

BILL ANALYSIS

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Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Arambula	AB 2008

SUBJECT

FTB & BOE Exempt From Furloughs

SUMMARY

This bill would exempt employees of the Franchise Tax Board (FTB) and the State Board of Equalization (BOE) from furloughs, unless specifically authorized by the Legislature.

PURPOSE OF BILL

According to the author's office, the purpose of this bill is to protect revenue produced by revenue-producing departments by exempting employees of those departments from furloughs.

EFFECTIVE/OPERATIVE DATE

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

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.

Executive Order S-12-10 ordered the DPA, effective August 1, 2010, until a 2010-11 fiscal year budget is in place and the Director of the Department of Finance determines there is sufficient cash, to adopt a plan to implement a furlough of three days a month for represented state employees and supervisors unless exempted. The FTB and the BOE were exempted in this order.

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.

Brian Putler, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 8/24/10
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ANALYSIS

THIS BILL

This bill would exempt civil service employees of the FTB 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.

LEGISLATIVE HISTORY

AB 181 (Bass, 2009/2010) would eliminate a third furlough day for state employees when specified conditions are met. This bill is currently in the Senate 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 have exempted 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 was vetoed by Governor Arnold Schwarzenegger. The full veto message can be found in Appendix A.

FISCAL IMPACT

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

ECONOMIC IMPACT

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

Appointments

None.

Support/Opposition

According to the Senate Committee analysis the following are listed as in support or opposition:

Support: Association of California State Supervisors (ACSS), California State Employees Association (CSEA), CSEA Retirees, Inc., California State University Employees Union (CSUEU)

Opposition: Department of Finance

VOTES

Assembly Floor – Ayes: 55, Noes: 21
Senate Floor – Ayes: 28, Noes: 8

LEGISLATIVE STAFF CONTACT

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Appendix A

BILL NUMBER: SBX8 29
VETOED DATE: 03/24/2010

To the Members of the California State Senate:

I am returning Senate Bill X8 29 without my signature as it would undermine necessary actions taken to achieve budgetary and cash solutions.

This bill would exempt state civil service employees funded at least 95 percent by sources other than the General Fund, and employees of the Franchise Tax Board and the State Board of Equalization from furloughs. This bill also prohibits state agencies, boards, and commissions from implementing, or assisting with the implementation of, furloughs for such employees.

State employees throughout California are hard-working public servants who play a vital role in providing services to millions of Californians. But the depth and breadth of the state's unprecedented fiscal crisis required the state to achieve immediate budgetary savings in all areas of state government, including state payroll. That is why I implemented the furlough program last year as a temporary measure to achieve savings and to also provide the state with an additional cash management tool. It was also intended as a way to achieve savings in employee compensation as an alternative to deeper state employee layoffs. And as I indicated in my budget proposal, the current furlough program will end as scheduled on June 30th. Instead, I have proposed a package of employee compensation savings to be enacted by the Legislature.

It is necessary to apply furloughs across the board, with limited exemptions as needed to protect public health and safety, to effectively manage the workforce, and to avoid inequities and morale problems for state employees. Further, this bill as written would be difficult, if not impossible to implement. Many positions are funded through multiple funding sources and as such it is not always possible to determine if they are funded at least 95 percent by sources other than the General Fund.

Finally, this bill would limit the ability of future Governors to implement furloughs during a fiscal emergency. It is imperative that Governors have maximum flexibility to address such emergencies. As this is a matter presently before the courts, attempts to legislatively limit Governors' furlough authority are premature until a final judgment has been made.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger