

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 07/14)

Fiscal Year 2016-17	Business Unit 0860	Department State Board of Equalization	Priority No. 1
Budget Request Name 0860-001-BCP-2016-GB		Program 0570475- FIRE PREVENTION FEE PROGRAM	Subprogram

Budget Request Description
 Permanent Establishment of Fire Prevention Fee Limited Term Positions

Budget Request Summary

The Board of Equalization (BOE) requests \$2.4 million (Special Funds) and 19.5 positions (permanent establishment of 19.5 limited term positions set to expire June 30, 2016) and 7.2 in temporary help in Fiscal Year 2016-17 and ongoing for the BOE to continue processing mandated workload associated with Assembly Bill (AB) x1 29 (Chapter 8, Statutes of 2011, effective July 1, 2011).

ABx1 29 imposed an annual fee to be assessed on habitable structures located on property within the State Responsibility Area (SRA) in order to pay for fire prevention activities in the SRA that specifically benefit owners of the structures within the SRA. Among its provisions, the bill required the BOE to assess and collect the SRA Fire Prevention Fee on behalf of the Department of Forestry and Fire Protection (CAL FIRE). ABx1 29 created a substantial workload that could not be absorbed by the BOE. Total Program revenues are anticipated to be approximately \$104 million annually.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Budget Officer	Date	Chief, Financial Management Division	Date
Deputy Director, Administration	Date	Executive Director	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Technology Agency

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
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A. Budget Request Summary

The Board of Equalization (BOE) requests \$2.4 million (Special Funds) and 19.5 positions (permanent establishment of 19.5 limited term positions set to expire June 30, 2016) and 7.2 in temporary help in Fiscal Year 2016-17 and ongoing for the BOE to continue processing mandated workload associated with Assembly Bill (AB) x1 29 (Chapter 8, Statutes of 2011, effective July 1, 2011).

ABx1 29 imposed an annual fee to be assessed on habitable structures located on property within the State Area Responsibility (SRA) in order to pay for fire prevention activities in the SRA that specifically benefit owners of the structures within the SRA. Among its provisions, the bill required the BOE to assess and collect the SRA Fire Prevention Fee on behalf of the Department of Forestry and Fire Protection (CAL FIRE). ABx1 29 created a substantial ongoing workload that cannot be absorbed by the BOE. Total Program revenues are anticipated to be approximately \$104 million annually.

B. Background/History

The presence of habitable structures on property within the SRA can pose an increased risk of fire ignition and an increased potential for fire damage within the state's wildlands and watersheds. These habitable structures located on property within the SRA can also impair wildland firefighting techniques and could result in greater damage to state lands caused by wildfires. The Legislature determined that the cost of fire prevention activities aimed at reducing the effects on habitable structures in the SRA should be borne by the owners of these habitable structures. ABx1 29 was passed by the Legislature and established the fire prevention fee to be assessed on owners of habitable structures located on property within the SRA in order to pay for fire prevention activities in the SRA that specifically benefit owners of habitable structures located on property within the SRA. ABx1 29 mandates the BOE to assess and collect the fire prevention fee from these owners.

The BOE submitted FY 2012-13 BCP No. 6 - "State Responsibility Area Fire Prevention Fee" and received limited term funding and staffing resources that expired on June 30, 2014, to address workload associated with ABx1 29. The estimated workloads in the FY 2012-13 BCP were based on the BOE's experience implementing special tax and fee programs for primarily businesses. However, due to the sheer size and uniqueness (i.e., non-business fee payers) of the SRA Fire Prevention Fee (Fire Prevention Fee) program, the initial workload in the BCP was vastly underestimated. In addition, the workload was impacted due to delayed initial billings; a higher protest rate and collection actions due to negative public sentiment against the fee; errors in the billing data file CAL FIRE used to identify fee payers subject to the fee; and a lower staffing level than originally requested. All these factors contributed to the complexity in administering the program. Funding was provided in FY 2012-13 to cover two billing cycles (FY 2011-12 and FY 2012-13). However, the second billing cycle for FY 2012-13 was delayed until July 2013. Due to the volume of workload and the complexity of administering the program, the BOE overspent its budgeted amount in FY 2012-13 by \$1.7 million to cover one billing cycle alone. The BOE hired temporary help full-time equivalents, contracted with the Franchise Tax Board for 24.0 key data operators, and utilized overtime to assist in processing over 775,000 fire prevention fee billings in a timely manner during the first cycle. Temporary full-time equivalent resources and overtime were used again during FY 2013-14 for the FY 2012-13 billing.

The BOE submitted FY 2014-15 BCP No. 2 – "Fire Prevention Fee Program" which converted 42.0 expiring positions to permanent, continued 12.0 as limited term positions and established 9.7 one-year temporary staff and 9.0 new two-year limited term positions, to address the ongoing workload. The limited term positions are set to expire June 30, 2016. This budget change proposal (BCP) requests permanent establishment of 19.5 of the 21.0 limited term positions that will expire on June 30, 2016 and 7.2 in temporary help.

Prior positions were only approved as limited term to ensure the workload continued. As noted in the workload table below, our account maintenance transactions, billings, phone advisor/fee payer inquiries continue to remain high.

Analysis of Problem

Program Budget (Dollar figures are in thousands)	FY 2012-13	FY 2013-14	FY 2014-15	Est. FY 2015-16
Authorized Expenditures	\$6,524	\$6,437	\$9,227	\$8,697
Actual Expenditures	\$8,048	\$9,829	\$9,370	\$
Revenues	\$143,500	\$104,000	\$104,000	\$104,000
Authorized Positions	60.4	67.0	85.7	68.2
Filled Positions	77.1	85.8	72.3	
Vacancies	-16.7	-18.8	13.4	

Workload Measure	FY 2012-13	*FY 2013-14	FY 2014-15	Est. FY 2015-16
Account Maintenance Transactions	104,025	108,260	88,923	89,000
Revenue Maintenance	668,685	1,024,708	582,906	583,000
Billings Issued	776,808	1,486,665	756,541	757,000
Refunds Issued	26,243	12,881	12,461	12,500
Phone Advisory / Feepayer Inquiries	250,547	220,659	119,696	120,000
Returned Mail	176,883	133,076	65,427	65,000

**Represents two billing cycles during this period. The second billing cycle was delayed until July 2013.*

C. State Level Considerations

The BOE collects taxes, fees, and surcharges that provide over 30 percent of the annual revenue for state government and essential funding for counties, cities, and special taxing districts. In FY 2013-14, the BOE administered taxes and fees that produced \$60.4 billion for education, public safety, transportation, housing, health services, social services, and natural resource management. The BOE administers the state's sales and use, fuel, alcohol, tobacco, and other taxes, and collects fees that fund specific programs. More than one million businesses are registered with the agency.

