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Assembly California Legislature



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January 13, 2020

The Honorable Rudy Salas
Chair, Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Dear Chairman Salas:

We are writing to request an audit of the state's response to the homelessness crisis. More than 150,000 Californians are living on the streets or in cars. Despite billions of dollars in new homelessness spending, the problem is getting worse. While homelessness declined in most states over the past year, it surged more than 16% in California.

According to recent polls, Californians view homelessness as the single most important issue facing the state. The Legislature has responded with substantial new spending and multiple policy initiatives to address the crisis. According to the Governor, total new state funding across multiple agencies has exceeded \$2.7 billion in the past two years alone. An additional \$1 billion is proposed in this year's budget, and accompanies several new directives, programs, studies, and task forces.

Prior audits raise serious and ongoing concerns regarding the effectiveness of homelessness spending. For example, an October 2019 report from the Los Angeles City Controller found that more than 1,000 new housing units for individuals and families experiencing homelessness could exceed \$600,000 apiece. An April 2018 report from the State Auditor determined that the state lacked a statewide strategic plan for addressing homelessness, and recommended the development of measurable goals, objectives, and timelines. The Legislature has not enacted this key recommendation for ensuring accountability.

As the Legislature prepares to consider more funding and new actions, it needs reliable information about the effectiveness of the state's significant spending increase since 2018. Californians deserve to know whether the billions of dollars invested to date are actually making a difference. An audit will ensure that spending is tracked and results are measured to help the Legislature prioritize the most cost-effective strategies. As Governor Newsom declared, "More money is not going to solve this alone. We need real accountability and transparency." An independent audit will provide the data and recommendations to guarantee that this critical need is met.

The scope of this audit should address the following objectives and questions:

1. Review the \$2.7 billion in new state homelessness funding over the past two years referenced in Executive Order N-23-20. Identify the lead agency and funding source for each component. What percentage of funding is directly and primarily focused on reducing the homeless population?
2. Is funding that the Legislature characterized as “emergency aid” (\$500 million in 2018 and \$650 million in 2019) appropriately deployed to achieve measurable short-term benefits?
3. Does adequate state-level oversight exist to review each lead agency’s expenditures and to coordinate decision-making? Are local expenditures adequately reviewed and tracked at the state level?
4. Do lead agencies have clearly defined goals and objectives? Do any redundancies hinder a timely and coordinated response?
5. For each funding category, determine what, if any, accountability system is in place to measure success. Is success appropriately defined? Is it tied to tracking actual positive outcomes for homeless and at-risk individuals?
6. Review any accountability metrics developed pursuant to Executive Order N-23-20. Are these metrics adequate to measure success for expenditures moving forward?
7. For each funding category, determine if measures are in place to calculate cost-effectiveness. Do these measures enable the state to track dollars spent per positive outcome achieved?
8. Does funding targeted to specific populations (e.g. CalWORKs families, seniors, youth, foster youth, victims of domestic violence and persons with mental illness) allow the public to track positive outcomes specifically for these populations?
9. Review recent executive and legislative policy changes enacted to address the crisis (including the 13-bill homelessness package signed by the Governor in 2019). Do these changes work cooperatively with new funding to achieve measurable results?

For a selection of expenditures selected by the Auditor from the \$2.7 billion spent over the prior two years:

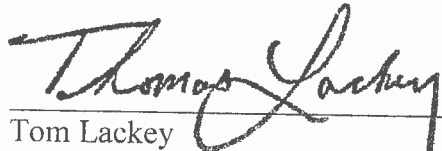
1. Determine if funding was spent for its intended purpose.
2. To the extent possible, determine the expenditure’s effectiveness in transitioning individuals out of homelessness or preventing at-risk individuals from becoming homeless. What is the approximate cost per positive outcome achieved?
3. Can the public track the expenditures and the lead agency’s progress towards meeting measurable goals?

Thank you for your consideration of this request. Should you have any questions or would like additional information, please contact Matthew Easley in my office at (916) 319-2006.

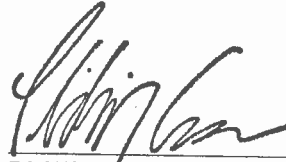
Sincerely,



Kevin Kiley
Assemblyman, 6th District




Tom Lackey
Assemblyman, 36th District



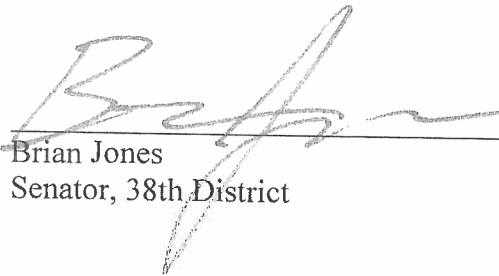
Phillip Chen
Assemblyman, 55th District



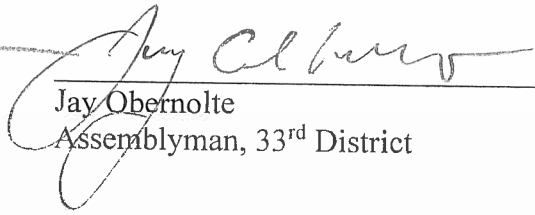
Steven Choi
Assemblyman, 68th District



James Gallagher
Assemblyman, 3rd District



Brian Jones
Senator, 38th District



Jay Obernolte
Assemblyman, 33rd District