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Appendix A

Public Hearing Witnesses

The lists below reflect the titles and positions of witnesses at the time of the hearings in 2014.

***Public Hearing on California's Underground Economy
January 23, 2014
Sacramento, California***

Christine Baker, Director, Department of Industrial Relations

Randy Silva, Chief of Investigations & Special Operations, State Board of Equalization

Kris Buckner, Chief Executive Officer, Investigative Consultants

Bruce Wick, Risk Management Director, California Professional Association of Specialty Contractors

Shellie Hughes, Chief Legal Advisor for Chairman Jerome E. Horton, Board of Equalization

Peter Williams, Deputy Attorney General, Department of Justice

***Public Hearing on California's Underground Economy
March 27, 2014
Sacramento, California***

David Fogt, Enforcement Chief, Contractors State License Board

Bill Pennington, Senior Technical and Program Advisor, California Energy Commission Energy Efficiency Division

Carl Hammersburg, Government Fraud and Solutions Specialist, SAS Institute Inc.; former Fraud Prevention and Compliance Manager, Washington State Department of Labor & Industries

Lisa Schmith, Chief, Investigation Division, Employment Development Department

Paul Martin, Deputy Director of Permit Assistance, Governor's Office of Business and Economic Development

Selvi Stanislaus, Executive Officer, Franchise Tax Board

Michele Ostby, Chief, Field Audit and Compliance Division, Employment Development Department

Appendix B

Advisory Committee Meeting Participants

The lists below reflect the titles and positions of participants at the time of the meetings in 2014.

***Advisory Committee Meeting on State, Federal, County and Municipal Partnerships and Local Efforts to Combat the Underground Economy
April 29, 2014
Los Angeles, California***

Renée Bacchini, Special Assistant to the Director, Department of Industrial Relations

Aston Ling, Senior Safety Engineer, Division of Occupational Safety and Health, Department of Industrial Relations

Kris Buckner, Chief Executive Officer, Investigative Consultants

Janice Munson, Sergeant, Los Angeles Sheriff's Department

Kimchi Bui, District Director, Los Angeles District Office, Wage and Hour Division, U.S. Department of Labor

Laureen Pedroza, Bureau Chief, Department of Insurance

Yvette Cordero, Captain, Department of Insurance

Lisa Schmith, Chief, Investigative Division, Employment Development Department

Colleen Courtney, Deputy City Attorney and Assistant Supervisor, Complex Litigation Division, Los Angeles City Attorney's Office

David Simon, Lead Deputy District Attorney, San Bernardino County District Attorney's Office

Gonzalo Hernandez, Southern Area Administrator, State Board of Equalization

Jennifer Snyder, Head Deputy, Healthcare Insurance Fraud, Los Angeles County District Attorney's Office

Homan Hosseinioun, Deputy District Attorney, Special Prosecutions Section, Consumer Fraud Unit, Intellectual Property Rights Protection Unit, Riverside County District Attorney's Office

Charles Spaeth, Senior Investigator, Board of Equalization

Rick Ishitani, Detective Supervisor, Vice Section, Detective Support and Vice Division, Los Angeles Police Department

Frank Waldschmitt, Supervising Criminal Investigator, Investigation Division, Employment Development Department

Ranee Katzenstein, Assistant United States Attorney and Deputy Chief, Major Fraud Section, U.S. Attorney's Office

W. Scott Zidbeck, Assistant District Attorney, Orange County District Attorney's Office

Mike Lee, Chief, Compliance Development Operations, Employment Development Department

***Advisory Committee Meeting on the Business Perspective on the Underground Economy
July 22, 2014
Sacramento, California***

Jennifer Barrera, Policy Advocate, California Chamber of Commerce

April Mackie, Director, Safety and Regulatory Compliance, Ramco Enterprises LP

Chris Buscaglia, Owner, Zoom Car Wash

Cynthia Mitchell, President, Citadel Tile and Flooring

Richard Cohen, Owner, Richard Cohen Landscape and Construction

Betty Jo Toccoli, President, California Small Business Association

Lilia Garcia-Brower, Executive Director, Maintenance Cooperation Trust Fund

Chris Waldheim, Chief Financial Officer, J's Maintenance

Ross Hutchings, Executive Director, Western Carwash Association

Bruce Wick, Risk Management Director, California Professional Association of Specialty Contractors

David Kersh, Executive Director, Carpenters/Contractors Cooperation Committee

**Advisory Committee Meeting on the Worker Perspective on the Underground Economy
September 9, 2014
Sacramento, California**

