

**STATE OF CALIFORNIA  
FINANCE LETTER - COVER SHEET  
FOR FISCAL YEAR 2010/11  
DF-46 (REV 04/08)**

*Please report dollars in thousands.*

Department of Finance  
915 L Street  
Sacramento, CA 95814  
IMS Mail Code: A-15

FINANCE LETTER # 2	PRIORITY NO	ORG CODE 1730	DEPARTMENT Franchise Tax Board
PROGRAM Various	ELEMENT Various	COMPONENT	

**TITLE OF PROPOSED CHANGE:**

HRA Reduction

**SUMMARY OF PROPOSED CHANGE:**

This proposal requests a reduction of 7 positions (6.5 PYs) and total of \$495,000 in the HRA Program and a realignment of \$1,116,000 to the Tax Program. This reduction will ramp down the HRA program completely due to changes in the 2009/2010 Budget Act.

REQUIRES LEGISLATION <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	CODE SECTION(S) TO BE AMENDED/ADDED	BUDGET IMPACT-PROVIDE LIST AND MARK IF APPLICABLE <input type="checkbox"/> ONE-TIME COST <input type="checkbox"/> FULL-YEAR COSTS <input checked="" type="checkbox"/> FACILITIES/CAPITAL COSTS <input type="checkbox"/> FUTURE SAVINGS <input type="checkbox"/> REVENUE
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PREPARED BY:	DATE	REVIEWED BY:	DATE
<b>Pending Board Approval</b>			
FTB PROGRAM APPROVAL:			
DEPARTMENT DIRECTOR:			

DOES THIS BCP CONTAIN INFORMATION TECHNOLOGY (IT) COMPONENTS? YES  OR NO   
IF YES, DEPARTMENTAL CHIEF INFORMATION SIGNATURE DATE

FOR IT REQUESTS, SPECIFY THE DATE A SPECIAL PROJECT REPORT (SPR) OR FEASIBILITY STUDY REPORT (FSR) WAS APPROVED BY THE OFFICE OF THE CHIEF INFORMATION OFFICER (OCIO), OR PREVIOUSLY BY THE DEPARTMENT OF FINANCE.

DATE PROJECT # FSR  OR SPR

IF PROPOSAL AFFECTS ANOTHER DEPARTMENT, DOES OTHER DEPARTMENT CONCUR WITH PROPOSAL?     N/A    

YES  NO

ATTACH COMMENTS OF AFFECTED DEPARTMENT SIGNED AND DATED BY THE DEPARTMENT DIRECTOR OR DESIGNEE.

**DEPARTMENT OF FINANCE ANALYST USE (ADDITIONAL REVIEW)**

CAPITAL OUTLAY  ITCU  FSCU  OSAE  CALSTARS  OCIO

DATE SUBMITTED TO THE LEGISLATURE:

PPBA:

Finance Letter #2	DATE	Title of Proposed Change:			CY	BY	BY + 1
		HRA Reduction					
PROGRAM	ELEMENT	COMPONENT					
HRA and Tax	All Tax Programs						
		Personnel Years					
		CY	BY	BY + 1	CY	BY	BY + 1
<b>Total Salaries &amp; Wages a/</b>		.0	-7.0	.0	\$ 0	-\$ 310,000	\$ 0
Salary Savings @ 6.77%		.0	.5	.0	\$ 0	\$ 21,000	\$ 0
<b>Net Total Salaries and Wages</b>		.0	-6.5	.0	\$ 0	-\$ 289,000	\$ 0
Staff Benefits b/					\$ 0	-\$ 50,000	\$ 0
<b>Total Personal Services</b>					\$ 0	-\$ 339,000	\$ 0
<b>Operating Expenses and Equipment</b>							
General Expenses /1					\$ 0	-\$ 94,000	\$ 0
Printing					0	0	0
Communications /2					0	-7,000	0
Postage					0	0	0
Travel-In-State					0	0	0
Travel Out-of-State					0	0	0
Training					0	0	0
Facilities Operations /3					0	-165,000	0
Utilities /4					0	-112,000	0
Cons & Prof Svs - Interdept'l /5					0	-28,000	0
Cons & Prof Svs - External					0	0	0
Consolidated Data Center					0	0	0
California Health and Human Services Agency Data Center					( )	( )	( )
Stephen P. Teale Data Center					( )	( )	( )
Data Processing /6					0	250,000	0
Equipment					0	0	0
Other Items of Exp (Specify Below)					0	0	0
<b>Total Operating Expense &amp; Equipment</b>					\$ 0	-\$ 156,000	\$ 0

a/ Itemized detail on Page II-3 by classification as in Salaries and Wages Supplement.

b/ Detail provided on following pages.

