

BILL ANALYSIS

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Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Steinberg, et al.	SBX8 29

SUBJECT

FTB, BOE & Employees In Positions Funded 95 Percent By Other Sources Than General Fund Exempt From Furloughs

SUMMARY

This bill would exempt from furloughs employees of the Franchise Tax Board (FTB) and State Board of Equalization (BOE) and employees in positions funded at least 95 percent from sources other than the General Fund.

This analysis will address the exemption from furloughs for employees of the FTB.

PURPOSE OF BILL

According to the legislative intent language, the purpose of this bill is to eliminate furloughs that are exacerbating the General Fund deficit by furloughing employees at the FTB.

EFFECTIVE/OPERATIVE DATE

As a special session bill, this provision would become effective and operative 91 days after the adjournment of the special session.

ANALYSIS

THIS BILL

This bill would exempt employees of the FTB from furloughs. In addition, this bill would prohibit any state agency, board, or commission from directly or indirectly implementing or assisting in implementing a furlough of FTB employees.

LEGISLATIVE HISTORY

AB 2008 (Arambula/Solorio 2009/2010) would exempt from furlough employees of the FTB, Department of Corrections and Rehabilitation, the Employment Development Department, and the State Board of Equalization, unless specifically authorized by the legislature. This bill was introduced on February 17, 2010.

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

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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 Senate committee on Public Employees and Retirement.

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.

Several court cases are pending to determine the legality of the Executive Orders S-16-08 and S-13-09.

FISCAL IMPACT

The costs to implement this bill are estimated to be approximately \$4 million per month. Lack of an appropriation would delay funding to implement this bill until fiscal year beginning July 1, 2010.

ECONOMIC IMPACT

This Revenue Estimate is limited to the impact of this bill as it pertains to the FTB:

This bill would result in the following annual revenue gains beginning in fiscal year 2008-09: Estimated Revenue Impact of SBX8 29 Effective 91 days After Enactment Enactment Assumed After 03/01/10 \$ in Millions		
2008-09	2009-10	2010-11
\$1.4	\$16	\$17

Because the provision would become operative 91 days after the special session is adjourned, this revenue estimate assumes the furloughs of FTB employees would end one month earlier, May 31, 2010, than under current executive orders.

Appointments

None.

Support/Opposition

According to the Public Employees, Retirement & Social Security committee analysis the following support and opposition is noted.

Support: Association of California State Supervisors, California Labor Federation, Service Employees International Union, Local 1000.

Opposition: Administration officials state that this bill is inconsistent with long held principles of California's civil service system, which hold that state employees should be treated equitably in pay, benefits, working conditions, without regard to funding sources. They also assert that inconsistent application of furloughs could trigger staffing problems as furloughed employees seek higher pay in exempt departments, and that elimination of furloughs for special fund employees will aggravate shortfalls the currently exist in many special funds.

VOTES

Assembly Floor –Ayes: 70, Noes: 7

Senate Floor – Ayes: 30, Noes: 6

Concurrence – Ayes: 27, Noes: 7

LEGISLATIVE STAFF CONTACT

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