Rene Bayardo, Government Relations
Advocate, Service Employees International
Union California

Silvia Molina, Former Carwash Employee

Cesar Diaz, Legislative and Political Director,
State Building and Construction Trades
Council of California, AFL-CIO

Charlotte Noss, Workers' Rights Attorney,
Workplace Justice Initiative

Lilia Garcia-Brower, Executive Director,
Maintenance Cooperation Trust Fund

Hillary Ronen, Legislative Aide, San Francisco
Supervisor David Campos

Ross Hutchings, Executive Director, Western
Carwash Association

Mark Schacht, Deputy Director, California
Rural Legal Assistance Foundation

Jose Mejia, Director, California State Council
of Laborers

Julie Su, Labor Commissioner, Division of
Labor Standards Enforcement – *via telephone*

Shaw San Liu, Lead Organizer, Tenant Worker
Center, Chinese Progressive Association

Caitlin Vega, Legislative Advocate, California
Labor Federation

Rosemarie Molina, Strategic Campaign
Coordinator, CLEAN Carwash Campaign

Appendix C

The Commission's 1985 Recommendations

In its 1985 report, *A Review of Selected Taxing and Enforcing Agencies' Programs to Control the Underground Economy*, the Commission made the following recommendations:

1. The Governor and Legislature should consider reorganizing some or all of the state's taxation responsibilities to lead to better-coordinated enforcement and data sharing, eliminating redundancies and a unified statewide tax enforcement policy and direction.
2. The Legislature and Governor should establish a multi-agency task force, with dedicated funding and teams in each metropolitan area, to complete audits and investigations of blatant tax violations and cash-pay transactions, publicize enforcement efforts and administer a tip line.
3. The Governor and Legislature should require representatives from the state's taxing, labor and employment agencies to form a standing committee to study opportunities for sharing information.
4. The Legislature and Governor should require all state agencies to use a common identification number or a system of cross-referenced numbers for all businesses.
5. The Governor and Legislature should provide ways for nontaxing agencies to obtain and use greater amounts of information currently available only to tax agencies.
6. Additional management emphasis should be placed on ensuring that leads are shared and used and that field office supervisors establish and maintain greater cooperation and coordination between offices.
7. On a test basis, auditors and investigators from the state's taxing and enforcement agencies should be trained on the basic requirements of other agencies and, where appropriate, be given authority to enforce other agencies' laws. If the test is successful, this should be expanded to all auditors and investigators.
8. The Department of Industrial Relations should review the need to increase the number of audit staff employed in the Labor Standards Enforcement Division.
9. The Governor and Legislature should reevaluate the staffing levels needed by audit, investigative and enforcement units.
10. The state's taxing, labor and employment agencies should each develop a policy, associated goals and measurable objectives for improving self-assessment of increased voluntary compliance resulting from their activities. These should be based on the respective agency's responsibilities and the broader goals and objectives of its sister taxing and enforcement agencies.
11. The Legislature and Governor should reevaluate the criteria currently used to select potential violators for audit to give greater weight to increasing voluntary compliance.

12. The state's administrative agencies should increase their level of prosecutions and develop an expanded program to actively publicize cases in which violators have been successfully prosecuted. The use of media should also include an expanded public education program.
13. The Governor and Legislature should encourage the U.S. Congress to create guidelines for determining whether an individual is acting as an employee or as an independent contractor.
14. The Governor and Legislature should authorize a "graduated" penalty system where appropriate to provide more severe penalties for repeat violators.
15. State agencies should develop a system of selective "follow up" visits to insure that previous violators are still in compliance with the law.
16. State tax and enforcement agencies should consider expanded use of automatic, computer-generated citations based upon work done by other agencies.
17. EDD, DIR and FTB should initiate a trial project to determine the loss to the state because of cash-pay employees committing unemployment or tax fraud.
18. The Legislature and Governor should increase the penalties for employers who do not carry workers' compensation insurance.
19. The state should increase the proportion of cases developed for criminal prosecution and work closely with district and city attorneys to ensure these cases are prosecuted.
20. The Legislature should amend current statutes to require that any contracts using any form of state monies be awarded based upon criteria that includes an assessment of the contractor's past compliance with tax and labor laws.

