



APR 01 2009

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Noreen Evans, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 7100-001-0185, 7100-001-0588, 7100-001-0870, and 7100-011-0185, Support, Employment Development Department

It is requested that Item 7100-001-0185 be decreased by \$20.2 million and that Item 7100-001-0870 be amended to reflect this change. This funding was anticipated to be needed for the payment of interest on a loan taken from the Federal Unemployment Trust Account (FUTA). The American Recovery and Reinvestment Act of 2009 provided a deferment of interest payments and interest accrual for loans taken from the FUTA until December 31, 2010.

It is also requested that Item 7100-011-0185 be increased by \$20.2 million to reflect the increased balance in the Contingent Fund that will be available for transfer to the General Fund, as of June 30, 2010.

Finally, it is requested that Budget Bill language be added to Item 7100-001-0588 (see Attachment I) to allow the Department of Finance to increase or decrease the expenditure authority for the Disability Insurance Automation Project upon approval of a post-vendor procurement Special Project Report following 30-day notification to the Legislature. Without the ability to augment the fiscal year 2009-10 appropriation, it is likely that first-year project deliverables would be reduced, resulting in project delays and increased costs.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kristin Shelton, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST
Director
By:

/s/ Ana J. Matosantos

ANA J. MATOSANTOS
Chief Deputy Director

Attachment

cc: On following page

APR 01 2009

cc: Honorable Christine Kehoe, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Kevin de Leon, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Denise Moreno Ducheny, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Laura Anderson, Deputy Director, Administration Branch, Employment Development
Department
Ms. Marisa Duek, Associate Secretary, Labor and Workforce Development Agency

7100-001-0588--For support of Employment
Development Department, for payment to Item
7100-001-0870, payable from the Unemployment
Compensation Disability Fund.....239,558,000

Provisions:

1. (a) Of the funds appropriated in this item, \$11,261,000 is to support the development of the Disability Insurance Automation (DIA) Project. These funds may not be used for any other purpose or for items outside the approved project scope. Changes in the project scope must receive approval using the established administrative and legislative reporting requirements.
- (b) The Director of Finance is authorized to increase or decrease this item to fund DIA implementation workload upon receipt of a new post-vendor procurement special project report. Notwithstanding any other provision of law, any adjustment under this provision shall be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.
- (c) The Department of Finance shall report to the Legislature the number of positions to be administratively established for the Employment Development Department.



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Honorable Noreen Evans, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 7350-001-0001, and Addition of Budget Bill
Items 7350-001-3150 and 7350-011-0001, Support, Department of Industrial Relations**

It is requested that Item 7350-001-3150 be added in the amount of \$1,283,000 and that Item 7350-001-0001 be amended to reflect this change. This funding will provide 9.5 positions to support start-up activities for the Public Works Labor Compliance Program, including promulgation of regulations and the development of a program structure for the enforcement of prevailing wage laws on public works projects required by Chapter 7, Statutes of 2009, Second Extraordinary Session (SB 9). Chapter 7 also authorized the department to charge a fee for deposit into the State Public Works Enforcement Fund (3150), which may be charged to public works projects once regulations have been adopted.

It is requested that Item 7350-011-0001 (see Attachment I) be added to provide a \$1,283,000 loan to the State Public Works Enforcement Fund for the start-up costs of the Public Works Labor Compliance Program. This loan will be repaid with interest, no later than June 30, 2012.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kristin Shelton, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST
Director
By:

/s/ Ana J. Matosantos

ANA J. MATOSANTOS
Chief Deputy Director

Attachment

cc: On following page

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-2-

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Marisa Duek, Associate Secretary, Labor and Workforce Development Agency
Mr. Greg Edwards, Budget Officer, Department of Industrial Relations

APR 01 2009

Suggested Transfer Item for the Department of Industrial Relation's State Public Works Enforcement Fund

7350-011-0001—For transfer by the Controller to the State Public Works Enforcement Fund..... (1,283,000)

Provisions:

1. The amount transferred in this item is a loan to the State Public Works Enforcement Fund. This loan shall be repaid, no later than June 30, 2012, with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.