

**Improved Taxpayers' Rights and Equal Employment Opportunity Division
Outreach and Services
Fiscal Year 2008-09**

Purpose:

BOE requests permanent funding to establish resources to better meet its statutory mandates to ensure that taxpayers' rights are protected during the assessment and collection of taxes and to monitor compliance with complex federal and state civil rights statutes and regulations. This proposal addresses the increase in taxpayer cases and expands the Tax Appeals Assistance Program, which provides legal assistance to low-income taxpayers. This BCP will enable the TRA/EEO Division to more effectively carry out the BOE's strategic plan by supporting the BOE's core mission to recognize and honor the rights of taxpayers and assisting the BOE to respond quickly and effectively to issues of discrimination.

		FY 2008-09	FY 2009-10
Expenditures	Total (New)	\$568,000	\$481,000
Funding Source	General Fund	\$319,000	\$269,000
	Special Funds	78,000	67,000
	Reimbursements	171,000	145,000
Positions	Total (New)	5.0	5.0

Justification:

- Doubles the estimated cost avoidance of \$196,320 in FY 2006-07 from the Tax Appeals Assistance Program (TAAP) cases that were resolved without a Board hearing.
- Reduces the time necessary to resolve taxpayer issues which will ensure that the General Fund and various Special Funds receive appropriate revenue in a timely manner.
- Reduces the BOE's risk of financial liability from failure to adequately fulfill its legal responsibility to prevent discrimination.
- Maximize voluntary compliance in the BOE's programs by improving taxpayers' knowledge of legal requirements, providing new ways for taxpayers to understand and voluntarily comply with the tax and fee laws, and increasing public awareness of taxpayer rights.

Background:

- The BOE's Taxpayers' Rights Advocate was created to ensure that the rights, privacy, and property of California taxpayers are adequately protected in the assessment and collection of taxes.
- The BOE's Tax Appeals Assistance Program (TAAP) provides free legal representation to appellants who are appealing decisions of the Franchise Tax Board, including denials of applications for Homeowner and Renter Property Tax Assistance (HRA).
- The BOE's Equal Employment Opportunity (EEO) Office is responsible for ensuring the BOE complies with state and federal civil rights statutes, which collectively prohibit employment discrimination on fifteen different bases.

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2008-09**

TITLE OF PROPOSED CHANGE:

Improved Taxpayers' Rights and Equal Employment Opportunity Outreach and Services

SUMMARY OF PROPOSED CHANGES:

This proposal ensures that the BOE can continue to better meet its statutory mandates by protecting taxpayers' rights during the assessment and collection of taxes and to monitor compliance with complex federal and state civil rights statutes and regulations. This proposal requests 5.0 permanent, full-time positions and \$568,000 (\$319,000 General Fund, \$78,000 Special Funds, \$171,000 Reimbursements) in FY 2008-09 and \$481,000 (\$269,000 General Fund, \$67,000 Special Funds, \$145,000 Reimbursements) in FY 2009-10 and ongoing.

STATE BOARD OF EQUALIZATION

All Programs

Improved Taxpayers' Rights and Equal Employment Opportunity Division

Outreach and Services

Fiscal Year 2008-09

A. Nature of Request

The Board of Equalization (BOE) requests \$568,000 in Fiscal Year (FY) 2008-09 and \$481,000 in FY 2009-10 and ongoing for 5.0 positions to address the significant increase in workload in the Taxpayers' Rights and Equal Employment Opportunity (TRA/EEO) Division. This proposal will allow the TRA/EEO Division to better meet its statutory mandates to ensure that taxpayers' rights are protected during the assessment and collection of taxes and to monitor compliance with complex federal and state civil rights statutes and regulations.

The TRA/EEO is organized into three units:

- Taxpayers' Rights Advocate Office (6.5 positions and 1 Student Assistant),
- Tax Appeals Assistance Program (1.0 position), and
- Equal Employment Opportunity Office (4.0 positions and 1 Retired Annuitant).

These units report to the Division Chief, who in turn reports to the Executive Director of the BOE.

As is clearly demonstrated later in this proposal, the current staffing level is not adequate to manage the existing workload. Failure to properly staff the TRA/EEO jeopardizes the fulfillment of the division's crucial roles in supporting the BOE's core mission to recognize and honor the rights of taxpayers and assisting the BOE in maintaining a well-qualified diverse workforce by responding quickly and effectively to issues of discrimination.

