

**Franchise Tax Board**

**ANALYSIS OF ORIGINAL BILL**

Author: Arambula/Solorio Analyst: Janet Jennings Bill Number: AB 2008  
 Related Bills: See Legislative History Telephone: 845-3495 Introduced Date: February 17, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** FTB, BOE, EDD & Department Of Corrections & Rehabilitation Exempt From Furloughs

**SUMMARY**

This bill would exempt employees of the Franchise Tax Board (FTB), Department of Corrections and Rehabilitation (DCR), the Employment Development Department (EDD), and the State Board of Equalization (BOE) from furloughs, unless specifically authorized by the Legislature.

**PURPOSE OF THE BILL**

According to the author's office the purpose of this bill is to protect revenue producing agencies and ensure prison safety by exempting employees of those agencies from furloughs.

**EFFECTIVE/OPERATIVE DATE**

This bill would be effective on January 1, 2011, and operative as of that date.

**POSITION**

Pending.

**PROGRAM BACKGROUND**

Executive Order S-16-08 ordered the Department of Personnel Administration (DPA) to do the following: (1) initiate the layoff process for state civil service employees effective January 1, 2009, through June 30, 2010, and (2) adopt a plan to implement a furlough of two days per month effective February 1, 2009, to June 30, 2010.

Executive Order S-13-09 ordered the DPA, effective July 1, 2009, through June 30, 2010, to adopt an amended plan to implement a furlough of represented state employees for three days per month, regardless of funding source.

All state employees covered by the original and amended furlough plans must use their accrued furlough days prior to using vacation, annual leave, personal holiday, holiday credit, personal leave plan credit, and compensatory time off. Unused furlough hours expire on June 30, 2012.

Board Position:	Department Director	Date
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## **ANALYSIS**

### **THIS BILL**

This bill would exempt civil service employees of the FTB, DCR, EDD, and BOE from furloughs sought by executive order or by any other action implemented by a state agency, board, or commission, unless specifically authorized by the Legislature. Further, this bill would prohibit any state agency, board, or commission from directly or indirectly implementing or assisting in implementing a furlough of these exempted employees.

### **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would not significantly impact the department's programs and operations.

## **LEGISLATIVE HISTORY**

AB 181 (Bass, 2009/2010) would eliminate a third furlough day for state employees when specified conditions are met. This bill is scheduled for its third reading.

AB 1215 (De La Torre, 2009/2010) would exempt employees from furlough if 95 percent of their employment funding source is derived from non-General Fund sources. This bill was re-referred to the committee on Public Employees and Retirement.

SBX8 29 (Steinberg 2009/2010) would exempt employees of the FTB, BOE, and employees in positions funded at least 95 percent from sources other than the General Fund from furloughs. This bill is in the Assembly scheduled for its third reading.

## **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

## **ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

## **POLICY CONCERNS**

To effectuate General Fund savings for departments that did not comply with Executive Orders S-16-08, and S-13-09, such as the BOE, the Attorney General, the Treasurer, the Controller, the Superintendent of Public Instruction, the Lieutenant Governor, the Secretary of State, and the Insurance Commissioner, the Department of Finance reduced their operational budget by the amount of employees' compensation costs that would have been achieved if the three-day furlough had been implemented. Should a future furlough be ordered and subsequently the FTB's operational budget reduced, there would be a risk to daily operations, the department's ability to maintain mandated activities, and a significant revenue impact.

## **LEGISLATIVE STAFF CONTACT**

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