

FY 2006/07 Budget Highlight Summary

This document summarizes the adjustments to the department's FY 2005/06 budget that build the budget for FY 2006/07. The only pending issue is the Governor's veto items that are not expected to impact the "preliminary" budget act amounts for FY 2006/07.

The only item of interest may be the Finance Letter for Phase III/ Occupancy Costs – Butterfield Complex. This proposal was submitted to Finance "pending board approval", was approved by the legislature, and will ultimately be included in the department's FY 2006/07 budget.

FRANCHISE TAX BOARD
Budget Act Highlights FY 2006/07
July 2006

(Dollars in thousands)

The current total, for the 2006/07 operating budget, for FTB is \$691.2 million and includes authority for 5,153.3 PY (personnel years). This is \$7.7 million less than the approved 2005/06 Budget Act of \$698.9 million and is 2.6 PY less. The net General Fund increase is \$7.1 million

The chart below identifies the major changes outlined above. These changes include the resources associated with approved budget change proposals, policy adjustments, and baseline adjustments.

	DOLLARS	GF Amount	PYS	REVENUE
FY 2005-06 BUDGET AS SIGNED 1/	\$698,906	\$516,049	5,155.9	
2006-2007 BCPs:				
BCP 2- Outside Counsel & Case Expert Contracts	\$694	\$694	1.4	
BCP 3 - Processing Equipment Replacement	420	322		
BCP 5 - Court Ordered Debt Expansion	3,845		29.6	17,600
BCP 6 - CA Child Support Automation System	-33,841	-10,203		
BCP 7 - Voluntary Contributions	18			
Retirement Adjustment per Section 3.60	-\$1,972	-\$1,867		
Employee Compensation	9	9		
Prorata, LT Pos Expiring & Onetime OE&E Costs	-6,834	-6,654	-26.5	
Price Increase	2,762	2,501		
Lease Revenue Bonds	-69	-57		
FY 2006-07 GOVERNOR'S BUDGET 1/	<u>\$663,938</u>	<u>\$500,794</u>	<u>5,160.4</u>	<u>\$17,600</u>
2006-07 FINANCE LETTERS, LEGISLATIVE, AND MAY REVISE ADJUSTMENTS:				
FL 1 - Phase III/Occupancy Costs - Butterfield Complex	\$24,118	\$21,001		
FL 3 - CCSAS - SDU Augmentation (TH) & BBL	256		8.0	
Full Year Annualization - Tax Gap Positions	659	659		
E-File Savings	-338	-338	-15.1	
CCSAS - Fed Funds Adjustment	43			
CCSAS - Business Partner Change	-454			
CCSAS - Transitional Arrears	3,000	1,020		
Subtotal Change Book Adjustments:	\$27,284	\$22,342	-7.1	0
VETO ITEMS - To Be Determined				
TOTAL 2006-07 BUDGET ACT "PRELIMINARY" 1/ 2/	<u>\$691,222</u>	<u>\$523,136</u>	<u>5,153.3</u>	<u>\$17,600</u>

1/ Includes expenditures budgeted in Item 8640-001-0001 (Political Reform Audit Program).

2/ The total is contingent upon Conference Hearings and potential veto action by the Governor.

FRANCHISE TAX BOARD
Budget Act Highlights FY 2006/07
July 2006

(Dollars in thousands)

The current total, for the 2006/07 operating budget, for FTB is \$691.2 million and includes authority for 5,153.3 PY (personnel years). This is \$7.7 million less than the approved 2005/06 Budget Act of \$698.9 million and is 2.6 PY less. The net General Fund increase is \$7.4 million.

The chart below identifies the major changes outlined above. These changes include the resources associated with approved budget change proposals, policy adjustments, and baseline adjustments.

	DOLLARS	GF Amount	PYS	REVENUE
FY 2005-06 BUDGET AS SIGNED 1/	\$698,906	\$516,049	5,155.9	
2006-2007 BCPs:				
BCP 2- Outside Counsel & Case Expert Contracts	\$694	\$694	1.4	
BCP 3 - Processing Equipment Replacement	420	322		
BCP 5 - Court Ordered Debt Expansion	3,845		29.6	17,600
BCP 6 - CA Child Support Automation System	-33,841	-10,203		
BCP 7 - Voluntary Contributions	18			
Subtotal 2006-07 BCPs	-\$28,864	-\$9,187	31.0	\$17,600
Baseline Adjustments:				
Retirement Adjustment per Section 3.60	-\$1,972	-\$1,867		
Employee Compensation	9	9		
Prorata, LT Pos Expiring & Onetime OE&E Costs	-6,834	-6,654	-26.5	
Price Increase	2,762	2,501		
Lease Revenue Bonds	-69	-57		
Subtotal Baseline Adjustments:	-\$6,104	-\$6,068	-26.5	
FY 2006-07 GOVERNOR'S BUDGET 1/	\$663,938	\$500,794	5,160.4	\$17,600
Difference: 2005/06 BUDGET ACT AS SIGNED TO 2006/07 GOVERNOR'S BUDGET	-\$34,968	-\$15,255	4.5	\$17,600
CHANGE BOOK				
2006-07 FINANCE LETTERS, LEGISLATIVE, AND MAY REVISE ADJUSTMENTS:				
FL 1 - Phase III/Occupancy Costs - Butterfield Complex	\$24,118	\$21,001	0.0	
FL 3 - CCSAS - SDU Augmentation (TH) & BBL	256	0	8.0	
Full Year Annualization - Tax Gap Positions	659	659	0.0	
E-File Savings	-338	-338	-15.1	
CCSAS - Fed Funds Adjustment	43	0	0.0	
CCSAS - Business Partner Change	-454	0	0.0	
CCSAS - Transitional Arrears	3,000	1,020	0.0	
Subtotal Change Book Adjustments:	\$27,284	\$22,342	-7.1	0
VETO ITEMS				
TOTAL 2006-07 BUDGET ACT 1/ 2/	\$691,222	\$523,136	5,153.3	\$17,600

1/ Includes expenditures budgeted in Item 8640-001-0001 (Political Reform Audit Program).

2/ The total is contingent upon Conference Hearings and potential veto action by the Governor.

FRANCHISE TAX BOARD
Governor's Budget Highlights FY 2006/07

(Dollars in thousands)

The total proposed 2006/07 Governor's Budget for FTB released January 10, 2006 is \$663.9 million and includes authority for 5,160.4 PY (personnel years). This is \$35.0 million less than the approved 2005/06 Budget Act of \$698.9 million and is 4.5 PY higher than the authorized PY level of 5,155.9. The net General Fund decrease is 15.3 million.

The chart below identifies the major changes outlined above. These changes include the resources associated with approved budget change proposals, policy adjustments, and baseline adjustments:

	<u>DOLLARS</u>	<u>GF Amount</u>	<u>PYS</u>	<u>REVENUE</u>
FY 2005-06 BUDGET AS SIGNED *	<u>\$698,906</u>	<u>\$516,049</u>	<u>5,155.9</u>	
2006-2007 BCPs:				
BCP 2- Outside Counsel & Case Expert Contracts	\$694	\$694	1.4	
BCP 3 - Processing Equipment Replacement	420	322		
BCP 5 - Court Ordered Debt Expansion	3,845		29.6	17,600
BCP 6 - CA Child Support Automation System	-33,841	-10,203		
BCP 7 - Voluntary Contributions	18			
Subtotal 2006-07 BCPs	<u>-\$28,864</u>	<u>-\$9,187</u>	<u>31.0</u>	<u>\$17,600</u>
Baseline Adjustments:				
Retirement Adjustment per Section 3.60	-\$1,972	-\$1,867		
Employee Compensation	9	9		
Prorata, LT Pos Expiring & Onetime OE&E Costs	-6,834	-6,654	-26.5	
Price Increase	2,762	2,501		
Lease Revenue Bonds	-69	-57		
Subtotal Baseline Adjustments:	<u>-\$6,104</u>	<u>-\$6,068</u>	<u>-26.5</u>	
FY 2006-07 GOVERNOR'S BUDGET *	<u><u>\$663,938</u></u>	<u><u>\$500,794</u></u>	<u><u>5,160.4</u></u>	<u><u>\$17,600</u></u>
Difference: 2005/06 BUDGET ACT AS SIGNED TO 2006/07 GOVERNOR'S BUDGET	<u><u>-\$34,968</u></u>	<u><u>-\$15,255</u></u>	<u><u>4.5</u></u>	<u><u>\$17,600</u></u>

* Includes expenditures budgeted in Item 8640-001-0001 (Political Reform Audit Program).