

The 2020-21 Budget: Governor's Proposal to Transfer the Seismic Safety Commission

Summary

Departmental Responsibilities for Seismic Safety. Various state departments are involved in seismic safety. In particular, the Alfred E. Alquist Seismic Safety Commission (SSC) is an independent entity under the Business, Consumer Services, and Housing (BCSH) Agency. SSC—which is composed of 20 commissioners—advises the Governor, Legislature, and state and local governments on ways to reduce earthquake risk and conducts other related activities. Additionally, the Office of Emergency Services (OES) is a cabinet-level department that coordinates planning, response, and recovery activities related to disasters such as earthquakes.

Governor's Proposal. The Governor proposes budget trailer legislation that would make various changes related to the SSC, including reorganizing it into a unit within OES and reducing the number of commissioners from 20 to 15. The Governor also proposes to transfer SSC's funding and positions to OES and provide SSC with a net augmentation of \$949,000 from the General Fund in 2020-21 and \$713,000 from the General Fund on an ongoing basis beginning in 2021-22.

LAO Findings and Recommendation. We find that the Governor's proposal presents important trade-offs for the Legislature to consider. For example, while the proposal could achieve some efficiencies, it reduces SSC's independence, which has been a priority for the Legislature in the past. Accordingly, we recommend that the Legislature require the administration to answer some key questions about the reorganization at budget hearings this spring, such as whether and how SSC's independence would be preserved under the new structure and which entity, if any, will be the lead agency accountable for earthquake preparedness under the new structure. With these answers, the Legislature would be better positioned to assess whether the Governor's proposal is consistent with legislative priorities.

BACKGROUND

Key State Departments Involved in Seismic Safety

Alfred E. Alquist Seismic Safety Commission (SSC). In 1975, the Legislature created the 17-member SSC led by an appointed Executive Director to advise the Governor, Legislature, and state and local governments on ways to reduce earthquake risk. In support of its mission, the SSC conducts various activities. In particular, it prepares studies on issues concerning seismic safety. Additionally, SSC sponsors legislation and takes positions on measures before the Legislature related to seismic safety.

In 2006, Chapter 532 (SB 1278, Alquist) made various changes to the SSC. For example, Chapter 532 added three more members to the commission, bringing the total membership to 20. Of these 20 commissioners, 15 are appointed by the Governor and confirmed by the Senate; 1 is appointed by the Senate Rules Committee; 1 is appointed by the Speaker of the Assembly; and 3 are representatives from departments, including OES. Additionally, Chapter 532 moved SSC to the State and Consumer Services Agency (which was replaced by the BCSH Agency in 2013). Along with this move, Chapter 532 emphasized the value the Legislature placed on retaining SSC's independence. Accordingly, the legislation specified that the decisions and actions of SSC are not subject to review by the Agency Secretary.

OES. OES is a cabinet-level department that coordinates planning, response, and recovery activities related to disasters. For example, OES prepares the state's Hazard Mitigation Plan, which identifies the main types of disaster risks facing the state—such as earthquakes—and proposes strategies for mitigating these risks. During a disaster, OES is responsible for coordinating the state's response activities under the California Emergency Services Act. Additionally, OES administers state and federal funds that are provided to help communities respond to and recover from disasters. Furthermore, OES provides oversight over emergency communication systems, including the earthquake early warning system.

Other Departments Involved in Seismic Safety.

There are a number of other entities within state government that have roles and responsibilities related to earthquakes. For example, the California Geological Survey (CGS) provides research, mapping, and data about the state's geology, seismology and mineral resources, including their related hazards. CGS also reports earthquake data to state and local governments, which are later used to recommend changes to seismic provisions in the building code. Additionally, the Earthquake Authority provides earthquake insurance policies to California homeowners and renters. The Earthquake Authority also administers the Brace and Bolt Program, which provides financial assistance to homeowners for earthquake retrofits.

GOVERNOR'S PROPOSAL

The Governor proposes budget trailer legislation and additional funding to reorganize SSC into a unit within OES and to increase the commission's data acquisition and outreach efforts.

Budget Trailer Legislation. The Governor proposes to make various changes related to the SSC, including changes to:

- **Shift SSC Into OES.** SSC would be reorganized into a unit within OES effective

July 1, 2020. Unlike current law, which explicitly states that the decisions and actions of SSC are not subject to review by the BCSH Agency Secretary, there is not statement that SSC decisions and actions are not subject to review by OES.

- **Modify SSC's Responsibilities.** SSC's statutory responsibilities would be modified. For example, its responsibility for

recommending program changes to state agencies, local agencies, and the private sector related to earthquake hazards would be made less explicit.