B. Background/History

Taxpayers' Rights Advocate Office

The BOE's Taxpayers' Rights Advocate (TRA) Office was created by the *Harris-Katz Taxpayers' Bill of Rights* in 1989. The intent of the program is to ensure that the rights, privacy, and property of California taxpayers are adequately protected in the assessment and collection of taxes. Originally, the TRA Office's responsibilities only covered sales and use tax programs. In 1993, the program was expanded to include all special tax programs administered by the BOE; in 1994, property tax programs were added. The responsibilities of the TRA Office are specifically delineated in the law and include:

- Facilitating resolution of taxpayer complaints or problems, including complaints regarding unsatisfactory treatment of taxpayers by BOE employees;
- Monitoring various BOE tax and fee programs for compliance with the Taxpayers' Bill of Rights;
- Recommending new procedures or revisions to existing law and policy to ensure fair and equitable treatment of taxpayers;
- Ensuring that taxpayer education materials are clear and understandable;
- Coordinating statutory hearings to give the public an opportunity to express their concerns, suggestions, and comments to the elected Board Members; and
- Publishing an annual report.

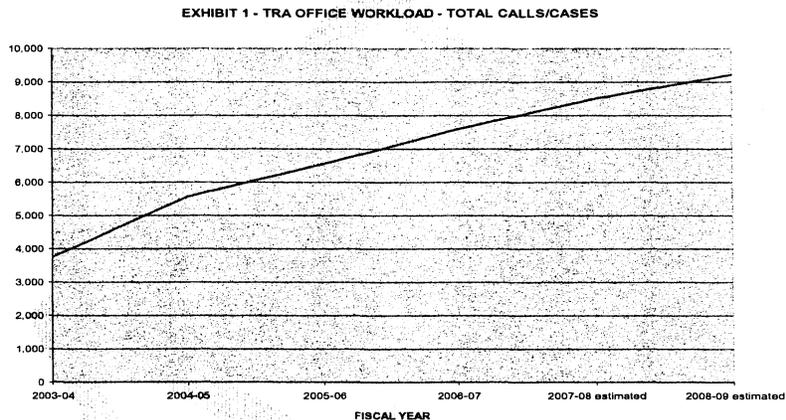
B. Background/History - (Continued)

The TRA Office fulfills its mandate by assisting taxpayers who have been unable to resolve a matter through normal channels; by providing information on various procedures including when there appears to be a rights violation in either the audit or compliance areas; and by providing information on policies and procedures so that the taxpayer can be better prepared to discuss and resolve issues at the lowest level and with the least amount of effort.

In addition to the workload added by the legislated program expansions, the TRA Office has been directly affected by the expansion of public outreach and education regarding the office's services. For example, the TRA Office's toll-free number is printed on all BOE permits and licenses, an article about TRA services is published and sent to taxpayers annually, standard audit letters include the TRA Office's number, Board Members periodically issue press releases that include the contact information, the TRA Office's toll-free number is included as an option on the automated phone tree of a number of BOE district offices, and the Advocate's Internet web page can be accessed from the BOE's website home page, Member pages, and the California Tax Service Center website.

The overall increase in workload for the TRA Office has been dramatic: 102 percent from FY 2003-04 to FY 2006-07. The increase

in time spent on cases has been equally dramatic: 117 percent in the same time period (see Exhibit 1).



Tax Appeals Assistance Program

The BOE is charged with the responsibility of serving as the administrative appellate body for the tax and fee programs it administers. Its appellate duties also include review of final actions of the Franchise Tax Board (FTB) involving the state's Bank and Corporation Franchise Tax, Personal Income Tax, and Homeowner and Renter Property Tax Assistance Laws.

In recent years, an increasing number of appeals have been filed by taxpayers who lack an understanding of the relevant tax laws and the BOE's rules, policies, and decision-making processes, and who cannot afford to hire legal counsel. Without a proper understanding of the law or representation by someone with that understanding, the taxpayer's due process rights may not be fully protected. In addition, it was clear that many cases could be resolved without the need for a Board hearing. Considering the significant staff costs for every case brought before the Board Members, there is a very real cost avoidance by providing legal assistance to taxpayers who have filed an appeal. Each appeal case requires an expenditure of time by Board Members and their staff, BOE attorneys, and Board Proceedings Division staff to: review, summarize, track, and calendar the case; prepare correspondence; attend the hearing; and prepare hearing transcripts.

To resolve this issue, in 2004 the TRA/EEO Division created the Tax Appeals Assistance Program (TAAP) to provide free legal representation to appellants who are appealing decisions of the FTB, including denials of applications for Homeowner and Renter Property Tax Assistance (HRA). HRA is available only to individuals with low income, who are over 62,

B. Background/History (Continued)

or who are blind or disabled. The TAAP is managed by one state employee (Tax Counsel III) with minimal expenses and is staffed by law students from four law schools. The TAAP was launched in partnership with the University of the Pacific McGeorge School of Law in Sacramento, was expanded in 2006 to include the Chapman University School of Law and the Loyola University Law School, and expanded again in 2007 to include the Golden Gate University School of Law. On a volunteer basis, these students assist individuals with HRA appeals or with income tax disputes of less than \$20,000 if the dispute relates to penalties, federal actions, "California method," interest abatement, statutes of limitations, or head of household issues. The program has been well received by all four law schools and the program's clients, and it has been the subject of favorable news articles. As a result, the Board Members have asked that the TAAP be expanded to include business taxes cases.