/1 General Expense @ -\$94,000.

/2 Communication costs @ -\$7,000.

/3 Facilities Costs -\$165,000.

/4 Utilities @ -\$112,000

/5 Cons & Prof Svs - Interdept'l @ -\$28,000.

/6 Software and Hardware @ \$250,000.

			<u>CY</u>		<u>BY</u>		<u>BY + 1</u>
<b>TOTAL OPERATING EXPENSES AND EQUIPMENT</b>			\$ 0		-\$ 156,000		\$ 0
SPECIAL ITEMS OF EXPENSE d/			\$ 0		\$ 0		\$ 0
<b>PROGRAM ADMINISTRATION</b>			\$ 0		\$ 0		\$ 0
<b>Distributed Admin</b>			\$ 0		\$ 0		\$ 0
<b>TOTAL STATE OPERATIONS EXPENDITURES</b>			\$ 0		-\$ 495,000		\$ 0
<b><u>Source of Funds</u></b>							
		<b><u>Appropriation No.</u></b>					
	Org	-	Ref	-	Fund		
General Fund - TAX	1730		001		0001	\$ 0	\$ 1,116,000
General Fund - HRA	1730		001		0001	0	-1,611,000
						0	0
						0	0
						0	0
						0	0
						0	0
Reimbursements	1730		501		0995	0	0
<b>Totals</b>						<b>\$ 0</b>	<b>-\$ 495,000</b>
						\$ 0	\$ 0
<b>LOCAL ASSISTANCE</b>						\$( 0)	\$( 0)
<b><u>Source of Funds</u></b>							
		<b><u>Appropriation No.</u></b>					
	Org	-	Ref	-	Fund		
General Fund	1730		001		0001	\$ 0	\$ 0
						0	0
						0	0
						0	0
						0	0
						0	0
Reimbursements						0	0
<b>Totals</b>						<b>\$ 0</b>	<b>\$ 0</b>
						\$ 0	\$ 0

d/ Special Items of expense must be titled. Please refer to the Uniform Codes Manual for a list of the standardized Special Items of expense objects which may be used.

**DETAIL OF STAFF BENEFITS  
AND PERSONAL SERVICES**

Positions		Positions			Salary Range	Amount			
		CY 2009/10	BY 2010/11	BY + 1 2011/12		CY	BY	BY + 1	
<b>Administrative Services Division</b>									
Warehouse Worker	PERM	0.0	-1.0	0.0	\$ 2,877	\$ 3,128	\$ 0	-\$ 36,000	\$ 0
Total Administrative Services Division		.0	-1.0	.0			\$ 0	-\$ 36,000	\$ 0
Adjust for Part Year Positions		.0	.0	.0					
Net Positions/ PYs before salary savings		.0	-1.0	.0					
<b>Legal Division</b>									
Tax Counsel III Spec	PERM	0.0	-1.0	0.0	\$ 7,682	\$ 9,478	\$ 0	-\$ 103,000	\$ 0
Total Legal Division		.0	-1.0	.0			\$ 0	-\$ 103,000	\$ 0
Adjust for Part Year Positions		.0	.0	.0					
Net Positions/ PYs before salary savings		.0	-1.0	.0					
<b>Filing Division</b>									
Tax Program Tech I, Ftb	PERM	0.0	-2.0	0.0	\$ 2,638	\$ 3,209	\$ 0	-\$ 70,000	\$ 0
Tax Program Tech II, Ftb	PERM	0.0	-1.0	0.0	\$ 2,951	\$ 3,588	\$ 0	-\$ 39,000	\$ 0
Tax Technician, Ftb - Rg B	PERM	0.0	-1.0	0.0	\$ 2,817	\$ 3,426	\$ 0	-\$ 37,000	\$ 0
Tax Program Assistant - Rg B	PERM	0.0	-1.0	0.0	\$ 2,074	\$ 2,519	\$ 0	-\$ 25,000	\$ 0
Total Filing Division		.0	-5.0	.0			\$ 0	-\$ 171,000	\$ 0
Adjust for Part Year Positions		.0	.0	.0					
Net Positions/ PYs before salary savings		.0	-5.0	.0					
<b>Total Salaries and Wages</b>	Positions	.0	-7.0	.0			\$ 0	-\$ 310,000	\$ 0
	Part Yr Adj	.0	.0	.0					
	P.Y.s	.0	-7.0	.0					

