

## GOVERNMENT OPERATIONS

The Government Operations Agency's mission is to improve management and accountability of government programs, increase efficiency, and promote better and more coordinated operational decisions.

The Agency oversees the following nine entities:

- Department of General Services
- Department of Human Resources
- Department of Technology
- Office of Administrative Law
- Franchise Tax Board
- State Personnel Board
- Victim Compensation and Government Claims Board
- California Public Employees' Retirement System
- California State Teachers' Retirement System

The Budget proposes total funding of \$36 billion (\$741.7 million General Fund) and 14,810.7 positions for all programs included in this Agency.

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The Agency, established as part of the Governor's 2012 Reorganization Plan, becomes operational on July 1, 2013.

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### FRANCHISE TAX BOARD

The Franchise Tax Board (FTB) is tasked with administration of the state's personal income tax and corporations tax. Activities include tax return processing, filing enforcement, audit, and collection of delinquent amounts owed.

Significant Adjustments:

- Enterprise Data to Revenue (EDR) Project—An increase of \$152.2 million General Fund and 184 positions in 2013-14 and \$88 million and 220 positions in 2014-15 to continue implementation of the EDR project. EDR is entering the third year of a six year benefits-based IT project with projected total fixed costs of \$479 million. FTB has expended approximately \$61 million to date. The project generated revenues of \$115.7 million in 2011-12, nearly double the initial estimate of \$63 million. FTB estimates the project will generate additional General Fund revenues of \$4.9 billion through 2017. Ongoing revenues are estimated to be in excess of \$1 billion annually when the project is fully implemented.
- Enhanced Data Sharing—As part of a review of the revenue collection functions of FTB and the Employment Development Department (EDD), additional data-sharing opportunities have been identified in the near term that will increase revenues. The Budget includes an increase in Personal Income Tax collections of \$3 million General Fund by FTB and \$800,000 General Fund by EDD as a result of these efforts.

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### DEPARTMENT OF GENERAL SERVICES

The Department of General Services (DGS) provides centralized services and oversight activities to state agencies over a broad spectrum of areas, including: management of state-owned and leased real estate, maintenance of state-owned buildings, approval of architectural designs for local schools and other state-owned buildings, a quasi-judicial court that hears administrative disputes, publishing services, management of the state's fleet, and procurement of commodities, services, and equipment. These activities are largely funded through fees that are charged to the client departments.

In 2012-13, DGS implemented better business practices and efficiencies that resulted in either cost avoidance or savings for client departments. In 2013-14, DGS continues these efforts by making further significant adjustments to various programs to maximize the state's resources and promote budgetary savings. As part of these efforts, DGS has taken steps to reduce rental costs for state departments in leased space by renegotiating building leases. Since 2009, DGS has executed 333 leases that result in over \$152 million of reduced rent. DGS also led the Governor's effort to reduce the state's fleet by over 7,000 vehicles and is working to build a more sustainable state government fleet by utilizing zero-emission vehicles and providing electric vehicle charging stations.

Significant Adjustments:

- Program Reductions—A decrease of \$5.6 million and 22.5 positions to reflect operational efficiencies and the elimination of non-mission critical services.
- Office of Public School Construction (OPSC) Reduction—A decrease of \$1.6 million state bond funds and 20 positions to align administrative resources with expected workload for the School Facilities Program. State bond fund authority in the core new construction and modernization School Facilities Programs will be fully exhausted in 2012-13. Additionally, the OPSC has been directed by the State Allocation Board to no longer fully process school district applications for the new construction and modernization of school facilities. However, there is still workload for OPSC moving forward associated with active project closeouts, processing project appeals, reporting for subcommittees, processing fund releases, and project expenditure reviews.
- Special Repairs—An increase of \$11 million for various deferred maintenance projects in state-owned buildings to enable DGS to consolidate agencies and departments into state-owned facilities instead of leased facilities and to comply with the Americans with Disabilities Act.

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