Exhibit 2A and 2B shows estimated FY 2006-07 cost avoidance totaling \$196,320 (an average of \$2,845 per case) from the TAAP cases that were resolved without a Board hearing. The figures for cases going to Board hearing include the average time for staff to prepare a hearing summary, average time for Board Members' staff to review and prepare recommendations to the Board Members, time for members to review, time that Board Members and staff are present for the hearing, and time to prepare final records documenting the decisions. Although much more difficult to quantify, there are also cost avoidances for those cases that do go to hearing because the hearings are generally shorter and more efficient due to the efforts of the program students representing taxpayers.

Equal Employment Opportunity Office

The Equal Employment Opportunity (EEO) Office is responsible for ensuring that the BOE complies with state and federal civil rights statutes, which collectively prohibit employment discrimination on fifteen different bases. The law also requires a timely administrative process to investigate and resolve employee complaints of discrimination. The EEO Office monitors compliance with these complex state and federal civil rights statutes and regulations for all BOE offices, statewide and out of state. The EEO Office is also responsible for ensuring BOE compliance with the Dymally-Alatorre Bilingual Services Act, which makes certain that services are available to California's diverse population including persons who are non-English or limited-English speaking. Additionally, the EEO Office is responsible for performing the BOE's annual workforce analysis and administering its Upward Mobility Program as mandated by Government Code sections 19797 and 19402. The EEO Office has responsibility for administering the BOE's programs related to employment of persons with disabilities as required by Government Code section 19232, 19233, and 19795(b) including: annual employment goals and timetables for persons with disabilities; Disability Advisory Committee (DAC); disability survey; and the Limited Examination and Appointment Program (LEAP).

Increases in the EEO Office's program responsibilities include expansion of the BOE's language resources program to serve non-English and limited-English speaking clients and mandated sexual harassment prevention training. While the EEO Office functioned at a barely adequate level with part-time clerical support in the past, expanded program responsibilities have increased the clerical workload beyond a level that can be effectively performed on a part-time basis. Without permanent full-time clerical support, the EEO Office Manager and analytical staff are being utilized to perform these duties.

C. State Level Considerations

The BOE is unique in that it is the nation's only elected tax commission. That obligates state tax agents to explain in a public forum why a taxpayer owes the government money, and provides taxpayers the right to appear in that same public forum and explain to their elected officials why they do not agree with the tax agent's assessment. The duties performed by the

C. State Level Considerations (Continued)

BOE, including the TRA/EEO Division, are mandated by the Constitution and state law and cannot be performed by other entities, e.g., local governments or private industry.

This proposal is fully consistent with the BOE's Strategic Plan 2007-2011 which states that "The mission of the State Board of Equalization is to serve the public through fair, effective, and efficient tax administration." The following Plan Goals are designed to accomplish this mission:

- Goal 1 is to maximize voluntary compliance in the BOE's programs by improving taxpayers' knowledge of legal requirements, including providing new ways for taxpayers to understand and voluntarily comply with the tax and fee laws, and increasing public awareness of taxpayer rights.
- Goal 2 is to improve the efficiency of BOE's tax and fee programs by, in part, streamlining and/or expediting the appeals process in support of taxpayer rights and due process.
- Goal 3 is to improve the BOE's organizational efficiency by, in part, seeking changes for resolving taxpayer complaints more rapidly.
- Goal 5 specifies that the BOE will foster a skilled, motivated, and diverse workforce by, among other actions, providing a safe and healthy work environment that allows employees to work efficiently and effectively and by sustaining staff training in all program areas on taxpayer rights.

This proposal is also fully consistent with Governor Schwarzenegger's goals to streamline government and to make government more responsive and accessible to the public. For example, the following two comments are representative of the many letters and e-mails the TRA/EEO Division has received from taxpayers who have utilized the services offered by the TRA Office:

- "I have been waiting 5 (disputed) tax years for this moment. I want you to know that you have put a human face on what could be (and was) a very bureaucratic interaction. You come across as really trying to help the taxpayer and it is greatly appreciated. Please pass my appreciation of your efforts and provided information on to whoever is in the chain of command."
- "You cannot imagine the relief we felt after talking to you and the immediate resolution just brought tears. You have no idea how stressed we were, how many sleepless nights and arguments we had. We are so thankful that we found you, your number, and your department."

Without relief, the backlogs and unresolved cases in the TRA/EEO Division will increase. The inability to resolve taxpayer cases in a timely fashion causes delays in revenue coming to the General Fund and various special fee programs. This proposal would also allow the diversion of more cases from Board hearing processes which in turn results in increased cost avoidance related to staff preparation for and attendance at the hearings. This will allow staff to focus on the more complex cases with significantly higher economic values. As with the "smaller" cases, the quicker these higher dollar cases can be resolved, the quicker any revenues due to the state can be received. In addition, this proposal will reduce the BOE's risk of financial liability from failure to adequately fulfill its legal responsibility to prevent discrimination.

