Further Testing Needed

- Caltrans has not yet fully tested and validated the accuracy of the computer software system used to electronically collect tolls on the state’s toll bridges. In order to ensure the successful deployment of this system, we recommend that the department report at hearings regarding its proposed plan to test and complete installation of the system and the risks of the system not functioning as intended. (Analysis, page A-49.)

Diminishing Role for State Transit Assistance (STA)

- Over the past years, the STA program’s role in funding transit services has diminished when compared to other funding sources. This role will diminish further as transit costs increase in the future. We recommend that the Legislature reexamine the state’s role in providing operating assistance for public
transit and how STA fits into that role. We also provide four options for shaping the future of the STA program. (Analysis, pages A-27 through A-32.)

**Expensive Future Envisioned for Intercity Rail; Benefits May Be Less Than Projected**

- Caltrans’ latest rail plan calls for $2.6 billion in capital projects to improve the state’s intercity rail service on three corridors over ten years. With these significant capital expenditures, Caltrans forecasts that ridership will grow at an average annual rate of 7 percent. Based on past experience, however, we estimate that the increase could be substantially less. (Analysis, page A-74.)

- To begin implementing the ten-year plan, the budget proposes $98 million for capital improvements on the three intercity rail corridors in 2001-02. The budget also proposes $9.5 million to support additional round-trip service on the Capitol and San Joaquin corridors. We recommend that funding for capital projects on two of the rail corridors (Surfliner and San Joaquin) be deleted because new capital improvements made in recent years to expand service have not resulted in a corresponding increase in intercity rail passengers. For the same reason, we recommend that funding for expanded round-trip service on the San Joaquin corridor be denied. (Analysis, pages A-77 through A-81.)

**Substantial Uncommitted Funds Available for Legislature’s Public Transit Priorities**

- The 2000 Transportation Congestion Relief Program (TCRP) provided substantial new revenues to the Public Transportation Account (PTA) in order to eliminate a projected shortfall. Due to higher-than-projected fuel prices, the Department of Finance now projects that PTA will receive significantly more revenues as a result of TCRP than initially projected. We estimate that, as a result, there will be about $264 million in uncommitted PTA funds in 2001-02, and an additional total of $261 million for the subsequent four years. (Analysis, page A-17.)

- The Legislature may choose to use a portion of the uncommitted funds for its own public transit priorities. We provide several options including assistance to transit operators to comply with the Air Resources Board’s bus emissions rule and a new lifeline transit services program. (Analysis, page A-19.)
Fraud Persists in Driver License Program

- In recent years there have been repeated legislative and administrative attempts to curb fraud in the issuance of driver licenses by the Department of Motor Vehicles. However, driver license fraud remains high, with some estimates reaching 100,000 new cases of fraud annually. (Analysis, page A-91.)

- The administration proposes a new, $13.3 million effort to combat fraud. However, we believe the proposal is not adequately developed and premature since several studies examining aspects of driver license fraud and prevention will be completed soon. We recommend that the proposed augmentation be deleted, and the department be directed to develop and present at the May Revision a more comprehensive solution to this problem. (Analysis, page A-94.)

Resources

Several Resources Proposals Raise Issues Best Addressed in Legislation

- The budget proposes to fund a number of new programs and to significantly expand several existing programs. These proposals (1) raise important policy issues for legislative consideration, (2) lack information needed to evaluate the extent of the problems being addressed and the proposed funding level, and (3) lack details on program implementation. We recommend that funding for these proposals be put in legislation that defines the programs and addresses the policy issues.

- Diesel Emission Reduction Grant Program—$100 Million. (Analysis, page B-95.)

- Clean Beaches Initiative—$100 Million. (Analysis, page B-119.)

- River Parkways Program—$70 Million. (Analysis, page B-42.)

- Low-Cost Environmental Insurance—$37.5 Million. (Analysis, page B-122.)

- Environmental Water Account—$30.2 Million. (Analysis, page B-27.)
Natural Community Conservation Planning—$3.3 Million.
(Analysis, page B-80.)

CALFED Bay-Delta Program: Big Dollars and Major Issues Abound

- The budget proposes $414 million in state funds, to be spent by seven departments, for various CALFED programs to address water problems in the Bay-Delta. While the proposal assumes substantial federal funds, the availability of these funds is highly uncertain. No federal funds were appropriated for CALFED in the current year. (Analysis, page B-26.)

- The CALFED’s plan for the Bay-Delta, estimated to cost $8.5 billion over the first seven years, encompasses a number of inherent trade-offs and policy choices. To enhance legislative review of all the CALFED-related proposals, we recommend that the Legislature hold joint policy and budget committee hearings on CALFED. (Analysis, page B-23.)

Coastal Commission Not Performing Statutory Duties

- Because of increasing workload and limited resources, the California Coastal Commission is unable to fulfill its statutory responsibilities. As a result, about 91 percent of local coastal planning documents are up to 15 years overdue for state review. We recommend an augmentation of $1.4 million and the dedication of new staff to permanently eliminate this backlog of local coastal plan reviews. (Analysis, page B-86.)

Many Mines Violating Surface Mining Law

- A potentially significant number of surface mines are operating in violation of state mining law. In some cases, mine operators have failed to develop and submit required environmental documents. In other cases, local governments have failed to conduct required inspections. We make a number of recommendations for improving the state’s ability to oversee and enforce California’s surface mining law. (Analysis, page B-54.)