The BOE is mandated by the provisions of ABx1 29 to administer the assessment and collection of the fire prevention fee from owners of habitable structures located on property within the SRA, on behalf of CAL FIRE. Additionally, the fees are deposited into the State Responsibility Area Fire Prevention Fund which supports fire prevention activities in SRAs.

D. Justification

Approval of this proposal will allow the BOE to continue addressing the ongoing work for the Fire Prevention Fee program, which includes receiving the annual billing list of approximately 760,000 feepayers from CAL FIRE, registering new feepayers, maintaining feepayer accounts, providing program advisory information to feepayers, researching bad mailing addresses, canceling and reissuing billings, researching for purposes of collecting on past due fee billings, processing refunds of overpayments, preparing/setting up installment payment agreements, processing relief from penalties and interest, answering and processing phone calls, cashiering and key data functions.

Generally, the BOE administers tax and fee programs associated with business entities or business operations, not private citizens who may not have the same level of expertise or knowledge of our retailers and other business entity registrants. The estimated average turnover rate of new fire fee registrants per year is 14 percent and is projected to continue. In addition, the Fire Prevention Fee program has created new and numerous ongoing workload requirements throughout the BOE. Specifically within Special Taxes and Fees, these additional ongoing workload requirements consist of, but are not limited to, inconsistencies and errors in the annual data used to identify feepayers resulting in a high volume of returned mail due to bad mailing addresses which in turn results in numerous billings required to be cancelled and reissued, a

Analysis of Problem

larger than expected volume of account and revenue maintenance transactions (i.e., account adjustments, payment verifications, etc.) due to erroneous billing data, and the high volume and lengthy duration of phone calls with feepayers. This ongoing workload related to the Fire Prevention Fee program cannot be absorbed by the BOE.

During the fiscal year 14-15 budget process, the BOE received additional positions to mitigate the backlog of assignments created by the original underestimation of workload required to effectively administer the program. These positions significantly helped the BOE more efficiently manage the Fire Prevention Fee program in areas such as: identifying and applying payments, reviewing and processing requests for relief of penalty forms, researching for correct property ownership and for better addresses on returned mail items and contacting feepayers for payments. However, a backlog continues to remain in these areas. Allowing the limited term positions to expire would result in a significant increase in backlogged assignments.

Unable to address the workload, and to accurately and timely process it with existing resources, the Key Data Entry Unit relied on assistance from both internal and external resources to address the extended workload associated with the collection and processing of the Fire Prevention Fees. Processing delays create a multitude of issues, including the erroneous generation and mailing of delinquency notices to fee payers, adding to the already negative public relations and press associated with this fee; increased fee payer calls and research workload demands for the Taxpayer Call Center and Special Taxes program; and the loss of daily interest revenue due to depositing delays to the centralized treasury agency banks. The internal redirection of resources has created backlogs in the processing of other workloads, including the data entry function of other BOE programs and the Taxpayer Records Imaging Project (TRIP) scanning project. The external redirection of resources has created funding shortages tied to the required hiring and use of permanent intermittent employees, and required overtime. This request for necessary resources would negate the impact to other BOE programs and properly address the costs associated with the collection, handling and processing of the Fire Prevention Fee.

As compared to other tax and fee programs that the BOE administers, advisory services and account maintenance continue to be at an extremely high volume and longer than average duration of phone calls generated by notices and billings. In reference to our high volume, there are approximately 800,000 registrants in the Fire Prevention Fee program. The average duration of phone calls is between ten and twenty minutes per call and the standard in most other tax or fee programs is ten minutes or less per call. Special Taxes and Fees receives phone advisory calls either directly (i.e. automated system allows direct access to Special Taxes and Fees phone lines), or through our 1-800 customer service representatives.

The BOE has implemented changes to processing procedures that have resulted in achieving greater efficiency (i.e., use of color coded payment envelopes, obtaining a separate PO Box for Fire Prevention Fee program payments, providing payment vouchers with account information to accompany payments, etc.); however, even accounting for improved processing efficiencies, permanent resources are necessary to handle the ongoing high volume workload. Finally, the use of limited term positions has contributed to higher than usual staff turnover, requiring higher than normal demand for training and staff guidance. The permanent resources needed to support an ongoing workload for a permanent program is expected to continue.

The Fire Prevention Fee program is projected to generate \$104 million in ongoing annual revenue. Permanent resources allow continued program advisory communications with feepayers to encourage and educate voluntary compliance, collection and research activities, account and revenue maintenance for increased data integrity and accurate application of payments, processing of feepayer inquiries, cashiering and key data entry functions, and backlogged assignments to remain at a manageable level. Converting the 19.5 limited term positions, set to expire June 30, 2016, to permanent basis and 7.2 in temporary help in the Key Data Section is crucial for the sustained administration of the Fire Prevention Fee program and will continue to allow the BOE to timely and appropriately address the ongoing workload.

Analysis of Problem

E. Outcomes and Accountability

This proposal will be implemented July 1, 2016. The outcomes identified in this BCP and associated revenue will be measured by the number of billings issued and net billing revenue. Statistical reports that provide detailed and summarized billing and collection information are currently in place and are reported on a weekly, monthly, and yearly basis to management and other stakeholders. The program's supervisory team will maintain control and provide oversight of the program operations.

Workload Measure	FY 2016-17	FY 2017-18	FY 2018-19
Account Maintenance Transactions	89,000	89,000	89,000
Revenue Maintenance	583,000	583,000	583,000
Billings Issued	757,000	757,000	757,000
Refunds Issued	12,500	12,500	12,500
Phone Advisory/Feepayer Inquiries	120,000	120,000	120,000
Returned Mail	65,000	65,000	65,000
Estimated Revenue	\$104,000,000	\$104,000,000	\$104,000,000

**Estimates based on current year billing and net billings revenue*

F. Analysis of All Feasible Alternatives

Alternative 1 – Provide funding and position authority for the permanent establishment of 19.5 limited term positions and 7.2 in temporary help and ongoing.

Alternative 1 requests \$2.4 million (Special Funds) and 19.5 positions (permanent establishment of 19.5 limited term positions set to expire June 30, 2016 and 7.2 in temporary help) in Fiscal Year 2016-17 and ongoing.

Pros:

- Addresses the continued need for additional resources required to handle ongoing workload associated with Fire Prevention Fee Program.
- Ensures the fair, effective, and efficient administration of the Fire Prevention Fee program by assessing and collecting the fee from all obligated feepayers.
- Provides high quality customer service to feepayers.
- Aligns expenditures with the proper funding source.
- Protects special fund revenue.

Cons:

- Increases expenditures from the SRA Fire Prevention Fund.

Alternative 2 – Provide funding and position authority for 19.5 two-year limited term positions and 7.2 in temporary help.

Alternative 2 requests \$2.4 million (Special Funds) and 19.5 positions and 7.2 in temporary help in Fiscal Year 2016-17 and Fiscal Year 2017-18.

Pros:

- Temporarily addresses the continued need for additional resources to handle workload associated with the Fire Prevention Fee program.

Analysis of Problem

- Temporarily ensures the fair, efficient, and effective administration of the Fire Prevention Fee program by assessing and collecting the fee from all obligated fee payers.
- Temporarily provides high quality customer service to fee payers.

Cons:

- Provides for limited term solution to permanent ongoing workload.
- Recruitment for limited term positions is difficult. Results in frequent turnover, and makes retaining trained and experienced staff a challenge.

Alternative 3 – Do Not Approve This Request.

Alternative 3 requests no new or continued resources.

Pros:

- Reduction in expenditures to the Fire Prevention Fund.

Cons:

- Does not address the need for continued resources to handle the ongoing workload associated with the Fire Prevention Fee program.
- Will result in a backlog of processing returned mail, longer call wait times, etc.
- Account and revenue maintenance and responding to fee payer phone/letter/email inquiries will not be performed timely.
- Checks will not be processed timely causing Notice of Determinations to be sent to fee payers in error.
- Delayed collections and revenue.
- Risk of overspending budget.

G. Implementation Plan

Date (approximate)	Activity
July 2016 and ongoing	Advertise, hire and train new staff (as needed)
	Receive annual billing list from CAL FIRE
	Review/Analyze/Load billing list
	Generate billings
	Update all website and information material
	Continue Compliance workload <ul style="list-style-type: none"> • Registration updates • Account Maintenance/Close-Outs • Advisory Service • Collections
	Continue to process petitions and issue refunds in coordination with CAL FIRE

H. Supplemental Information

None.

I. Recommendation

Alternative 1 is recommended

Alternative 1 is recommended as it addresses the continued need for permanent resources to efficiently administer the Fire Prevention Fee program in the collection of the fee for disbursement into the State Responsibility Area Fire Prevention Fund.

Workload Detail for FY 2016-17 Fire Prevention Fee

Special Taxes and Fees Department

During the first Fire Prevention Fee program billing cycle, the workload for Special Taxes and Fees Department was vastly underestimated. The workload consisted of, but were not limited to, the volume of returned mail due to a bad mailing address, unapplied or duplicate payments, feepayers requesting to make installment payments, and longer than expected phone calls with feepayers. Furthermore, the workload was impacted due to delayed initial billings; a higher protest rate and collection actions; error in billing data file used to identify feepayers subject to the fee; and a reduced staffing level than originally requested in the initial BCP. These factors added complexity in administering the Fire Prevention Fee program. During the FY 2014-15 budget process, Special Taxes and Fees Department received 18.5 two-year limited term positions, set to expire June 30, 2016, to address the underestimated workload. Special Taxes and Fees Department requests the conversion of 18.5 limited term positions to permanent basis to continue to efficiently address the substantial ongoing workload necessary to administer the Fire Prevention Fee program. The following resource requests are based on an estimated 760,000 billings to be issued this fiscal year. Workload estimates are based on actual occurrences.

Collection and Registration Branch

The Collection and Registration Branch of Special Taxes and Fees Department is responsible for researching, updating and maintaining feepayer registration records, providing program advisory services, answering/routing phone calls; handling returned mail items, contacting feepayers for delinquent fees, reviewing and processing requests for installment payment plans and taking collection actions on non-compliant feepayers.

The Collections and Registration Branch requests the conversion of 13.0 limited term positions, which are set to expire June 30, 2016, to permanent to address the substantial ongoing workload of the Fire Prevention Fee program.

Tax Technician II- 2.0 expiring Limited Term Positions to Permanent

The conversion of 2.0 expiring limited term Tax Technician II (TT II) positions to permanent is requested to process ongoing workload. During the 2014-15 budget process, Special Taxes and Fees Department received 4.0 permanent TT II positions and 2.0 limited term TT II positions. The 2.0 limited term positions are set to expire June 30, 2016.

TT II positions are responsible for answering phones, providing program advisory service, and routing phone calls. The TT II positions are also responsible for updating feepayer account information when the property ownership of habitable structures has changed. TT IIs conduct research to verify property ownership or locate better mailing addresses when mail is returned as undeliverable or when property ownership is questionable. The TT IIs also perform account maintenance by updating and correcting addresses, phone numbers and name(s) of owner(s); and by closing accounts.

Workload Detail				
Classification: Tax Technician II (Collections and Registration Branch)	Time Measure		On-going Activities	
	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Program Advisory Service	M	20	10,000	3,333
Research Accounts	M	15	30,000	7,500
Account Maintenance	M	10	20,112	3,352
Total Hours				14,185
Total Positions (1,800 Hours/Position)				7.9
Total Existing Permanent Positions				4.0
Total Positions Requested (Expiring LT to Permanent)				2.0
Total Overtime Hours Requested				500

Tax Technician III – 2.0 expiring Limited Term to Permanent

The conversion of 2.0 expiring limited term Tax Technician III (TT III) positions to permanent is requested to process ongoing workload. During the 2014-15 budget process, Special Taxes and Fees received 2.0 permanent TT III positions and 2.0 limited term TT III positions. The 2.0 limited term TT III positions are set to expire June 30, 2016.

The TT IIIs are responsible for responding to feepayer inquiries on notices of determination and delinquency notices and performing basic research on feepayers that are non-responsive to the delinquency notices. In addition, the TT IIIs also provide assistance to feepayers with installment payment arrangements. The TT IIIs perform account maintenance and review information on the BOE's Integrated Revenue Information System (IRIS) and inputting comments into the BOE's Automated Compliance Management System (ACMS).

Workload Detail				
Classification: Tax Technician III (Collections and Registration Branch)	Time Measure		On-going Activities	
	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Program Advisory Service	M	10	23,783	3,964
Account Maintenance	M	8	70,304	9,374
Total Hours				13,338
Total Positions (1,800 Hours/Position)				7.4
Total Existing Permanent Positions				4.0
Total Positions Requested (Expiring LT to Permanent)				2.0
Total Overtime Hours Requested				500

Business Taxes Representative- 9.0 expiring Limited Term to Permanent

The conversion of 9.0 expiring limited term Business Taxes Representative (BTR) positions to permanent is requested to continue to provide advisory services involving telephone contact, correspondence, and/or billings. BTRs perform the majority of the collection activities and investigate the more complex registration and billing issues. During the FY 2014-15 budget process, Special Taxes and Fees received 3.0 permanent BTR positions and 9.0 two-year limited term BTR positions. The 9.0 limited term BTR positions are set to expire June 30, 2016.

BTR staff continue to experience an extremely high volume of phone calls generated by the various notices and billings. The duration of the phone calls continue to be longer than typical program advisory calls. BTRs are also required to review the feepayers' account information, answer questions, and disseminate information about the new fee and its requirements. The lengthy phone call times and workload are expected to continue.

BTRs are responsible for contacting feepayers for payment, performing basic research on those feepayers who are non-responsive, and placing those who are unable to pay in full on installment payment plans. BTRs are also responsible for following up with feepayers who fail to make payments and for taking appropriate collection action on non-compliant feepayers.

Workload Detail				
Classification: Business Taxes Representative (Collections and Registration Branch)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Account Maintenance	M	15	23,544	5,886
Program Advisory Service	M	15	40,675	10,167
Researching Complex Inquiries	M	45	2,208	1,656
Skip Tracing	M	20	42,604	14,201
Taking Collection Action (FTB offset & Filing)	M	10	6,538	1,090
Reviewing documents for Installment Payments (IPA) & follow-up on payments	M	30	2,016	1,008
Payment Research	M	30	360	180
Provide Assistance to TT IIIs	M	7	2,615	305
Total Hours				34,495
Total Positions (1,800 Hours/Position)				19.2
Total Existing Permanent Positions				3.0
Total Positions Requested (Expiring LT to Permanent)				9.0
Total Overtime Hours Requested				4,000

Return Processing Branch

The Return Processing Branch of Special Taxes and Fees is responsible for maintaining files, providing clerical support, processing payments, billings, reports, refunds, and relief requests and providing program advisory services.

The Return Processing Branch requests the conversion of 5.5 two-year limited term positions to permanent to address the substantial ongoing workload associated with the Fire Prevention Fee program.

Tax Technician III – 2.0 expiring Limited Term to Permanent

The conversion of 2.0 expiring limited term Tax Technician III (TT III) positions to permanent is requested to process ongoing workload. During the 2014-15 budget process, Special Taxes and Fees received 2.0 permanent TT III positions and 2.0 limited term TT III positions. The 2.0 limited term positions are set to expire June 30, 2016.

The TT III positions are responsible for maintaining unapplied payments; reviewing, approving and processing requests for relief of penalty and/or interest; and refunding duplicate payments and overpayments of penalty and interest. TT IIIs also maintain the billing file received from CAL FIRE and the resulting differences in IRIS. Cancel and re-issuance of new billings based on research for more accurate information continue to remain high for TT IIIs due to erroneous information and timing of data

received by CAL FIRE. The TT IIIs are also responsible for answering phones and providing program advisory services regarding the Fire Prevention Fee program.

Workload Detail				
Classification: Tax Technician III (Return Processing)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Revenue Maintenance (payment review & research)	M	2	619,113	20,637
Cancel and Rebills, Manual Billings, Dishonored Payments	M	2	23,336	778
Payment Verification	M	5	17,209	1,434
Total Hours				22,849
Total Positions (1,800 Hours/Position)				12.7
Total Existing Permanent Positions				2.0
Total Positions Requested (Expiring LT to Permanent)				2.0
Total Overtime Hours Requested				4,000

Business Taxes Representative- 2.5 expiring Limited Term to Permanent

The conversion of 2.5 expiring limited term Business Taxes Representative (BTR) positions to permanent is requested to provide advisory services involving telephone contact, correspondence, and/or billings. BTRs investigate the more complex billing issues and respond to feepayer inquiries on notices and billings. During the FY 2014-15 budget process, Special Taxes and Fees received 2.0 permanent BTR positions and 2.5 two-year limited term BTR positions.

As with BTRs in the Collections and Registration Branch, BTRs in the Return Processing Branch continue to experience an extremely high volume and lengthy duration of phone calls generated by the various notices and billings. BTRs are also required to provide advisory services to feepayers via telephone calls and email inquiries, research and reconcile payments and process requests for relief from penalties and interest.

Workload Detail				
Classification: Business Taxes Representative (Return Processing Branch)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
AR Adjustments (research, verify, adjust request for relief of interest, request for relief of penalty and declaration of timely manner)	M	10	15,319	2,553
Program Advisory Service	M	10	41,203	6,867
Total Hours				9,420
Total Positions (1,800 Hours/Position)				5.0
Total Existing Permanent Positions				2.0
Total Positions Requested (Expiring LT to Permanent)				2.5
Total Overtime Hours Requested				500

Business Taxes Compliance Specialist- 1.0 expiring Limited Term position to Permanent

The conversion of 1.0 expiring limited term Business Taxes Compliance Specialist (BTCS) position to permanent is requested to process ongoing workload. During the FY 2014-15 budget process, Special Taxes and Fees received 1.0 permanent BTCS position and 1.0 limited term BTCS position.

BTCSs act as leads to the BTRs and Tax Technicians in the Return Processing Branch. BTCS duties include training; assigning and monitoring work; monitoring reports and advising staff of action to be taken; reviewing and approving work assignments; daily guidance of BTRs and Tax Technicians; and handling the most difficult and sensitive accounts.

Workload Detail				
Classification: Business Taxes Compliance Specialist (Return Processing Branch)	Time Measure		On-going Activities	
	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Review and approve work assignments- sort mail and assign account maintenance requests	M	3	28,860	1,443
Act as Team Lead- program guidance	M	15	2,615	654
Research Returned Warrants	M	30	1,920	960
Training Staff	M	120	52	104
Program Support- creating reports, attending meetings	M	60	156	156
Program Advisory Service- working complex cases	M	20	4,035	1,345
Total Hours				4,662
Total Positions (1,800 Hours/Position)				2.6
Total Existing Permanent Positions				1.0
Total Positions Requested				1.0
Total Overtime Hours Requested				500

External Affairs Department - Customer Service Center

As a result of this legislation, the BOE Customer Service Center (CSC) had estimated an additional 26,112 calls annually. Since then, online system improvements, changes to Fire Fee notices, and education and outreach efforts have reduced the number of contacts by an estimated 60%. However, even with the reduction in contacts, CSC continues to receive calls from fee payers needing assistance or have questions concerning the Fire Prevention Fee. It is estimated that CSC will receive approximately 10,400 calls per year. The calls will range from assistance for new property ownership, changes in fee rates, and assistance with payments.

Tax Technician II – 1.0 expiring Limited Term position to Permanent

The CSC is requesting permanent establishment of a Tax Technician II to answer approximately 9,800 calls a year in which they provide: answers to general questions; guidance to the BOE resources, assistance with online payments/filings, and refers callers that cannot be assisted to the appropriate sections and/or department.

Workload Detail				
Classification: Tax Technician II		Time Measure		Ongoing Activities
Activity	M = Minutes H = Hours	Time per Occurrence	Occurrences Per Year	Total Hours
Answering questions from customers who received notices with the Department's 800 number	M	10	4840	807
Answering calls from customers who received information on Collections, Refunds and Denials with the BOE 800 number	M	10	2420	403
Assisting calls from customers receiving a demand letter or amount due with the BOE 800 number	M	10	3130	522
Non call work associated with Fire Fee Calls (e.g. typing up referrals)	M	5	3460	288
Total Tax Technician II Hours				2020
Total TT II Positions Needed (1,800 Hours/Position)				1.0

Tax Revenue Branch

The Tax Revenue Branch (TRB) is responsible for the timely mailing, collection and processing of the Fire Prevention Fees from the approximately three quarters of a million fee payers on an annual basis. This request is predicated upon the increase in workload generated by the implementation of Fire Prevention Fee program without a commensurate increase in the number of processing staff.