D. Justification and Analysis of All Feasible Alternatives

Alternative 1 – Approve permanent funding for 5.0 full-time permanent positions and related operating resources.

This alternative requests \$568,000 in FY 2008-09 for 5.0 permanent positions and \$481,000 in FY 2009-10 and ongoing to provide the optimum mix of professional/clerical staff to manage the workload in the TRA/EEO Division in the following three areas:

1. Address increase in telephone calls and cases: The TRA Office's workload has steadily increased since its creation. As a result, after a taxpayer's contact with the TRA Office has been acknowledged, he or she may have to wait up to two weeks before a return call is made. (New cases are worked in the order received, with the exception of hardship issues, which are addressed immediately by a technical advisor.) The number of contacts, both telephone calls and cases, anticipated for the 2007-08 fiscal year is 8,508, a growth of 126 percent over the 2003-04 total of 3,761. (See Exhibit 1)

Contacts are broken down into telephone calls (contacts that can be handled comparatively quickly over the phone) and those that require more effort (cases). On average, the time required to assist a caller when a new case is not established is approximately 15 minutes. With an average of approximately 550 calls per month in FY 2006-07, nearly a full personnel year (PY) is required to handle this workload (1,647 hours annually). The Tax Advocate Technician (Management Services Technician) is primarily responsible for taking phone calls to collect and record information from the caller, do preliminary research on the caller's issues, and resolve the less complex caller problems. Due to the lack of adequate clerical support, this individual is also the personnel clerk, the training coordinator, the receptionist, the supply clerk, the travel coordinator, and performs all other clerical duties for the TRA Office. This in turn makes it necessary for the technical advisors to assist in taking telephone calls on a regular basis which takes away from time needed to fulfill the TRA offices core responsibility of assisting taxpayers who need the TRA Office's assistance to resolve complex audit and collection cases.

Business taxes cases opened in FY 2006-07 totaled approximately 720 (a nine percent increase over the 663 cases opened in FY 2003-04), but due to a shortage of technical advisors (driven in part by the lack of adequate clerical support), only about 650 cases were closed during FY 2006-07. It is estimated that there will be approximately 888 new cases in FY 2008-09. The time necessary to resolve cases also continues to increase due to the complexity of taxpayer problems and the proliferation of new laws and tax and fee programs such as those the BOE is considering to close the Tax Gap. Staff must compile taxpayer information, perform an independent analysis by researching the issue(s), and respond timely to the taxpayer. The increased complexity of cases requires the preparation of more written correspondence and more thorough documentation in BOE tracking systems of TRA Office actions and advice provided to taxpayers. Based on FY 2006-07 statistics, it takes on average 7.5 hours to bring the case to conclusion, a 100 percent increase over the 3.75 hours required to resolve a case in FY 2003-04. This increase in workload results in a shortage of 2.3 PYs.

Without additional technical and clerical support, the delays in response and processing will grow significantly. Further delays not only harm the taxpayer but also harm the State. The longer it takes to resolve a case, the longer it takes for the State to receive the revenues it is properly due.

The BOE requests an augmentation of \$199,000 in FY 2008-09 and \$173,000 in FY 2009-10 for 2.0 permanent positions (1.0 Business Taxes Specialist I and 1.0 Executive Secretary I). See Exhibit 1 for workload information.

D. Justification and Analysis of All Feasible Alternatives – Alternative 1 (Continued)

2. Further development of the TAAP: Since its inception, the program has grown from one school with five participating students to four schools and over 25 students. As of June 30, 2007, the program had accepted 189 appeals, 78 of which were active. Of the remaining cases, 88 were successfully resolved without a formal Board hearing either because the appellant prevailed in his or her claim or because he or she ultimately agreed with the FTB's decision (69 of these cases were resolved in FY 2006-07). The remaining 23 cases were considered withdrawn from the TAAP by the clients because the clients did not provide the necessary paperwork (i.e., power of attorney) to allow the TAAP to represent them or failed to communicate with the students seeking to represent them after numerous attempts by the students to obtain their cooperation. The program is at maximum capacity with the available staff (one Tax Counsel III). To divert more cases from the more costly Board hearing process, additional resources are needed to properly administer the program and to develop, promote, and monitor outreach efforts. Additional staff is also needed to:

- Work with the law schools (both existing and new participants) to develop and maintain efficient procedures;
- Train students on the appeal process and provide ongoing guidance;
- Track deadlines of cases;
- Review a variety of intricate legal documents for accuracy related to Franchise Tax Board appeals;
- Independently research legal requirements to assist the Tax Counsel III in meeting all statutory, judicial, and administrative deadlines; and
- Develop procedures to expand the program to cover business taxes.