- **Reduce Number of Commissioners.** The number of commissioners would be reduced from 20 to 15. (The commission would continue to have one commissioner appointed by the Senate Rules Committee and one appointed by the Speaker of the Assembly.)
- **Require Additional Reporting by Other Departments on Seismic Safety-Related Activities.** The language includes more specific requirements that entities (such as

CGS and the Earthquake Authority) provide updates to the commission on earthquake preparedness and seismic safety activities.

Increased Funding. Consistent with the Governor's proposed budget trailer legislation, the Governor proposes to transfer six positions and \$2 million in associated funding currently budgeted for SSC to OES beginning in 2020-21. The proposal also includes a net augmentation of \$949,000 from the General Fund in 2020-21—declining to \$713,000 annually beginning in 2021-22—to support one additional staff member, as well additional data acquisition and outreach efforts.

ASSESSMENT

Concept of Rethinking the SSC Generally Makes Sense. We find that the concept of reviewing the structure and functions of the SSC to ensure that it effectively provides policy guidance and leadership on seismic safety issues makes sense. Specifically, the administration notes that, despite the value of the work conducted by the SSC, its impact has been limited given that its independence means that it is not part of the policymaking process. Furthermore, the administration indicates that SSC's capacity has been limited because, as a small independent entity, it has had to dedicate a large share of its budget and staffing resources to administrative activities. We find that these are legitimate concerns that merit careful consideration.

Proposal Has Several Key Strengths... We find that the Governor's proposal has some key strengths. In particular, we find that the proposal would likely address the administration's concerns identified above. Specifically, moving SSC within OES has the potential to make it a greater part of the policymaking process, since OES drives much of the state's disaster planning and decision making processes, including those related to earthquakes.

Additionally, we find that some efficiencies would be achieved through the reorganization, since SSC would be able to leverage the administrative support of a larger agency. (Although we note that the savings from these efficiencies would be more

than offset by an increase in resources that would support additional SSC activities). We also find that, while the proposal lacks some key details—such as where it will be placed within OES—it generally appears to be fairly well-planned. This is likely because the proposed changes are the result of a detailed program review of SSC conducted by the Department of Finance's Mission Based Review Team.

...But Also Some Notable Trade-Offs. While the Governor's proposal to transfer the SSC has strengths, it also comes with some key trade-offs. In particular, the proposal would decrease SSC's independence by placing it squarely within the administration and not including provisions in the budget trailer legislation explicitly providing for its independence. This is potentially of concern given that, in the past, the Legislature has highly valued SSC's independence. For example, in passing Chapter 532 in 2006, the Legislature declared that it was imperative that SSC remain an independent state agency to provide and maintain effective policy guidance and leadership on seismic safety issues and to fulfil its duties. Accordingly, the Legislature will want to consider whether it still prioritizes maintaining SSC's independence when considering this proposal.

Another trade-off associated with this proposal is that it may reduce accountability. This is because the

relationship between the SSC and OES is not totally clear. For example, it is not clear how much the Director of OES would control the activities and work products produced by SSC in practice. Accordingly,

it is not clear whether the Director of OES or the Executive Director and commissioners of SSC should be held accountable for SSC's activities.

RECOMMENDATION

Direct Administration to Report at Budget Hearings on Approach. Given the important questions raised by the Governor's proposal, we recommend that the Legislature seek additional information from the administration at budget hearings. Specifically, we recommend that the Legislature ask the administration questions about the following issues:

- **Independence.** Does the administration believe there is value to SSC having independence? If not, why not? If so, how will this independence be preserved within the proposed structure, particularly given that the proposed budget trailer legislation does not explicitly provide for its independence.
- **Accountability.** Under the Governor's proposed structure, will OES be given the task of being a lead agency responsible for the success of the state's overall seismic safety preparedness? If not, is such a lead agency important to ensuring accountability for earthquake preparedness?
- **Placement and Structure of SSC.** How will SSC's commissioners and staff fit within the structure of OES? What value will the commissioners add within this structure that would not be provided by an advisory group?
- **Authority of SSC.** What other changes, if any, did the administration consider to improve SSC? For example, did it consider further empowering SSC rather than moving it? If other changes were contemplated, what are the advantages and trade-offs of the administration's approach relative to these alternatives?
- **Process.** Why is the Governor pursuing this reorganization through budget trailer legislation rather than the formal executive reorganization process, which has various features designed to ensure reorganizations are successful, such as an independent review by the Little Hoover Commission? (For more on the executive reorganization process, please see our recent report *The 2020-21 Budget: Assessing The Governor's Reorganization Proposals*.)

With the benefit of the administration's answers to the above questions, we recommend the Legislature consider whether it is comfortable that the administration's proposed approach to SSC is consistent with its priorities or whether it would like to pursue modifications to this approach.

LAO PUBLICATIONS

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