School Lands Fund Untapped for 15 Years

- The School Land Bank Fund is available to the State Lands Commission (SLC) for purchasing “school lands.” Revenue generated from these lands goes to the State Teachers’ Retirement System (STRS) to benefit retired teachers.
Because the SLC has made virtually no land purchases since the program’s inception in 1984, the balance of the School Land Bank Fund has grown continually and is projected to exceed $42 million in 2001-02. Because SLC has not made use of this fund, we recommend that its balance be transferred to STRS to invest as part of its existing portfolio. (Analysis, page B-68.)

➤ State Lags in Addressing Seriously Polluted Water Bodies

- The State Water Resources Control Board is lagging in developing federally required plans (“TMDLs”) to address pollution in the state’s most polluted water bodies. The slow pace delays water quality improvements, risks federal funding, and could result in loss of state control over aspects of water quality regulation. (Analysis, page B-110.)

- We recommend a number of operational improvements to improve the effectiveness, efficiency, and timeliness of the state’s effort. To enable legislative evaluation of the program’s funding requirements, we recommend that the board develop a ten-year plan for TMDLs. (Analysis, pages B-112 through B-116.)

General Government

➤ Electricity-Related Proposals

- The Governor’s budget proposes a number of augmentations totaling $1.2 billion ($1.1 billion General Fund) related to the state’s electricity crisis. This includes $1 billion set aside for energy projects; $120 million to cut back vehicle emissions to create offsets for new power plants; $50 million for departments’ increased utility costs; and $20 million for electricity market oversight and investigative efforts by the Energy Commission, Department of Justice, Public Utilities Commission, and Electricity Oversight Board.

- We withhold recommendation on most of the funds proposed (including the $1 billion set aside), pending receipt and review of information justifying the proposed expenditures. (Analysis, page F-13.)
Local Government Fiscal Relief

- The Governor proposes providing cities, counties, and special districts with $250 million in one-time fiscal relief. The proposed formula would not address the underlying problems of the local government fiscal system.

- We recommend that the Legislature instead strategically use the funds to achieve a specific reform goal—such as creating a long-term state role in property tax administration or establishing a reserve for realignment funding. (Analysis, page F-192.)

Local Government Housing Incentive Grants

- The Governor proposes augmenting by $200 million a program that provides local governments with grants based on their level of housing production. We conclude that the program will not meet its stated aim because it is unlikely to change most local governments’ behavior in approving housing.

- We recommend redirecting the proposed augmentation to a more effective approach to addressing the lack of housing production, such as funding multifamily housing projects or developing a more focused ongoing program. (Analysis, page F-99.)

Serious Management and Operations Problems at Barstow Veterans’ Home

- Ongoing management and operations problems at the Barstow Veterans’ Home resulted in the loss of the home’s Medi-Cal and Medicare certification along with its federal per-diem payments. In an attempt to regain certification, the Department of Veterans Affairs has contracted with a private firm to run the 180-bed skilled nursing facility at the home and prepare it for recertification by June 30, 2001.

- We recommend the Legislature not approve funding for the home until such time as the department reports to the Legislature on the progress and timetable for obtaining recertification of the facility. (Analysis, page F-182.)
The Pierce’s Disease/Glassy-Winged Sharpshooter Program Lacks Clear Goals and Accountability

- Combating the spread of Pierce’s Disease (PD) by the Glassy-Winged Sharpshooter (GWSS) continues to be a high priority for the Department of Food and Agriculture. The department is currently preparing a comprehensive strategic plan for dealing with all invasive pests. This plan should cover—specific to the PD/GWSS program—the program goals, milestones, and outcome measures for reaching these goals. Additionally, the department should show that it has in place a process that holds counties accountable for funds spent through county PD/GWSS program contracts.

- We have withheld recommendation on the program’s budget until the department reports on its efforts to ensure county accountability and submits its comprehensive strategic plan to address all the pest prevention and eradication programs currently in operation. (Analysis, page F-154.)

Need to Revisit Examination of State Data Centers

- A number of changes have rendered the Department of Information Technology’s (DO IT) 1997 Data Center Consolidation Study out of date. These include changes in technology, difficulties in calculating data center rates for newer technology, problems with state recruitment and retention of IT staff, and performance of identical functions by the state’s primary data centers.

- We recommend that the Legislature direct DO IT to report on the costs and resources needed to conduct a new study to examine data center rates, identify opportunities to specialize data centers, and identify functions that could be performed more efficiently by private industry. (Analysis, page F-23.)

Touch Screen Voting Pilot Program Lacks Justification and Details

- The budget proposes a $40 million pilot program which would test touch screen voting equipment and allocate funds to three counties for that purpose on a dollar-for-dollar matching basis.

- The proposal fails to justify the need for a pilot program, given the fact that the state already has certified these systems for use in California elections and
certain counties already have initiated pilot programs. In addition, the proposal does not provide details on how the program would be administered or evaluated. (Analysis, page F-40.)

**Evaluations of State IT Projects are Deficient**

- The state’s post-implementation evaluation reporting (PIER) process for IT projects has a number of deficiencies. Report results are not being shared with the Legislature, control agencies do not keep track of completed IT projects, and departmental reviews lack independence.

- We recommend the administration report on completed projects and provide timely reports and information on PIER results. (Analysis, page F-34.)
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