Without additional staff, it will not be possible to expand the number of cases that are resolved without Board hearings. By adding two positions, the program will be able to double the number of resolved cases to 138 per year, which will result in a total cost avoidance of over \$392,600. This will more than cover the total ongoing TAAP costs of \$391,210. In addition, the expansion of the TAAP will allow other staff resources to work on more complex cases which have much higher potential impact on the State's revenue. It is in the State's economic interest to ensure that these cases receive the focused attention of the Board Members and the BOE's expert staff. The staff augmentation will allow the program to begin accepting clients with business taxes appeals. With qualified legal assistance, many of these appeals will be resolved earlier in the process than they otherwise would have been, thereby relieving the workload backlog in the BOE's Appeals Division.

The BOE requests an augmentation of \$298,000 in FY 2008-09 and \$252,000 in FY 2009-10 for 2.0 permanent positions (1.0 Tax Counsel III and 1.0 Associate Governmental Program Analyst) to address these issues. See Exhibit 2A and 2B for cost avoidance information.

3. Clerical assistance for the EEO Office: Currently, the EEO Office has no permanent clerical staff. Clerical support functions are now performed by a Retired Annuitant who cannot legally work more than 960 hours per fiscal year (approximately half time). This leaves the office with no staffing for necessary support functions two to three days each week. Functions such as reception, mail processing, answering phones, setting up complaint files, maintaining complaint database and files, preparing training materials, etc. are therefore routinely performed by the EEO Office Manager and analytical staff. This is

D. Justification and Analysis of All Feasible Alternatives- Alternative 1 (Continued)

not an optimum use of BOE resources and prevents the manager and analysts from performing the analytical, investigative, counseling, and supervisory functions intended to prevent and resolve workplace discrimination.

While part-time clerical support may have been adequate to handle the workload at one time, the EEO Office's program responsibilities have grown and, as a result, the office's need for clerical support now far exceeds what can be provided by a part-time temporary employee. An example of the EEO Office's expanded program responsibilities is the Sexual Harassment Prevention Training Program which provides training to all BOE employees within six months of hire and every two years thereafter. This training meets the requirements set forth by AB 1825 (Chapter 933, Statutes of 2004) which requires all supervisors and managers to receive sexual harassment prevention training by January 1, 2006 and every two years thereafter. This training effort, reaching the BOE's 3,800+ employees, requires significant clerical support to schedule classes, prepare training materials, and maintain a training record-keeping system. Additionally, this year the EEO Office is establishing the Board of Equalization Disability Advisory Committee as required by Government Code section 19795(b). This committee, which advises the Executive Director on disability issues, will significantly increase the clerical demands on the EEO Office (e.g., preparation of committee reports, correspondence, meeting agendas and minutes, etc.).

As the BOE serves an increasingly diverse taxpayer base, it is important that it attract and retain a similarly diverse workforce. This diversity is an organizational strength, however, it also presents unique challenges that can result in greater need for EEO counseling, consultation, and investigations. If these issues are not handled promptly and successfully, the BOE faces significant financial liability through lawsuits and settlements. The capacity of the EEO Office to address these issues is adversely affected by the current lack of permanent full-time clerical support.

It is important to also understand that the situation may become even more critical due to proposed State Personnel Board regulations. While previous State Personnel Board regulations called for EEO case processing to be completed within 180 days, proposed regulations will require cases to be processed within 90 days. The combined average case processing time in FYs 2005-06 and 2006-07 for the BOE's EEO cases was 99.4 days. It is estimated that case processing time would be cut by nearly 20 percent if sufficient clerical staffing were available to perform related support functions.

The BOE requests an augmentation of \$71,000 in FY 2008-09 and \$56,000 in FY 2009-10 for 1.0 permanent position (an Office Technician - Typing) to address the current workload. See Exhibit 3 for additional workload information.

Pros:

- Addresses the significant workload increases the TRA/EEO Division has experienced over the years.
- Achieves cost avoidance related to appeals.
- Reduces the time necessary to resolve taxpayer issues which will ensure that the General Fund and various special funds receive appropriate revenues in a timely manner.
- Reduces the BOE's risk of financial liability from failure to adequately fulfill its legal responsibility to prevent discrimination.

D. Justification and Analysis of All Feasible Alternatives - Alternative 1 (Continued)

- Provides sufficient clerical support to eliminate the need for professional staff to routinely perform clerical duties, thereby enabling TRA Office and EEO Office professional staff to focus on the core responsibilities of the offices – assisting and counseling taxpayers and BOE employees, while ensuring their legal rights are protected.

Cons:

- Requires the approval of 5.0 permanent positions and ongoing funding from the General Fund.

Alternative 2 - Approve permanent funding for 3.0 full-time permanent positions and 2.0 3-year limited-term positions and related operating resources.

This alternative requests \$568,000 in FY 2008-09 and \$481,000 in FY 2009-10 for 3.0 permanent positions (Executive Secretary I, Office Technician [Typing], and Business Taxes Specialist I) and 2.0 3-year limited-term positions (Associate Governmental Program Analyst and Tax Counsel III) and related resources.

