

STATE BOARD OF EQUALIZATION

BOE-870 (6-06)
REQUEST FOR CONCEPTUAL APPROVAL

BOARD APPROVED

Fiscal Year 2017-18

At the August 30, 2016 Board Meeting
Joann Richmond
 Joann Richmond, Chief
 Board Proceedings Division

TITLE OF PROPOSAL
 2017-18 Budget and Vacancy Master Plan

DIVISION PRIORITY NUMBER
 TBD

PROGRAM IMPACTED
 TBD

SUMMARY OF REQUEST (including impact if request denied)

The BOE requests resources to correct cumulative budgeting oversights from prior years. This baseline fiscal reorganization will provide for full funding for BOE's core business positions. Historically vacant positions will be prioritized with respect to the strategic goals of the BOE and future programmatic needs through the Fall budget process to finalize the overall staffing plan to be included in the 2017-18 Budget Act. When completed, the BOE will include within the Governor's 2017-18 Budget Proposal a plan to fully operate core services and manage vacancies at a prudent level. Without this proposal, the BOE will not be able to achieve mandated budget transparency goals expected of them by the Administration and Legislature. This workload cannot be absorbed by the BOE.

BACKGROUND/HISTORY

During the 2016-17 Budget hearing process, Legislative members discussed a number of issues that put into question the decisions being made regarding the budgeting, prioritization, and use of funds at the BOE. At the core of this questioning was the chronic level of growing, excessive vacancies at the Agency. As of July, 2016, the BOE had 619 vacant positions, of which 293 positions are currently under active recruitment and 75 are vacant due to leave of absences. The remaining vacancies fluctuate monthly, yet a large percentage of them (nearly 33%) have been vacant for more than 6 months. Various hiring delays and budgeting issues have driven annual vacancy rates higher than should be acceptable to the Agency. Contributing to the issue, 71% of BOE personnel, or approximately 3,300 positions, receive salaries that are above the mid-step for their respective classifications. Of this amount, two-thirds are at their maximum salary level, rendering the current mid-step budgeting techniques ineffective. Thus, the BOE must maintain a higher than usual vacancy rate to ensure it operates within its budget.

STATE LEVEL CONSIDERATIONS (including impact to other departments)

The BOE collects taxes, fees, and surcharges that provide over 30 percent of the annual revenue for the state and essential funding for counties, cities, and special taxing districts. In FY 2014-15, the BOE administered taxes and fees that produced \$60.5 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, and other taxes, and collects fees that fund specific programs. More than one million businesses are registered with the agency.

JUSTIFICATION (including link to Strategic Plan)

The Legislature eliminated 11 vacant positions and \$800,000 in the 2016-17 Budget Act. Monthly vacancy reports to the Legislature are now mandated. If this issue is not addressed with a manageable plan, further unclassified, unplanned cuts to positions and dollars will continue to be a real threat. This could lead not only to reduced performance regarding a growing workload, but also less access to needed resources.

This proposal is consistent with the BOE's mission to serve the public through fair, effective, and efficient tax administration. Specifically, this proposal is consistent with the BOE's Strategic Plan 2015-2020 Goal 2: Enhancing Operational Effectiveness, and Goal 3: Investing in the Organization.

COSTS AND BENEFITS (BUDGET YEAR ONLY – FISCAL YEAR 2017-18)]

New funding Continuation Redirection

COST
 \$ Unknown for FY17/18 and ongoing. To be negotiated.

REVENUE (if applicable)
 \$ N/A

POSITIONS (if applicable)
 TBD

COST SAVINGS (if applicable)
 \$ TBD

PREPARED AND APPROVED

PREPARED BY
 Chris Holtz/Steven Mercer

DIVISION CHIEF APPROVAL
 Chris Holtz

AUTHOR'S TELEPHONE NUMBER
 (916) 319-9789

DATE
 7/21/16

ACTION

Concept Approved Request Denied

EXECUTIVE DIRECTOR (signature)