Specifically, the BOE was mandated to collect fire prevention fees on an annual basis beginning in calendar year 2012. As a result, over the past three years, the collection and processing of Fire Prevention Fees is 40% of the total workload being performed by Cashier's and Key Data Entry. The unexpected impact to the Tax Revenue Branch was predicated on an assumption that the greater majority of the payments would be received and processed electronically. An analysis of the last four fiscal year collections of the fee reveals that 80% of the fee payments are physically mailed to BOE and paid for by paper check.

In FY 2014-15, TRB was responsible for the work behind the collection and processing of 582,906 of the total 726,338 Fire Prevention Fee that were mailed; and depositing \$67,969,213 of the total \$82,834,000 annual revenue. This equates to 80.2% of the total processing and 82% of the annual total revenue being physically collected by the Tax Revenue Branch. Unfortunately, TRB workload for the collection of the FPF was seriously underestimated and forecasted in the original BCP. The unrealized impact of the manual processes behind the processing and collection of this fee has seriously impacted the operations of this unit, specifically the Key Data Entry Unit.

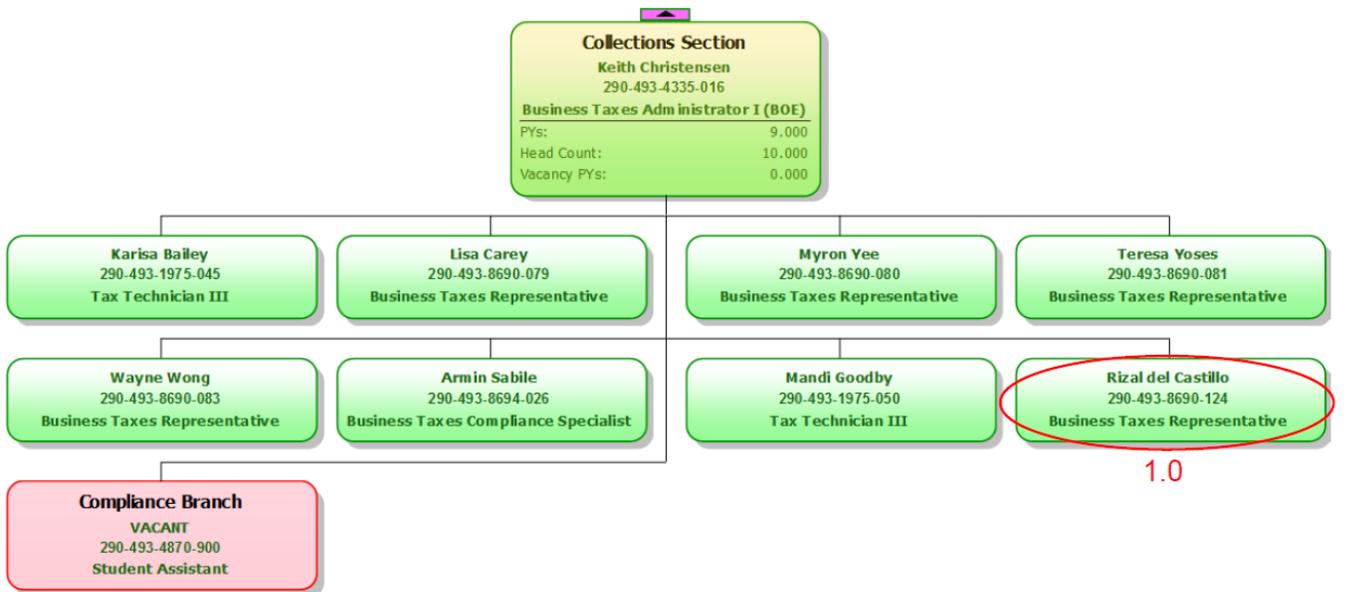
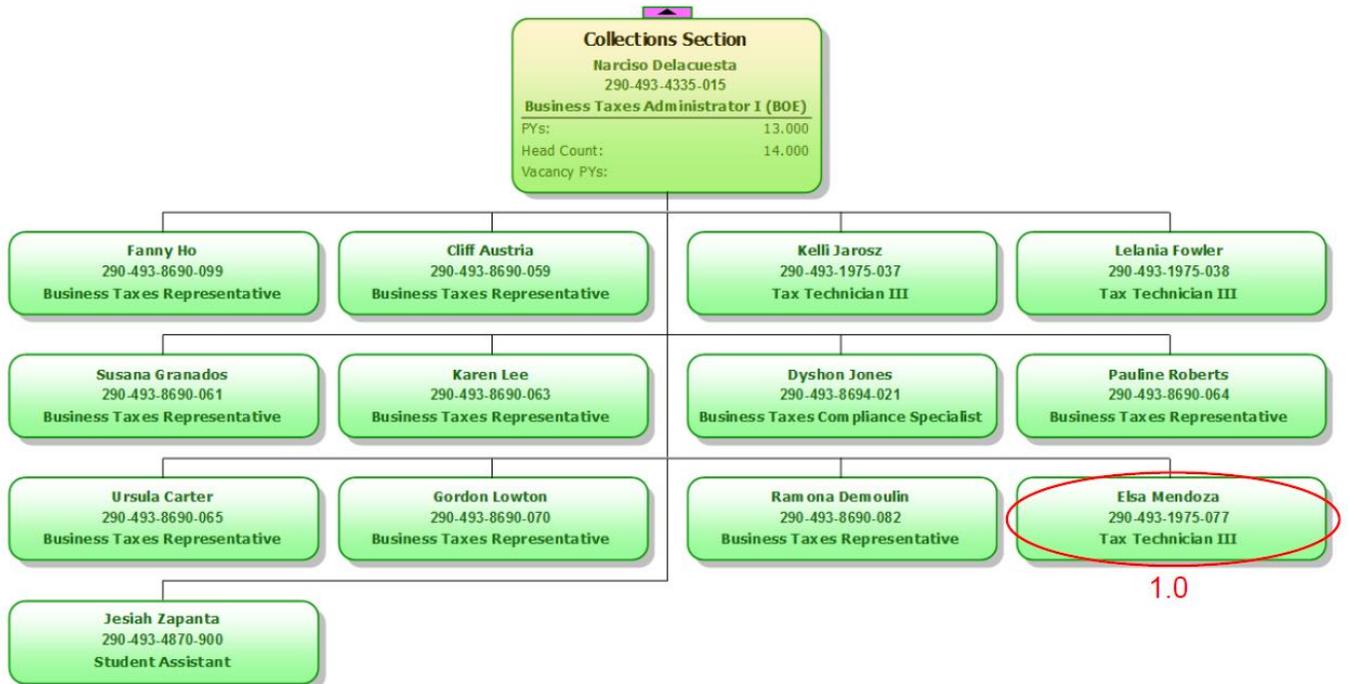
Key Data Section – 10,000 temporary help hours and 1,200 overtime hours