Pros:

- Permanently addresses the most critical clerical workload issues and the continuing backlog of TRA Office cases.
- Provides temporary augmentation for the Tax Appeals Assistance Program which will allow the BOE to demonstrate the long term effectiveness of these positions without committing the State to a permanent augmentation.

Cons:

- Requires the approval of 3.0 permanent positions and ongoing funding from the General Fund; requires the approval of 2.0 3-year limited term positions and funding for three years from the General Fund.
- Does not provide cost avoidance related to appeals beyond three years.
- Seriously threatens the viability of the TAAP if all administrative support is withdrawn at the expiration of the 3-year term of the Associate Governmental Program Analyst.
- Risks impairing relationships with participating law schools if BOE-provided instruction to law students is cut in half at the expiration of the Tax Counsel III's 3-year term.

E. Outcomes and Accountability

With the addition of these five positions, the TRA/EEO Division expects:

- The TRA Office will have the resources needed to respond to the increased volume of contacts and to the increased volume and complexity of business taxes cases, while maintaining the efficiency of the office.
- The TAAP will be able to expand the program to business taxes cases.
- The TAAP will have the resources to resolve an additional 69 cases each year without a Board hearing, while properly administering the program and developing and promoting outreach efforts.

E. Outcomes and Accountability (Continued)

- The need for professionals to perform clerical duties in the EEO Office will be eliminated, resulting in the Manager and analysts being able to cut case processing time by nearly 20 percent, thereby allowing professional staff to focus on the core responsibilities of the Office.

The TRA/EEO Division will continue to track its caseload volume and the time necessary to resolve issues, which will demonstrate the effectiveness of the new staff.

F. Timetable

Upon approval of this proposal by the Administration and the Legislature, the BOE will immediately begin the process to fill the positions.

G. Recommendation

Alternative 1 is recommended. This proposal will provide the minimum staff needed to address taxpayer needs in an efficient and timely manner which will ensure that the State is receiving revenues it is due in the most expeditious manner. It will also result in cost avoidance by diverting more appeals from the full Board hearing process, providing BOE with the opportunity to more expeditiously complete appeals with greater complexity and higher dollar values. Additionally, it will reduce the BOE's risk of financial liability from failure to adequately fulfill its legal responsibility to prevent discrimination, while ensuring that staff are performing duties that are appropriate to their classification. This proposal helps to ensure that several of the objectives of the BOE's Strategic Plan are significantly advanced:

- Goal 1, Maximize Voluntary Compliance in BOE's Programs
 - Objective 1, Evaluate current business processes and work cooperatively with stakeholder groups, clarifying and simplifying the laws, regulations, and materials, to enhance taxpayers' understanding of the programs we administer.
 - Objective 3, Increase public awareness of taxpayer rights, and incorporate education and outreach in support of taxpayer rights in all BOE classes, workshops, seminars, and conferences.
- Goal 2, Improve the Efficiency of BOE's Tax and Fee Programs
 - Objective 4, Continually seek changes to streamline and/or expedite the appeals process in support of taxpayer rights and due process.
- Goal 3, Improve the BOE's Organizational Efficiency
 - Objective 3, Continually seek changes for resolving taxpayer complaints more rapidly.
- Goal 5, Foster a Skilled, Motivated, and Diverse Workforce
 - Objective 4, Sustain staff training in all program areas on taxpayer rights.
 - Objective 6, Provide a safe and healthy work environment that allows employees to work efficiently and effectively.

Finally, this proposal advances the Governor's goals to provide for a more accessible and streamlined government for the people of California.

H. Fiscal Detail

See attached "Fiscal Detail" schedules.

EXHIBIT 1 - WORKLOAD - TAXPAYERS' RIGHTS ADVOCATE OFFICE

"Calls" are defined as those contacts that can be resolved immediately rather than passed on for more time consuming resolutions.

"Cases" are defined as those contacts that cannot be resolved as calls.

All information is derived from time sheets and other tracking systems.

Fiscal Year	2003-04	2004-05	2005-06	2006-07	2007-08 estimated	2008-09 estimated
Phone Calls	2,916	4,632	5,616	6,588	7,248	7,968
Business Taxes Cases	663	731	668	720	888	888
Property Tax Cases	182	201	270	288	372	372
Total Calls/Cases	3,761	5,564	6,554	7,596	8,508	9,228
% Increase Over Previous FY		47.9%	17.8%	15.9%	12.0%	8.5%
% Increase Over 2003-04 FY		47.9%	74.3%	102.0%	126.2%	145.4%
Total Call Hours	729	1,158	1,404	1,647	1,812	1,992
% Increase over Previous FY		58.8%	21.2%	17.3%	10.0%	9.9%
% Increase over 2003-04 FY		58.8%	92.6%	125.9%	148.6%	173.3%
Total Business Taxes Case Hours	2,486.3	2,924.0	4,509.0	5,400.0	6,660.0	6,660.0
% Increase over Previous FY		17.6%	54.2%	19.8%	23.3%	0.0%
% Increase over 2003-04 FY		17.6%	81.4%	117.2%	167.9%	167.9%