**Schedule of Staff Benefits Costs  
FOR FISCAL YEAR 2010/11**

Staff Benefits	2009/10	2010/11	2011/12
OASDI /1	\$ 0	-\$ 3,000	\$ 0
Dental /2	0	-2,000	0
Health /3	0	-29,000	0
Retirement /4	0	-15,000	0
Vision /5	0	0	0
Medicare /6	0	0	0
Worker's Comp /7	0	-1,000	0
Industrial Disability /8	0	0	0
Non Industrial Disability /9	0	0	0
Unemployment Insurance /10	0	0	0
<b>Total Staff Benefits</b>	<b>\$ 0</b>	<b>-\$ 50,000</b>	<b>\$ 0</b>

- 1/ For permanent and overtime, 6.2% of net salary.
- 2/ For permanent, \$539 per net personnel year.
- 3/ For permanent, \$8,289 per net personnel year.
- 4/ For permanent, 16.574% of net salary.
- 5/ For permanent, \$110 per net personnel year.
- 6/ 1.45% of net salary for permanent.
- 7/ 0.7% of net salary for permanent.
- 8/ 0.03% of net salary for permanent.
- 9/ 0.05% of net salary for permanent.
- 10/ 8.94% of net salary for temporary help.

**FRANCHISE TAX BOARD  
Fiscal Year 2010/11**

**Finance Letter**

**FL No: 2**

**Homeowner and Renter Assistance (HRA)  
Reduction**

**Date: February 3, 2010**

**A. Nature of Request**

This proposal requests a reduction of 7 positions (6.5 PYs) and a reduction of \$495,000 in the HRA Program, and a realignment of \$1,116,000 and the remaining 3 positions to the Tax Program. This reduction will ramp down the HRA program completely due to changes in the 2009/10 Budget Act.

**B. Background/History**

The 2009/10 Budget Act did not provide funding for payment of Homeowner and Renter Assistance (HRA) claims. Beginning in 2010/11 the HRA program will cease operation.

The Homeowner Assistance Program allows a once-a-year payment to qualified individuals based on part of the property taxes assessed and paid on their homes. The Renter Assistance Program allows a once-a-year payment from the State to qualified individuals based on part of the property taxes that they paid indirectly when they paid their rent.

**State Level Considerations**

Not applicable.

**D. Facility/Capital Outlay Considerations**

There is no impact to facilities as a result of this proposal.

**E. Justification**

These positions are being eliminated to reflect the changes implemented by the 09/10 Budget Act. The elimination of the HRA Program requires \$1,116,000 to be moved to the Tax Program, which reflects fixed costs the department will incur despite the discontinuation of administering the HRA Program.

FTB Division	Current Budgeted Positions	2009/10 Positions to Retain	Less Temp Help to Revert 6/1/2009	Positions to be Reverted 6/1/2009	Positions to be Reverted 6/1/2010	2010/11 and Ongoing Positions
Administrative Services	6	1	-	5	1	-
Audit	-	-	-	-	-	-
Legal	2	1	-	1	1	-
Financial and Executive Services	2	-	-	2	-	-
Accounts Receivable Management	2	-	-	2	-	-
Filing	58	5	33	20	5	-
Technology Services	9	3	-	6	-	3
<b>Total</b>	<b>79</b>	<b>10</b>	<b>33</b>	<b>36</b>	<b>7</b>	<b>3</b>

#### **F. Analysis Of All Feasible Alternatives**

**Alternative #1 – Approve a decrease of funding of \$495,000 and 7 positions (6.5 PYs) and the realignment of the 3 remaining positions and \$1,116,000 to the Tax Program in 2010/11.**

This alternative provides the complete ramp down of the HRA Program.

#### **G. Outcomes and Accountability**

The implementation and on-going progress of this proposal will be monitored by the Department's Governance Council (GC). This council is the executive level decision-making body responsible for overseeing the success of the department's programs.

#### **H. Timetable**

Provide for funding on July 1, 2010.

#### **I. Recommendation**

Alternative #1 is recommended.