Appendix D

Case Study: Heating, Ventilating and Air Conditioning Unit Replacements

In the 1990s, the California Energy Commission (CEC) found that the average duct leakage for Heating, Ventilating and Air Conditioning (HVAC) systems was almost 30 percent. The result was increased energy use and potentially unhealthy conditions created by sucking in dust, insulation material or carbon monoxide. The CEC's research also found that air conditioning units were often poorly installed, with a corresponding reduction in efficiency of 20 to 40 percent.¹⁸⁴

In 2005, requirements developed by the CEC went into effect for duct sealing and refrigerant change verification for HVAC replacement units. Research has shown that only 10 percent of HVAC residential replacement installations are properly permitted and meet quality verification requirements.¹⁸⁵

In 2009, the CEC allocated grant funding to local and regional agencies to develop and implement programs to pilot whole house energy upgrades in collaboration with the California Public Utilities Commission and investor-owned utilities (IOUs). Approximately 40 percent of the more than 5,400 projects funded by the program included HVAC change-outs.

Also in 2009, the CEC received \$35.2 million in grants from the U.S. Department of Energy to administer the American Recovery and Reinvestment Act State Energy Efficient Appliance Rebate Program in California, which provides rebates for consumers who install high efficiency appliances, including HVAC units. In 2010, \$11 million in rebates were paid for 17,505 HVAC unit replacements. The CEC required that applications for rebates include the contractor license number, copy of executed building permit and a copy of the certificate of verification showing the duct sealing and refrigerant charge requirements were met. In 2010, the Attorney General's office investigated complaints that investor-owned utilities were awarding rebates for installation of HVAC units without proof that consumers met the requirements for the rebates. After much debate, the utilities in 2011 posted a customer education notice about HVAC systems on their websites and added a box on their rebate applications that consumers could mark to indicate that they used a licensed contractor, if appropriate, and followed applicable permitting requirements.¹⁸⁶

Senate Bill 454 (Pavley, 2011) codified a requirement that rebates or incentives offered by utilities for energy efficiency improvements or installations should be certified by the rebate recipient that the improvement or installation met applicable permitting and contractor licensing requirements. CEC Senior Technical and Program Advisor Bill Pennington testified:

“This language essentially codifies what the IOUs agreed to do in response to the request from the Attorney General’s Office. ... Relying solely on a certification by the homeowner or contractor assumes that the homeowner is knowledgeable regarding whether building permits are required,

and assumes that the 'honor system' will be reliable to ensure that permits are pulled and the Standards requirements are met. That flies in the face of the reason why the Little Hoover Commission finds it necessary to hold this proceeding on the underground economy.”¹⁸⁷

Investor-owned utilities flatly declared that they should not be responsible for enforcement, stating, “It is not the role of IOUs to act in an enforcement capacity for other jurisdictional agencies and we are unaware of any statutory or regulatory requirements that would require us to implement an enforcement program... Collecting specific permit and license information may cause the IOUs to overreach in this respect...”¹⁸⁸

Publicly-owned utilities responded a little better. Mr. Pennington testified that the Sacramento Municipal Utility District’s high efficiency and heat pump rebate program historically has required documentation requiring rebate applicants to supply the license and permit number, copy of the permit and certification of verification. In his written testimony, he indicated that permits were obtained in Sacramento for approximately 20 percent of HVAC replacements, which is twice as high as the state average.¹⁸⁹ Although the installation of high efficiency HVAC units that qualify for the rebate program likely is a small percentage of all HVAC units installed in Sacramento, there is a perception that the Sacramento Municipal Utility District program drives the higher number of permits in Sacramento as compared to the rest of the state.

Appendix E

Employment Development Department Data Submitted to Commission

Data Submitted November 26, 2014

Please find the Employment Development Department's (EDD) response to the data request from the Little Hoover Commission (LHC) on the Underground Economy (UE). We are providing historical information on EDD's total staffing and funding levels, annual funding and staffing related to EDD's enforcement activities, and the total number of State of California employers in the same time period.

At the broadest level, the EDD offers a wide variety of services to millions of Californians under the Employment Service, Unemployment Insurance, State Disability Insurance, Workforce Investment, and Labor Market Information (LMI) programs. As one of California's largest tax collection agencies, the EDD also handles the collection, accounting, and auditing of payroll taxes and maintains employment records for nearly 17 million California workers through the Employment Tax Program. The table below identifies the annual Personnel Year (PY) and funding for EDD at the enterprise level and the PY and funding level specific to EDD's tax enforcement activities.