Business Taxes Specialist Shortfall			
	Estimated Cases 07-08	Hours per Case	Total Hours Needed
	888	7.5	6,660
Less Hours Available (3 staff @ 1260 each)			-3,780
Shortfall			2,880
Total PY Shortfall			2.3

Notes:

Maximum hours available is based on 70% of staff time recently spent on cases. The remaining staff time is spent on legislation, clearances, Division PC Coordinator duties, statutorily required annual report, Taxpayer Bill of Rights Hearings, Board Hearings, external and internal outreach, and projects.

**EXHIBIT 2A - TAX APPEALS ASSISTANCE PROGRAM EXPANSION
NET ANNUAL COST AVOIDANCE**

Gross Estimated Annual Cost Avoidance \$392,640

Annual Total Cost:

Existing Tax Counsel III \$139,210

Proposed Tax Counsel III and AGPA 252,000

Less Annual Total Cost 391,210

Net Annual Cost Avoidance \$1,430

**EXHIBIT 2B - TAX APPEALS ASSISTANCE PROGRAM EXPANSION
ESTIMATED GROSS COST AVOIDANCE**

In Fiscal Year 2006-07, 69 cases in the Tax Appeals Assistance Program (TAAP) were resolved. Had these cases not been resolved they would have gone before the Board and additional work would have been done by attorneys, one Legal Secretary, Board Members, Board Member staff, the Board Proceedings Division's (BPD) Appeals Analyst (SSA), BPD's Hearing Analyst (AGPA), the Chief of BPD (CEA 1), and a Court Reporter. Since 69 cases were resolved with one attorney instructor, we estimated 138 (69 cases x 2) would be resolved with two attorney instructors.

Position	Low	High	Mid Range	Hourly Salary	Hours Saved		Projected Cases To Be Resolved Per Year With Additional Staff: 138
					Fiscal Year	Monthly	
Board Member	\$10,938	\$12,906	\$11,922	\$79.48	224.25	18.69	
Board Member staff	\$7,580	\$8,755	\$8,168	\$54.45	224.25	18.69	
Tax Counsel III	\$7,682	\$9,478	\$8,580	\$57.20	431.25	35.94	
Legal Secretary	\$2,938	\$3,750	\$3,344	\$22.29	69.00	5.75	
Tax Counsel III (Supervisor)	\$7,686	\$9,484	\$8,585	\$57.23	224.25	18.69	
Staff Services Analyst	\$2,724	\$4,300	\$3,512	\$23.41	34.50	2.88	
Associate Governmental Program Analyst	\$4,255	\$5,172	\$4,714	\$31.43	138.00	11.5	
BPD Chief (CEA 1)	\$5,970	\$7,580	\$6,775	\$45.17	17.25	1.44	
Court Reporter	\$4,614	\$5,607	\$5,111	\$34.07	34.50	2.88	
TOTAL					\$16,360	\$196,320	x 2 = \$392,640

Position	Low	High	Mid Range	Hourly Salary	Hours Saved	
					Fiscal Year	Monthly
Board Members	\$10,938	\$12,906	\$11,922	\$79.48	224.25	18.69
Board Members' staff	\$7,580	\$8,755	\$8,168	\$54.45	224.25	18.69
Tax Counsel III	\$7,682	\$9,478	\$8,580	\$57.20	431.25	35.94
Legal Secretary	\$2,938	\$3,750	\$3,344	\$22.29	69.00	5.75
Tax Counsel III (Supervisor)	\$7,686	\$9,484	\$8,585	\$57.23	224.25	18.69
Staff Services Analyst	\$2,724	\$4,300	\$3,512	\$23.41	34.50	2.88
Associate Governmental Program Analyst	\$4,255	\$5,172	\$4,714	\$31.43	138.00	11.5
BPD Chief (CEA 1)	\$5,970	\$7,580	\$6,775	\$45.17	17.25	1.44
Court Reporter	\$4,614	\$5,607	\$5,111	\$34.07	34.50	2.88

Notes:

FY Cases	69	Hearing Hours Per Case	0.25	Staff Hours Per Case	0.50
				SSA	0.50
				Court Reporter	1.00
				Legal Sec.	1.00
				AGPA	2.00
				Others	3.00
				Tax Counsel III	6.00

EXHIBIT 3 - EEO OFFICE WORKLOAD

Tracked Cases (represents 3 of 11 programs in EEO):	Cases in 06-07	Analytical Hours per Case	Total Hours	Clerical Hours (20%)	Estimated Support for Remaining 8 Programs*	Estimated Support for Disability Advisory Committee	Total Clerical Time
DFEH	1	9.0	9.0	1.8			
EEOC	3	19.0	57.0	11.4			
Internal Complaints	15	130.7	1,960.5	392.1			
Counseling	25	39.5	987.5	197.5			
Mediation	3	2.0	6.0	1.2			
Litigations	0	0.0	0.0	0			
Total	47	200.2	3,020.0	604	600	600	1804

Estimated PY needs @ 1800 hours per year	1.0
---	------------

***Methodology:**

Only 3 of the 11 programs are currently tracked for time purposes. These programs utilize approximately 50% of the analysts' time.

