

- c) Making recommendations regarding best practices and ways to improve efficiency;
 - d) Reviewing change orders;
 - e) Reviewing contract and contracting practices to determine if they are consistent with state and federal laws and policies;
 - f) Reviewing proposed agreements to ensure they are in the best interest of the state; and,
 - g) Reviewing or investigating adherence to contract provisions, including, but not limited to, billing and invoicing requirements of any entity that receives project funds.
- 5) Requires OIG to report at least annually to the Legislature and the Governor a summary of its findings, reviews, investigations, or audits. (PUC 187038)

This bill:

- 1) Renames the High-Speed Rail Authority Office of the Inspector General as the Office of the Inspector General, High-Speed Rail and the High-Speed Rail Authority Inspector General as the Inspector General of the High-Speed Rail.
- 2) Authorizes OIG to adopt and make use of the classifications, associated salary ranges, and other forms of compensation established or otherwise used by other state agencies, if certain conditions are met.
- 3) Exempts OIG from all contract requirements that require oversight, review, or approval from the Department of General Services (DGS), or any other state agency, for any contract up to \$1 million in value.
- 4) States that providing confidential information, as specified, to OIG does not constitute a waiver of that confidentiality.
- 5) Prohibits OIG from destroying papers or memoranda used to support a completed audit or review sooner than three years after the corresponding report is published or delivered.
- 6) Declares that all books, papers, records and correspondence of OIG pertaining to its work are public records subject to the California Public Records Act, except as specified.

- 7) Requires OIG, upon completion of an audit or review, to publish a complete report on its internet website, provide notification of the published report to the Governor and the Authority, and submit a copy of the published report to the Legislature.
- 8) Authorizes OIG to hold a report, or portion of a report, confidential if OIG determines it would reveal weaknesses in information security, physical security, fraud detection controls, or pending litigation that would pose a substantial and articulable risk to the project or to state operations if publicly disclosed. After making this determination, OIG must:
 - a) Make publicly available any reasonably segregable portion of the report that does not pose the substantial and articulable risk identified;
 - b) Publicly disclose that a report, or a portion of the report, has been held confidential and provide the rationale for doing so;
 - c) Deliver a copy of the confidential report, or a confidential portion of the report, that describes and makes recommendations to resolve the identified weaknesses to state officials with oversight of the project; and,
 - d) Reassess, within 120 days and at least every 120 days thereafter, whether continued confidentiality is warranted, and if not, publicly release the report.
- 9) Changes the date of the annual reporting requirements to the beginning of each fiscal year.

COMMENTS:

- 1) *Purpose of the bill.* According to the author, “The Office of the Inspector General for High-Speed Rail serves as the public's eyes and ears on one of California's most consequential infrastructure projects. Californians depend on the OIG to surface contracting failures, project delays, and cost overruns. This bill strengthens that oversight by ensuring the office can hire the qualified staff it needs and by requiring its reports to be made public. At the same time, the bill responsibly protects truly sensitive information. Safeguards related to security, fraud detection, and pending litigation are not about secrecy. They prevent bad-faith actors from exploiting the system. Transparency and accountability are strengthened, while the integrity of the project is preserved.”
- 2) *California High-Speed Rail.* Development of high-speed rail in California began nearly 30 years ago. SB 1420 (Kopp, Chapter 796, Statutes of 1996),

created the Authority to direct development and implementation of intercity high-speed rail service that would be fully coordinated with other public transportation services. The Authority is part of CalSTA and is governed by an eleven-member Board of Directors.

Beginning in 2008 with Proposition 1A, billions of dollars have been allocated to the Authority from a variety of sources to construct an operating high speed rail train between San Francisco and Los Angeles. This includes Proposition 1A funds, federal funds, and Greenhouse Gas Reduction Funds (GGRF). In total, the project has received roughly \$20 billion to date, and is anticipated to receive an additional \$20 billion over the next 20 years from GGRF. However, from the start, the project has been plagued by cost overruns and delays. The most recent business plan, released in Spring 2026, places the total cost for the project at an estimated \$128 billion and expects the project to be completed decades behind schedule.

In order to address these shortcomings, the Authority has recently proposed an overhaul of the project. Specifically, the Authority has proposed a number of scope changes, such as moving station locations, reducing the amount of dual track segments, attempting to bring in private funding, and exploring various forms of value-capture and ancillary revenues. However, many of these changes are controversial and would require major statutory changes. Furthermore, the Authority lacks specific details or authority to implement many of these proposed plans.

- 3) *High-Speed Rail Office of the Inspector General*. In part to address ongoing concerns with the project, in 2022, the Legislature created the High-Speed Rail Office of the Inspector General. The purpose of the OIG is to conduct timely, independent oversight of the high-speed rail project and make recommendations to strengthen the planning, delivery, and operation of the project. OIG is an independent office, appointed by the Governor from a list of candidates provided by the Joint Legislative Audit Committee. The OIG is not a subdivision of any other governmental entity, including the Authority.

The first OIG was appointed in September 2023. Since that time, the office has completed four reviews of reports the Authority is statutorily required to produce and four operational reviews of the project, including reviews of the Authority's contracting practices. Consistent with state law, the OIG maintains a list of its findings and the status of the Authority's efforts to address them and publishes the list on the office's website.

