

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0020
(916) 319-2020

DISTRICT OFFICE
22320 FOOTHILL BOULEVARD, SUITE 540
HAYWARD, CA 94541
(510) 583-8818

Assembly California Legislature



BILL QUIRK
ASSEMBLYMEMBER, TWENTIETH DISTRICT

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August 6, 2019

Assemblymember Rudy Salas
Chair, Joint Legislative Audit Committee
Legislative Office Building, Room 107
Sacramento, CA 95814

AUG 06 2019

RE: Audit of the Pet Lover's Specialized License Plate Fund

Dear Chairman Salas and Members of the Committee:

I respectfully request that the Joint Legislative Audit Committee approve an audit regarding California's Pet Lover's Specialized License Plate program, its available funds, and the appropriate implementation of this program. This specialized license plate, unlike others, has not been adequately reviewed since its origin and disclosure of available funds has not been made available. In the interest of disclosure and accountability, it is critical for an audit be conducted to ensure the success of this program and to maintain public trust.

Background

Over the past several years, a number of bills have been introduced directing state agencies to sponsor a specialized license plate for various causes. The Pet Lover's License Plate program was originally introduced in 2013 to establish a grant program to eligible veterinary facilities that offer low-cost or no-cost animal sterilization services under the State's Veterinary Medical Board (VMB).

The program has since seen several administrative changes from its original implementation. Most recently, under SB 693 (Newman, Chapter 813, Statutes of 2017), this fund shifted the oversight authority from the VMB to the California Department of Food and Agriculture (CDFA). Specifically, the bill required the department to allocate the grant funds to eligible veterinary facilities that offer low-cost or no-cost animal sterilization services. The bill authorized the department to contract with an eligible nonprofit organization, to perform marketing and promotional activities. The bill also required the department to administer and oversee the grant program and required the department to collaborate with an eligible nonprofit organization to provide advice and consultation for the purposes of developing and implementing the program.

However, requests for a proper accounting of available funds and process for disbursement have fallen short of the disclosure requirements expected of this program.

Need for Audit

As required under SB 673, CDFA is required to collaborate with eligible nonprofit organizations. Attempts by nonprofit stakeholders to be involved in the process for awarding grants authorized by this fund have seen repeated obstacles and, in some cases, a complete lack of responsiveness. Compounding that concern, the simple request for an accurate status of available funds and overall program participation has not been readily available. These actions, and inactions, by the Department of Motor Vehicles (DMV) and CDFA since SB 673 was implemented has raised doubts about the oversight ability of the State and may hinder the success of this otherwise virtuous program aimed at promoting animal sterilization services throughout California.

Scope of Audit

The Bureau of State Audits has conducted audits of Specialized License Plate Funds found in the following:

Special Interest License Plate Funds. The State Has Foregone Certain Revenues Related to Special Interest License Plates and Some Expenditures Were Unallowable or Unsupported. Report 2012-110. <http://auditor.ca.gov/pdfs/reports/2012-110.pdf>

Follow-Up: California Department of Motor Vehicles. It Still Has Not Ensured It Charges and Advertises Fees for Some Special Interest License Plates Consistent With State Law. Report 2015-506. <http://auditor.ca.gov/pdfs/reports/2015-506.pdf>

Department of Motor Vehicles: Collegiate License Plate Revenues Have Over Allocated. November 1995. <http://auditor.ca.gov/pdfs/reports/95020.pdf>

Using that already completed reporting for guidance, a performance and financial based audit could investigate the following questions as it relates to the aforementioned program:

1. What is the current level of funding available under the Pet Lover's License Plate program?
2. What has been the total amount of funds generated by this program from its origin date?
3. Upon receipt of the funds by the California Department of Food and Agriculture, what is the path taken by those funds and how long does it take at each stage before being allocated to the eligible veterinary facilities?
4. In administering the grants, has the California Department of Food and Agriculture prioritized both of the following:
 - a. Eligible veterinary facilities located in or serving underserved communities or those that can demonstrate financial need.
 - b. Eligible veterinary facilities that have previously provided or currently provide low-cost or no-cost animal sterilization services?
5. What has been the annual administrative costs for the program and has that remained under the 25 percent cap including funds for marketing and other promotional activities associated with encouraging application for, or renewal of, Pet Lover's License Plates and collaboration expenses?

6. What percentage of funds has been used for non-administrative non-pet related services? If that amount is dictated by a percentage cap, how is that amount determined without a readily available accounting of total funds?
7. Since the transfer of authority from the Veterinary Medical Board to California Department of Food and Agriculture, what efforts have been made to collaborate with eligible nonprofit organizations as required under SB 673 (Chapter 813, Statutes of 2017)?
8. Which nonprofit organizations have contributed to the advancement of this program by securing 7,500 license plate registrations and what added input are they entitled to by performing this service?
9. Has the California Department of Food and Agriculture contracted with an eligible nonprofit organization to perform the marketing and promotional activities authorized as allowed for under the law?
10. What has been the process for awarding grants under this program and is that consistent with the process as required under the law authorizing this fund?
11. How is the make-up of the board overseeing grant awards determined and is that consistent with the process as required under the law authorizing this fund?
12. Should the results of question 10 and 11 show an inconsistency, what recourses are available to correct the administration of this fund going forward?

I am requesting that JLAC prioritize the completion of this audit. Should the results of the audit recommend the need for subsequent legislation, I would respectfully request that the audit be completed in time for a bill to be reviewed by the appropriate policy committee per legislative deadlines. Thank you for your thoughtful consideration of this request. Should you have any questions or require additional information, please do not hesitate to contact my Chief of Staff, Tomasa Dueñas at tomasa.duenas@asm.ca.gov or 916-319-2020.

Sincerely,



BILL QUIRK
Assemblymember, District 20

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