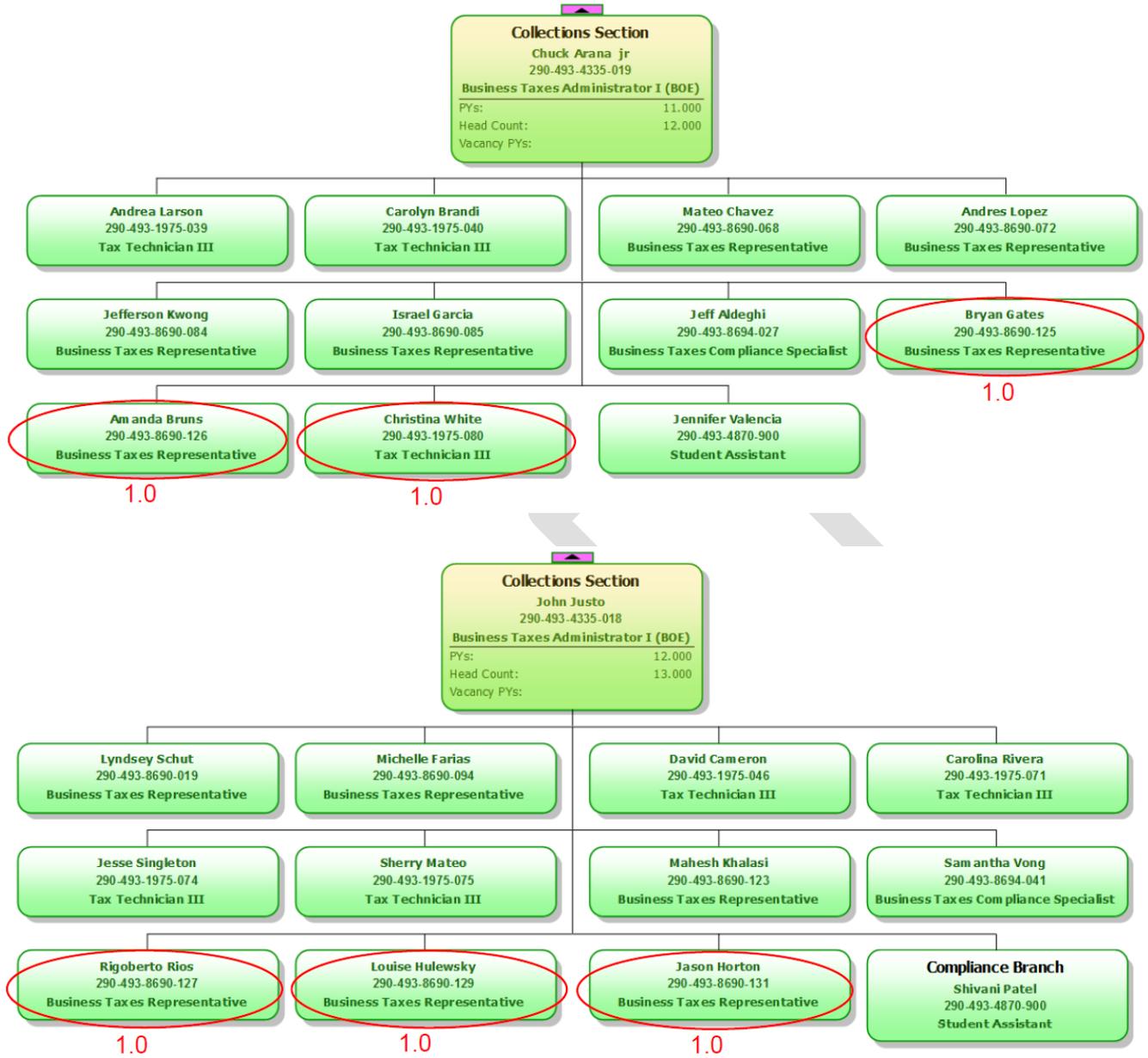
The Imaging and Mail Processing Center and Cashier Unit within the Tax Revenue Branch have been successful in addressing the Fire Prevention Fee workload with existing and allocated resources. The exception has been with the Key Data Entry Unit.

The Tax Revenue Branch is requesting 10,000 temporary help hours and 1,200 overtime hours for Key Data Operator (KDO) positions in the Data Entry Unit of TRB. KDOs are responsible for accurately preparing vouchers and verifying check data, and data entry of key information into the Integrated Revenue Information System (IRIS) database. To ensure accuracy, KDOs manually balance checks by creating adding machine tapes and comparing totals in the IRIS database as well as, the electronic totals in Check21's check services modules. Any check data, such as MICR, Courtesy Amount Recognized (CAR) and Legal Amount Recognized (LAR) that the Check21 system lacks adequate confidence in determining without human intervention are corrected and/or verified in work queues by Key Data Operators. KDO time tracking data reveals an average processing time of 2.5 minutes per each Fire Prevention Fee.

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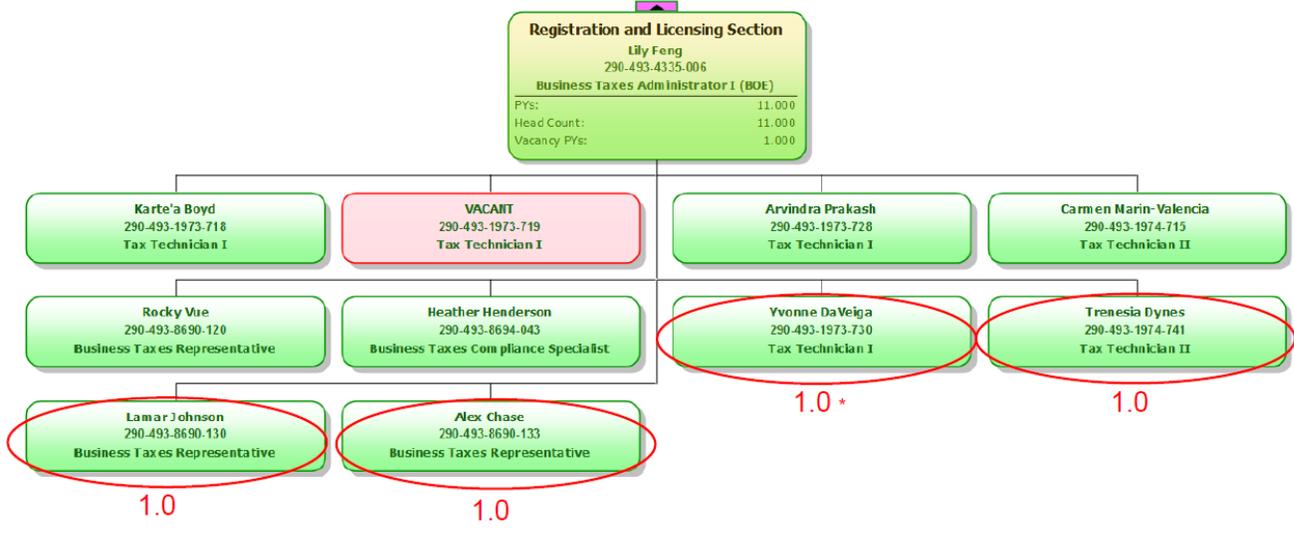
Special Taxes and Fees Department
Collections Section





