

SUMMARY ANALYSIS OF AMENDED BILL

Author: Wolk, et al. Analyst: Janet Jennings Bill Number: SB 14
 Related Bills: See Prior Analysis Telephone: 845-3495 Amended Date: August 25, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Budget/Performance-Based Budget

SUMMARY

This bill would require state agency budgets to be developed using performance-based budgeting methods.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

SUMMARY OF AMENDMENTS

The August 25, 2011, amendments changed the date the Governor's Budget is to be first submitted utilizing performance-based budgeting from fiscal year 2014-15 to fiscal year 2013-14, removed legislative requirements, added requirements for the Legislative Analyst's Office, and incorporated the FISCAL project. As a result of the amendments, the "Effective/Operative Date," "This Bill," and "Implementation Considerations" discussions provided in the department's analysis of the bill as amended May 19, 2011, have been revised; the "Fiscal Impact" discussion has been provided for convenience. The remainder of that analysis still applies.

This analysis only addresses the provisions of this bill that impact the department's programs and operations.

EFFECTIVE/OPERATIVE DATE

Contingent on an appropriation, this bill would be effective January 1, 2012. The requirements applicable to a state agency budget and the Governor's budget submission are to be implemented beginning with the development of the fiscal year 2013/2014 budget year and fully implemented for the 2018/2019 budget.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

9/01/11

ANALYSIS

THIS BILL

This bill would require the Franchise Tax Board (FTB) to comply with the plan and timeline developed by the Department of Finance (DOF), due August 1, 2012, to formulate a performance-based budget utilizing the FISCal system, which is currently under development. The DOF will include performance-based budget information in the Governor's budget proposal.

IMPLEMENTATION CONSIDERATION

The department has identified the following implementation concern. Department staff is available to work with the author's office to resolve this concern and other concerns that may be identified.

The implementation of performance-based budgeting by the department would be contingent on the information and timeline that would be supplied to the department by the DOF and the completion of the FISCal project and integration with FTB. A delay in providing the information or in implementing the FISCal project could delay implementation of this bill.

FISCAL IMPACT

Formulating a performance-based budget would require significant changes to the existing internal and external reports. The department would be required to capture additional information and would require a format not currently used by the department. Therefore, the existing systems would need modification, or a new program or all-inclusive system may need to be acquired. In addition, resources would be needed for training staff.

The impact of this bill on the department is unknown at this time, but could be costly for the department to implement due to possible systems and reporting changes. Ultimately, the potential departmental impact for the implementation of performance-based budgeting would depend on the outcome of the proposed guidelines and procedures to be developed by the DOF.

In addition, implementation of this bill could divert resources from core revenue-generating functions.

SUPPORT/OPPOSITION¹

Support: California Forward (co-source), AARP, American Association of University Women, American Council of Engineering Companies of California, American Federation of State, County and Municipal Employees, Bay Area Council, Business Council of San Joaquin County, Brocade Communications Systems, Inc., California Alliance of Child and Family Services,

¹ As reported by the Assembly Committee Analysis dated August 23, 2011, at <http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0001-0050/sb_14_cfa_20110823_104324_asm_comm.html> [as of August 25, 2011].

California Association of Bed & Breakfast Inns, California Chamber of Commerce, California Chapter of the American Fence Association, California Church IMPACT, California Construction and Industrial Materials Association, California Fence Contractors' Association, California Grocers Association, California Hotel & Lodging Association, California Independent Oil Makers Association, California Manufactures & Technology Association, California Partnership for the San Joaquin Valley, California Retailers Association, California Senior Advocates League, California State Student Association, California Taxpayers Association, Consumer Specialty Products Association, Contra Costa Council, Engineering Contractors' Association, Flasher Barricade Association, Fresno Business Council, Greater Fresno Area Chamber of Commerce, Greenlining Institute, Half Moon Bay Coastside Chamber of Commerce, Herbalife International of America, Inc., Huntington Beach Chamber of Commerce, Kern County Taxpayers Association, Los Angeles Area Chamber of Commerce, Marin Builders' Association, MoSys Inc., Proofpoint Systems Inc., San Francisco Chamber of Commerce, San Gabriel Valley Economic Partnership, San Mateo County Economic Development Association, Santa Clara and San Benito Counties Building and Construction, Trades Council, Santa Cruz County Medical Society, Saving California Communities, Service Employees International Union, State Building and Construction Trades Council of California, Silicon Valley Leadership Group, TechAmerica, USANA Health Sciences, Inc., Valley Industry and Commerce Association, WELL Network

Opposition: None on file.

LEGISLATIVE STAFF CONTACT

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