



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Item 7501-001-0001 and Reimbursements, Support,
Department of Human Resources**

Healthier U Wellness Pilot Program—It is requested that Item 7501-001-0001 be amended by increasing reimbursements by \$122,000 to fund 1 position in the Benefits Administration program. These additional resources will expand and sustain the existing Healthier U state employee workplace wellness pilot program. Healthier U is an evidence-based program accessible to state employees designed to improve the overall health of the state workforce and reduce health care costs associated with preventable and chronic health conditions. This proposal is consistent with the Department of Human Resources' strategic plan to pursue wellness initiatives that will enhance the overall well-being of the state civil service workforce.

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 David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, Government
Operations Agency
Mr. Richard Gillihan, Director, Department of Human Resources
Ms. Katie Hagen, Deputy Director of Operations, Department of Human Resources
Mr. Mark Rodriguez, Chief of Administrative Services, Department of Human Resources
Ms. Robyn Malin, Fiscal Officer, Department of Human Resources
Ms. Joleen Martin, Budget Manager, Department of Human Resources



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

Amendment to Budget Bill Item 7730-001-0001, Support, Franchise Tax Board

Earned Income Tax Credit Implementation—It is requested that Item 7730-001-0001 be increased by \$21,960,000 General Fund and 98 positions (including 24 position equivalents of temporary help) to implement an Earned Income Tax Credit beginning in tax year 2015, which would provide a refundable credit to qualifying low-income households. The tax credit is expected to cost \$380 million annually beginning in fiscal year 2015-16 and is expected to benefit 825,000 families and 2 million individuals. This proposal will provide the Franchise Tax Board with the resources to build the necessary system infrastructure, respond to taxpayer and tax preparer questions, review returns, and prevent fraudulent refunds from being issued. This proposal will delay full deployment of the Enterprise Data to Revenue project by six months and includes \$10.5 million for additional vendor costs associated with this change.

It is requested that provisional language (Attachment 1) be added to Item 7730-001-0001 to specify the state Earned Income Tax Credit adjustment factor and identify the resources available to implement the credit.

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 Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

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Chief Deputy Director

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Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Policy and Administration, Government Operations
Agency
Ms. Selvi Stanislaus, Executive Director, Franchise Tax Board
Ms. Jeanne Harriman, Chief Financial Officer, Franchise Tax Board

Add the following provision to Item 7730-001-0001:

7. The state Earned Income Tax Credit adjustment factor is set at a rate of 85 percent for the 2015 tax year.
8. Of the amount appropriated in Schedule (1) of this item, \$21,960,000 is for implementation of the Earned Income Tax Credit, including processing tax returns, auditing, and necessary system changes to support this program.



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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Various Budget Bill Items, Support, Department of General Services

Office of Public School Construction Reduction—It is requested that Item 7760-001-0739 be decreased by \$133,000 and 1 position, Item 7760-001-0956 be decreased by \$920,000 and 8 positions, Item 7760-001-6036 be decreased by \$48,000, Item 7760-001-6044 be decreased by \$1,194,000 and 10 positions, and Item 7760-001-6057 be decreased by \$2,175,000 and 18 positions to align administrative resources with expected workload for the School Facilities Program.

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 Juan Mireles, Principal Program Budget Analyst, at (916) 445-0328 or John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

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Chief Deputy Director

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Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Marybel Batjer, Secretary, Government Operations Agency
Ms. Jennifer Osborn, Deputy Secretary-Fiscal, Government Operations Agency
Mr. Esteban Almanza, Director (Acting), Department of General Services
Mr. Miles Burnett, Chief, Administrative Services, Department of General Services
Ms. Rhonda Basarich, Chief, Office of Fiscal Services, Department of General Services
Mr. Justin Smith, Budget Officer, Department of General Services
Ms. Lisa Silverman, Executive Officer, Office of Public School Construction



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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Various Budget Bill Items, Support, California Public Employees' Retirement System

It is requested that Item 7900-003-0830 be decreased by \$83,367,000, Item 7900-015-0815 be increased by \$96,000, Item 7900-015-0820 be increased by \$110,000, Item 7900-015-0822 be increased by \$10,795,000, Item 7900-015-0830 be increased by \$16,173,000, Item 7900-015-0833 be increased by \$435,000, Item 7900-015-0849 be decreased by \$2,000, Item 7900-015-0884 be increased by \$428,000, and an increase of 38 positions to reflect the request by the California Public Employees' Retirement System (CalPERS) to incorporate their board approved budget into the Budget Act.

The Budget Bill items mentioned above are display items for informational purposes to reflect a corresponding change in CalPERS' continuous appropriation authority. These changes reflect the fiscal year 2015-16 budget approved during the April 15, 2015 CalPERS board meeting. The budget approved by the CalPERS board reflects a reduction of \$55,332,000 primarily driven by transitioning investment portfolio management activities from outside contractors to state employees.

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 David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Rose McAuliffe, Chief, California Public Employees' Retirement System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Operations, Government Operations Agency



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Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 7920-011-0001, Support, California State Teachers' Retirement System

It is requested that Item 7920-011-0001 be increased by \$6,815,000 due to an increase in creditable compensation reported by the California State Teachers' Retirement System for fiscal year 2013-14. The Defined Benefit payment will be increased by \$1,860,000, the Pre-1990 Defined Benefit Level payment will be increased by \$2,650,000, and the Supplemental Benefit Maintenance Account contribution will be increased by \$2,305,000. These adjustments represent existing statutory funding requirements.

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 David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System
Mr. Ed Derman, Deputy Chief Executive Officer, California State Teachers' Retirement System
Ms. Robin Madsen, Chief Financial Officer, California State Teachers' Retirement System
Mr. Art Martinez, Assistant Chief Financial Officer, California State Teachers' Retirement System
Mr. Brian Fransler, Budget Manager, California State Teachers' Retirement System
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Operations, Government Operations Agency