2.0 Tax Technician III
 6.0 Business Taxes Representative
 8.0 Total PY

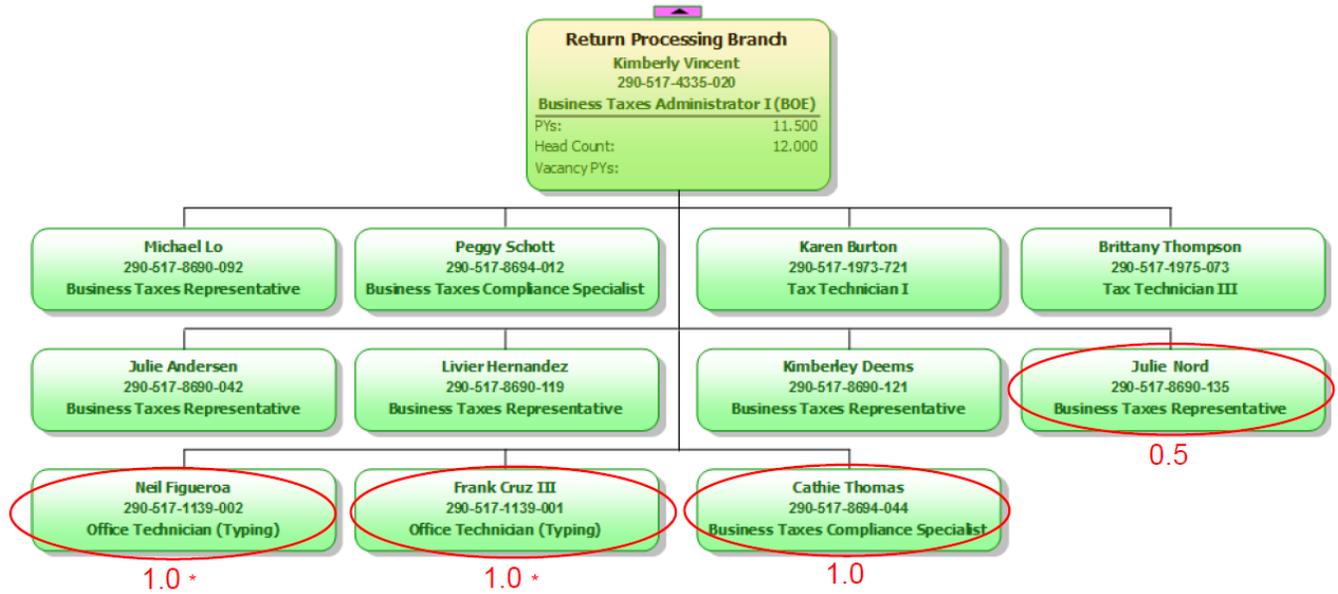
Special Taxes and Fees Department
Registration and Licensing Section



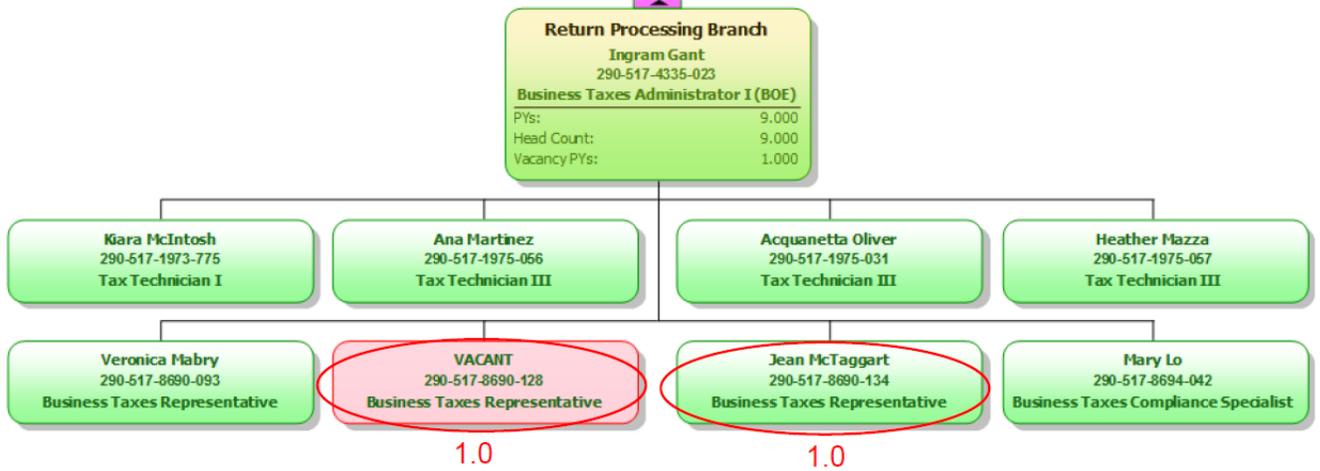
2.0 Tax Technician II
3.0 Business Taxes Representative.
5.0 Total PY

* Position downgraded to Tax Technician I.