Clerical time "overhead" for these programs is approximately 20%.

Using the 3 tracked programs and clerical support records as the basis, the remaining 50% of the analysts' time spent on the other 8 programs would require the same 20% clerical rate.

The Board does not yet have an operational DAC - best estimates based on input from other activities indicate that initially the new program will take approximately half of a clerical's time and later will take about one-third of the clerical's time.

STATE OF CALIFORNIA
BUDGET CHANGE PROPOSAL--FISCAL DETAIL
STATE OPERATIONS
FISCAL YEAR 2008-09
(Dollars in Thousands)

Title of Proposed Change: Improved TRAO/EEO Outreach and Services

Program/Element/Component: All Programs

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES <i>_a/</i>		5.0	5.0		\$303	\$303
Salary Savings		-.3	-.3		-15	-15
NET TOTAL SALARIES AND WAGES		4.7	4.7		288	288
Staff Benefits <i>_a/</i>					106	106
NET TOTAL SALARIES AND WAGES		4.7	4.7		394	394
Distributed Administration <i>_b/</i>					41	35
TOTAL PERSONAL SERVICES		4.7	4.7		\$435	\$429
OPERATING EXPENSE AND EQUIPMENT						
General Expense					\$55	\$9
Distributed Administration					10	9
Printing						
Communications					4	3
Postage						
Travel--In-State					13	13
Travel--Out-of -State						
Training					4	4
Facilities Operations					33	14
Consulting & Professional Services: Interdepartmental						
Consulting & Professional Services: External						
Stephen P. Teale Data Center						
Data Processing					3	
Equipment					11	
Other Items of Expense: (Specify Below)						

_a/ See page 18 of 18 for itemized staff benefits and classification detail.

_b/ Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
TOTAL OPERATING EXPENSE AND EQUIPMENT		\$133	\$52
TOTAL EXPENDITURES (State Operations)		\$568	\$481

Source of Funds

General Fund	(0001)	\$319	\$269
Special Funds:			
Breast Cancer Fund	(0004)	1	1
State Emergency Telephone	(0022)	1	1
Propane Surcharge Fund	(0051)		
Motor Vehicle Fuel Account	(0061)	31	25
Occupational Lead Prevention Fund	(0070)	1	1
Childhood Lead Poisoning Prev. Fund	(0080)	1	1
Cig. and Tobacco Prod. Surtax Fund	(0230)	10	8
Oil Spill Prevention and Admin. Fund	(0320)		
Integrated Waste Management	(0387)	1	1
Underground Storage Tank Fund	(0439)	4	4
Energy Resources Programs Account	(0465)		
CA. Children and Families First Trust Fund	(0623)	16	14
Federal Trust Fund	(0890)		
Timber Tax Fund	(0965)	3	3
Gas Consumption Surcharge Fund	(3015)	1	1
Water Rights Fund	(3058)	1	1
Elec. Waste Recovery and Recycling Acct.	(3065)	7	6
Cig. and Tobacco Prod. Compliance Fund	(3067)		
Federal Funds			
Other Funds			
Reimbursements	(0995)	\$171	\$145
Net Total Augmentation (Source of Funds)		\$568	\$481

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Staff Benefits Detail:	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
	<i>(Whole Dollars)</i>		
OASDI		\$22,032	\$22,032
Health Insurance		34,240	34,240
Retirement		48,951	48,951
Workers' Compensation		118	118
Industrial Disability Leave		206	206
Non-Industrial Disability Leave		149	149
Unemployment Insurance		44	44
Other		759	759
TOTAL		<u>\$106,499</u>	<u>\$106,499</u>

<u>Classification</u>	<u>Positions</u>			<u>Salary</u> <u>Range</u> <small>_a/</small>	<u>Amount</u>		
	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>		<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
Business Taxes Specialist I		1.0	1.0	\$71,580		\$71,580	\$71,580
Executive Secretary I		1.0	1.0	38,640		38,640	38,640
Office Technician (Typing)		1.0	1.0	34,368		34,368	34,368
Associate Govt. Program Analyst		1.0	1.0	56,292		56,292	56,292
Tax Counsel III (Specialist)		1.0	1.0	101,628		101,628	101,628
 Blanket Funds: Overtime (Various) Temporary Help							
TOTAL SALARIES AND WAGES		<u>5.0</u>	<u>5.0</u>			<u>\$302,508</u>	<u>\$302,508</u>

_a/ The salary is the mid-step of the salary range for the stated classification.