



While implementation cost exposure is somewhat consistent across departments, it does appear to the committee that a significant portion of the estimated costs assume a more expansive requirement for staff information tracking than the author may intend, i.e. all staff at a facility compared to only healthcare staff.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

#### COMMENTS:

1) **Purpose.** According to the author:

Chronic understaffing and contracting out hurts our workers, our patients, and our state's health outcomes. AB 2367 builds on recommendations by the State Auditor and requires our state run health facilities to track and publicly report staffing levels in order to promote transparency, accountability, and oversight.

2) **Background. *State Civil Service.*** The State Civil Service Act provides a comprehensive personnel system where state employment is based on the merit principle and fitness ascertained through practical and competitive examination. However, existing law also authorizes state agencies to contract for personal services under certain conditions, such as when the services contracted are not available within civil service, cannot be performed satisfactorily by civil service employees, or are of such a highly specialized or technical nature not available through the civil service system.

***State Auditor Report.*** In 2024, the California State Auditor (CSA) conducted an audit of state healthcare staffing contracts at three separate facilities operated by CDCR, DDS, and DSH, each of which with staff vacancy rates over 30%. The CSA found that between fiscal years 2019-20 and 2024-25 the three facilities had collectively saved \$592 million from these staff vacancies. However, in spite of said savings and high vacancy rates, the CSA found that each facility has become increasingly reliant on contract workers, with one facility operated by DDS increasing their use of contract work by 172% across that same five-year period. In the closing of their report, the CSA makes the following recommendation to the Legislature:

The Legislature should require CalHR to assemble and coordinate a cross-agency collaborative campaign to recruit medical and mental health care staff for state facilities statewide. CalHR should continue, modify, and improve such efforts until the State can achieve and maintain appropriate vacancy rates, as the Legislature determines.

Additionally, the CSA recommended that CDCR, DSH, DDS develop procedures requiring each facility to track, tabulate, report, and make publicly available information regarding staffing levels, positions filled by either state employees or contract workers, and instances when they do not meet shift-staff minimums. This bill requires CDCR, DDS, DSH, and CalVet to provide specified facility-level staffing and contract information quarterly to the relevant employee representatives and to make said information available publicly. Notably,

while CalVet was not included in the CSA report, CalVet does operate multiple state-run facilities serving aging and disabled veterans.

- 3) **Related Legislation.** AB 2223 (Lowenthal), of the current legislative session, would require CDCR to disclose specified information regarding new and renewed contracts for services typically performed by civil services employees to the affected bargaining unit and annually report this information to the Legislature.

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