Employment Development Department State Fiscal Year 2007-08 through 2014-15								
State Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
EDD*								
PY	8,962.4	9,731.2	11,192.7	11,237.1	9,386.4	8,879.1	8,877.1	8,775.1
Dollars	\$447,175,689	\$457,821,563	\$488,505,701	\$538,618,131	\$512,996,442	\$488,089,912	\$506,848,819	\$511,507,452
Tax Auditors								
PY	191.0	209.0	213.0	210.0	202.0	200.0	210.0	193.0
Dollars	\$12,361,902	\$13,526,898	\$13,785,786	\$13,591,620	\$13,073,844	\$12,944,400	\$13,591,620	\$12,741,173
Tax Collectors								
PY	196.0	193.0	192.0	194.0	189.0	202.0	184.0	168.0
Dollars	\$10,257,072	\$10,100,076	\$10,047,744	\$10,152,408	\$9,890,748	\$10,571,064	\$9,629,088	\$8,967,612
Tax Investigators								
PY	11.0	11.0	11.0	9.0	10.0	9.0	9.0	9.0
Dollars	\$666,336	\$666,336	\$666,336	\$545,184	\$605,760	\$545,184	\$545,184	\$556,088
Tax Attorneys								
PY	9.0	9.0	9.0	8.0	9.0	9.0	10.0	9.0
Dollars	\$764,532	\$764,532	\$764,532	\$679,584	\$764,532	\$764,532	\$849,480	779,823

*Data acquired from the "Salaries and Wages" document released by the Department of Finance each year

As a benchmark for comparison, the following table identifies the number of EDD Auditors, along with the number of Employers for the period covering 1981-1984¹:

Fiscal Year	1981	1982	1983	1984
Audit Staff	304	258	261	248
Employers	582,000	614,000	629,000	664,000

Scope of EDD’s Enforcement Activities

The EDD has enforcement activities in several program areas: the Audit and Collection Program within Tax Branch, Investigation Division and Legal Office. The information below provides a high level description of each program’s enforcement activities, the historical staffing numbers, and the total number of employers for each year based on reported LMI data. Based on the historical records retained by the Department, we are able to provide complete staffing numbers for State Fiscal Year (SFY) 2007-2008² through the current time period.

Tax Branch

The EDD’s Tax Branch mission is to work with employers to collect state employment taxes and data to support the employment security, child support, and Personal Income Tax programs. The EDD is committed to reducing unfair business competition and protecting the rights of workers by coordinating the joint enforcement of tax, labor, and licensing law, detecting and deterring employment tax violations in the UE, and educating customers to increase compliance with employment tax laws. The EDD’s Audit Program issues assessments for payroll taxes due and any applicable penalties and interest to employers located in the State and to employers out of State having California workers. When appropriate, penalties for intent to evade and/or fraud may be applied to the assessment. The EDD also performs follow-up audits to confirm continued employer compliance. The EDD continually works on identifying new methods to promote and verify prospective compliance. The EDD’s Collection Program operates the tax and benefit collection programs and is responsible for maximizing revenue collection of State Payroll taxes and benefit overpayments. This includes tax liabilities as a result of efforts of the audit program assessments, including UE cases. The Program maintains the integrity of the tax and benefit programs administered by EDD.

The table below displays the staffing levels for EDD’s Audit and Collection Program³ and the total number of Employers from the third quarter of each year provided by LMI.

¹ Little Hoover Commission report, issued August 1985

² EDD maintains records based on the State Administrative Manual’s retention guidelines.

³ Program support staff not included in the employee counts, although the work performed does support the enforcement activities.

State Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Field Auditors	160	175	173	173	162	162	174	158
UE Auditors	31	34	40	37	40	38	36	35
Total Enforcement Auditors*	191	209	213	210	202	200	210	193
Direct Collectors	156	149	149	151	148	161	140	128
Audit Collectors**	40	44	43	43	41	41	44	40
Total Enforcement Collectors	196	193	192	194	189	202	184	168
Employers	1,304,291	1,337,920	1,347,245	1,344,480	1,390,289	1,315,510	1,341,123	1,320,538

*Auditors dedicated to Employment tax audits (such as obstructed claims, payroll tax audits, audit review and tax hearings) and underground economy activities.

**Staff dedicated to the collection of tax liabilities as result of audits performed, including UE cases.

Investigation Division

The EDD's Investigation Division actively investigates allegations and suspected violations of the California Unemployment Insurance Code, and other laws and regulations pertaining to fraud or misconduct; and pursues criminal enforcement action against violators to protect the integrity of the EDD's programs and resources. The Investigation Division conducts criminal investigations and seeks prosecution of employers committing payroll tax fraud against the EDD. In addition, the Investigation Division identifies, investigates, and prosecutes disability and unemployment insurance benefit fraud. The EDD Investigation Division partners with other law enforcement agencies and is a member of several task forces for the purpose of sharing information on criminal activity and to conduct investigations more effectively and efficiently. It is important to note that while EDD does not have complete staffing numbers available prior to SFY 2007-2008; Investigation Division does have reports from the late 1990s reflecting a peak staffing level of approximately 60 investigators, 18 of which were dedicated to tax fraud cases.