Special Taxes and Fees Department
Return Processing Branch



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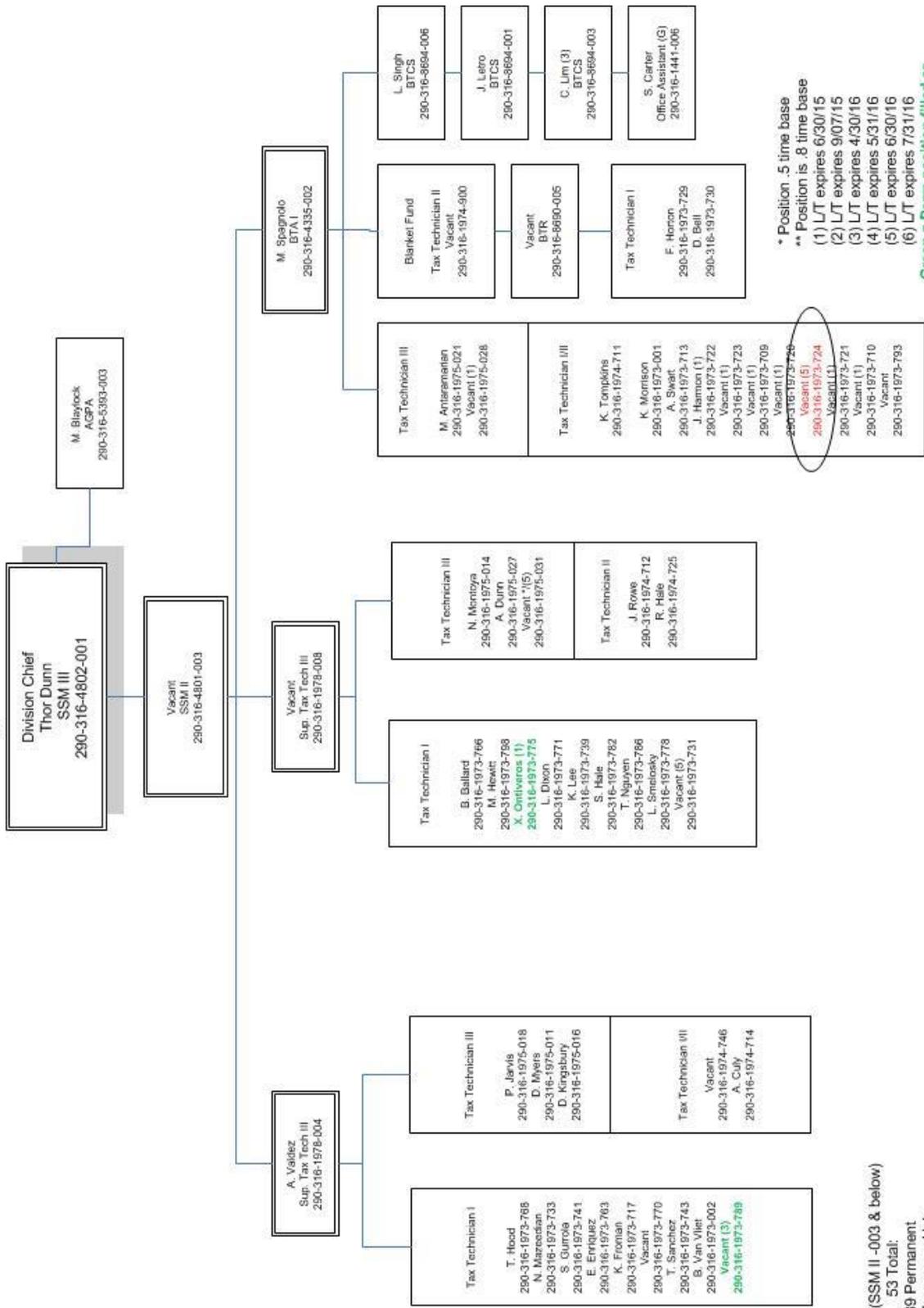
- 2.0 Office Technician (Typing)
- 2.5 Business Taxes Representative
- 1.0 Business Taxes Compliance Specialist
- 5.5 Total PY

* Position reclassified from Tax Technician III to Office Technician (Typing) for a temporary T&D assignment.

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Customer Service and Publishing Division Customer Service Center Current Organizational Chart

June 1, 2015



** Position .5 time base
 ** Position is .8 time base
 (1) LT expires 6/30/15
 (2) LT expires 9/07/15
 (3) LT expires 4/30/16
 (4) LT expires 5/31/16
 (5) LT expires 6/30/16
 (6) LT expires 7/31/16
 LT
 Green = Perm position filled as

Positions (SSM II -003 & below)
 53 Total:
 39 Permanent
 1 Temporary Help
 0 Temp Help / LT
 13 Limited Term (1 = 5)

Fiscal Summary
(Dollars in thousands)

BCP No. 1	Proposal Title Fire Prevention Fee			Program		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages ¹	0.0	26.7	26.7		\$1,256	\$1,256
Total Staff Benefits ²					\$557	\$557
Distributed Administration					\$175	\$175
Total Personal Services	0.0	26.7	26.7		\$1,988	\$1,988
Operating Expenses and Equipment						
General Expense					\$53	\$53
Distributed Administration					\$44	\$44
Printing					\$1	\$1
Communications					\$16	\$16
Postage						
Travel-In State						
Travel-Out of State						
Training					\$16	\$16
Facilities Operations					\$227	\$227
Utilities					\$4	\$4
Consulting & Professional Services: Interdepartmental ³						
Consulting & Professional Services: External ³						
Data Center Services					\$50	\$50
Information Technology					\$3	\$3
Equipment ³						
Other/Special Items of Expense: ⁴						
Total Operating Expenses and Equipment					\$414	\$414
Total State Operations Expenditures					\$2,402	\$2,402
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund	0860	001	0001			
Special Funds ⁵					\$2,402	\$2,402
Federal Funds						
Other Funds (Specify)						
Reimbursements	0860	501	0995			
Total Local Assistance Expenditures						
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds ⁵						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Grand Total, State Operations and Local Assistance					\$2,402	\$2,402

¹ Itemize positions by classification on the Personal Services Detail worksheet.

² Provide benefit detail on the Personal Services Detail worksheet.

³ Provide list on the Supplemental Information worksheet.

⁴ Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

⁵ Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.

Special Fund Detail

(Dollars in thousands)

BCP No.	Proposal Title					
1	Fire Prevention Fee					
Special Fund Title	Item Number			Dollars		
	Org	Ref	Fund	CY	BY	BY + 1
Breast Cancer Fund	0860	001	0004			
State Emergency Telephone	0860	001	0022			
Motor Vehicle Fuel Account	0860	001	0061			
Occupational Lead Prevention Fund	0860	001	0070			
Childhood Lead Poisoning Prev. Fund	0860	001	0080			
Cig. and Tobacco Prod. Surtax Fund	0860	001	0230			
Oil Spill Prevention and Admin. Fund	0860	001	0320			
Integrated Waste Management	0860	001	0387			
Underground Storage Tank Fund	0860	001	0439			
Energy Resources Programs Account	0860	001	0465			
CA. Children and Families First Trust Fund	0860	001	0623			
Federal Trust Fund	0860	001	0890			
Timber Tax Fund	0860	001	0965			
Gas Consumption Surcharge Fund	0860	001	3015			
Water Rights Fund	0860	001	3058			
SRA Fire Prevention Fund	0860	001	3063		\$2,402	\$2,402
Elec. Waste Recovery and Recycling Acct.	0860	001	3065			
Cig. and Tobacco Prod. Compliance Fund	0860	001	3067			
Timber Regulation and Forest Regulation Fee	0860	001	3212			
MTS Surcharge Fund	0860	001	3251			
Local MTS Surcharge Fund	0860	001	3270			
Total Special Funds - State Operations ¹					\$2,402	\$2,402
Special Fund Title	Item Number			Dollars		
	Org	Ref	Fund	CY	BY	BY + 1
Total Special Funds - Local Assistance ²						

¹ Total must tie to "various" funds identified for State Operations, Special Funds in the Fiscal Summary. Add rows if necessary.

² Total must tie to "various" funds identified for Local Assistance, Special Funds in the Fiscal Summary.