

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: March 31, 2011
POSITION: Oppose

BILL NUMBER: AB 1157
AUTHOR: J. Nielsen

BILL SUMMARY: Public Entity Liability: Payment of Claims

This bill would require the Victims Compensation and Government Claims Board (Board) to provide notification to the Legislature prior to allowing the use of a current year appropriation to cover a prior year cost equal to or exceeding \$500,000 or to pay claims filed by a single vendor for payment from a single department exceeding \$500,000.

FISCAL SUMMARY

The Board indicates that any costs resulting from this bill to obtain data and compile reports would be minor and absorbable within existing resources.

COMMENTS

The Department of Finance (Finance) is opposed to this bill because approval of the payment of claims is appropriately a Board responsibility. Requiring legislative notification prior to the approval of a claim implies that Legislative approval is necessary.

Existing law provides that, upon Board approval of a claim, certification of availability of funds by Finance, and any other required documentation releasing the state of all liability under the claim, a department shall pay the approved claim from the fund designated by the Board. Existing law also requires the Board to report to the legislature if there is no sufficient appropriation for payment of an approved claim.

This bill would require the Board to report to the Legislature 15 days prior to allowing the use of a current year appropriation to cover a prior year cost equal to or exceeding \$500,000 or to pay claims filed by a single vendor for payment from a single department exceeding \$500,000.

The purpose of this bill is to ensure the Legislature is aware of all instances where the Board approves a claim or claims exceeding the specified dollar thresholds and current year funds will pay for a prior year cost. In previous years, payment of past year costs from a current year appropriation has led to current year funding shortfalls.

Chapter 11, Statutes of 2011 (SB 80, Committee on Budget) included language nearly identical to this bill, however, Chapter 31, Statutes of 2011 (AB 119, Committee on Budget) repealed the provision.

Analyst/Principal (0241) J. Sturges	Date	Program Budget Manager Lisa Ann L. Mangat	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
1870/VicCompGovCl	SO	No		-----	No/Minor	Fiscal Impact	-----		0001