4) *OIG Challenges*. Due to the OIG's nature as a new and small office, they have faced a variety of challenges getting up and running. Many of these issues were not anticipated by the Legislature at the time of the office's creation. These issues have meant OIG has been slowed in its ability to identify problems with the high-speed rail project and recommend solutions. Key issues include:

- *Ongoing staff vacancies*. Namely, OIG does not have access to job classifications that match the skill set required of its staff. Thus, despite its recruitment efforts over the last two years, only four of eight staff positions are filled. OIG reviews and investigations have been delayed and will continue to be delayed by a lack of staff.
- *Lack of purchasing authority*. In general, big state agencies gain the authority to execute contracts and procure goods or services over time as their needs grow. In contrast, most small or new agencies, like OIG, use the administrative services of their overseeing agency. However, OIG is an independent office and is therefore not a component part of any other agency. Thus, its procurements are processed instead by DGS or the California Technology Department, which have led to significant delays and increased costs in acquiring the goods and services needed to fulfill its mission, including establishing a secure whistleblower hotline. Specifically, this has resulted in delays in acquiring software and other tools needed to complete time-sensitive evaluations of the high-speed rail project and has created excessive cost and administrative burdens on OIG.
- *Unclear reporting requirements*. State law does not direct OIG to make its reports public, except for an annual summary of its work. The current OIG has been releasing public reports on all of its investigations, however this is not statutorily required. Furthermore, current statute does not clearly delineate when information obtained by OIG can be held confidential for security and privacy reasons, and when information must be publicly disclosed in the interest of transparency.

5) *AB 1608 seeks to address OIG challenges*. AB 1608 addresses these issues by fleshing out OIG's authorizing statutes. Specifically, AB 1608 contains three major provisions. The first provides OIG access to classifications and salary ranges used by other state agencies carrying out similar types of work. This will allow OIG to hire additional staff with the skills required to fill vacancies, and do so with competitive salary and benefits. Second, AB 1608 provides OIG with independent purchasing authority on contracts up to \$1 million in value. This change will allow OIG to acquire the services and software they need to carry out their responsibilities in an efficient and timely manner.

Finally, the third major set of provisions clarifies and adds guidelines to the publishing of reports by OIG. First and foremost, AB 1608 requires OIG to publicly release a report on the results of any investigation that identifies problematic findings. These can include violation of laws, rules, or regulations, mismanagement, gross waste of funds, abuse of authority, or dangers to public safety. Additionally, AB 1608 makes all books, papers, records, and correspondence of OIG public records, except under specific conditions.

Under these conditions, OIG would not be required to publicly release information for audits and investigations currently in progress, information that would endanger whistleblowers or specific individuals, or information that could publicly reveal a specific, substantial risk to the project or state operations. For example, if an audit found a large cybersecurity vulnerability, or a method by which an outside agent could significantly defraud the Authority, OIG would not be compelled to release this information. Instead, in this situation, OIG would be required to publicly release as much of the report as possible, disclose that part of the report is being held confidential and why, and deliver that withheld portion of the report to state officials with the oversight and authority to fix the identified issues. OIG would then further be required to reassess if the relevant section still needed to be confidential and do so at least every 120 days. As soon as the report is no longer needed to be held confidential, OIG would be required to release it publicly.

Beyond these major provisions, AB 1608 also renames OIG's official title and office title to emphasize OIG's independence from the Authority.

- 6) *Transparency and confidentiality.* AB 1608 seeks to find a balance between maintaining government transparency and protecting confidential information. This is done by broadly requiring all reports and documents from OIG to be publicly disclosed or be in some way publicly available. However, specific exceptions are listed where public disclosure could potentially be more harmful than beneficial. According to OIG, these are limited to particular situations where the safety of individuals or the integrity of the project would be placed under extreme risk. This latter category is intended to capture situations where specific weaknesses could be revealed in the project's information security, physical security, fraud detection controls, or ongoing litigation that, if disclosed, could significantly jeopardize the project, the state, or public safety in some way.

Overall, AB 1608 attempts to balance the importance of both transparency and confidentiality. Writing in support, the First Amendment Coalitions states, "AB 1608 clarifies public reporting requirements of the inspector general.

Specifically, the bill addresses an ambiguity in existing law that created the office, making clear the IG’s office has a mandate to produce and publish reports of its reviews and investigations on its website, subject to limited withholding provisions. And with the recent amendments, the withholding provisions are narrowly tailored, require an explanation of the reason for any withholding or redaction, and, notably, are not indefinite.”

7) *Double referral.* This bill has been doubled referred to the Senate Judiciary Committee.

RELATED/PREVIOUS LEGISLATION:

SB 1260 (Niello, 2024) – Would have required OIG to conduct two independent reviews related to the high-speed rail project. *This bill was held in Senate Transportation Committee.*

SB 198 (Committee on Budget and Fiscal Review, Chapter 71, Statutes of 2022) – Appropriated the remaining \$4.2 billion Proposition 1A bonds for the high-speed rail project and created the High-Speed Rail OIG, among other things.

SB 1420 (Kopp, Chapter 796, Statutes of 1996) – Created the Authority to direct development and implementation of intercity high-speed rail service that would be fully coordinated with other public transportation services.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

POSITIONS: (Communicated to the committee before noon on Wednesday, June 17, 2026.)

SUPPORT:

The First Amendment Coalition

OPPOSITION:

None received

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