The table below displays the staffing levels for EDD's Investigation Division and the total number of Employers.

State Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Tax Investigators	11	11	11	9	10	9	9	9
Investigators for other EDD programs	27	27	27	29	28	27	26	23
Total Investigators	38	38	38	38	38	36	35	32
Employers	1,304,291	1,337,920	1,347,245	1,344,480	1,390,289	1,315,510	1,341,123	1,320,538

Legal Office

The EDD’s Legal Office provides legal advice and support to the Director and Department management in connection with court cases, administrative hearings, contracts, legislation and regulation. The Legal Office also provides specialized support for underground economy cases, complex criminal investigations and prosecution efforts.

This table below displays staffing levels for EDD’s Legal Office and the total number of Employers.

State Fiscal Year	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Tax Attorneys	9	9	8	9	9	10	9	9
Attorneys for other EDD programs	11	12	14	13	13	11	7	7
Total Attorneys	20	21	22	22	22	21	16	16
Employers	1,304,291	1,337,920	1,347,245	1,344,480	1,390,289	1,315,510	1,341,123	1,320,538

Closing

Upon review of the data, the staffing level of tax enforcement PYs and the employer count from SFY 2007-08 thru 2014-15 has a general level of consistency. However, comparison of benchmark data from the 1985 LHC report with the most current information reflects a decline in the audit enforcement resources. Furthermore, the number of registered employers has substantially increased over the past 30 years. In fact, the number of employers has nearly doubled over this time period from 664,000 in 1984 to 1.3 million in 2014, which is a 98.5 percent increase.

The EDD is committed to reducing unfair business competition and protecting the rights of workers by coordinating the joint enforcement of tax, labor, and licensing law, detecting and deterring employment tax violations in the underground economy, and educating customers to increase compliance with tax laws. The EDD manages its resources in the best manner possible to meet the needs of the people of California.

Data submitted December 22, 2014

Number of Employers in California

State Fiscal Year	Number of Employers
85-86	621,094
86-87	635,069
87-88	711,733
88-89	785,553
89-90	762,810
90-91	735,819
91-92	837,768
92-93	888,141
93-94	908,369
94-95	877,629
95-96	974,052
96-97	937,164
97-98	931,875
98-99	1,038,376
99-00	1,049,380
00-01	1,046,790
01-02	1,075,523
02-03	1,117,316
03-04	1,160,080
04-05	1,198,147
05-06	1,231,532
06-07	1,265,268
07-08	1,304,291
08-09	1,337,920
09-10	1,347,245
10-11	1,344,480
11-12	1,390,289
12-13	1,315,510
13-14	1,341,123
14-15	1,320,538

EDD Investigation Division Position Information for the Little Hoover Commission

SFY 1990-1991				
	Investigators	Support	Managers	Total
Total Number of Staff	61	17	16	94
Staff Assigned to Tax Cases	Unknown			

SFY 1992-1993				
	Investigators	Support	Managers	Total
Total Number of Staff	67	19	19	105
Staff Assigned to Tax Cases	Unknown			

SFY 1994-1995				
	Investigators	Support	Managers	Total
Total Number of Staff	63	20.5	19	102.5
Staff Assigned to Tax Cases	Unknown			

SFY 1995-1996				
	Investigators	Support	Managers	Total
Total Number of Staff	67	23.5	21	111.5
Staff Assigned to Tax Cases	Unknown			

SFY 1996-1997				
	Investigators	Support	Managers	Total
Total Number of Staff	65	24	20	109
Staff Assigned to Tax Cases	Unknown			

SFY 1997-1998				
	Investigators	Support	Managers	Total
Total Number of Staff	61	23	21	105
Staff Assigned to Tax Cases	13			

SFY 1999-2000				
	Investigators	Support	Managers	Total
Total Number of Staff	60	23	18	101
Staff Assigned to Tax Cases	18			

SFY 2000-2001				
	Investigators	Support	Managers	Total
Total Number of Staff	54	22	20	96
Staff Assigned to Tax Cases	17			

SFY 2001-2002				
	Investigators	Support	Managers	Total
Total Number of Staff	55	21	20	96
Staff Assigned to Tax Cases	16			

SFY 2002-2003				
	Investigators	Support	Managers	Total
Total Number of Staff	43	24	16	83
Staff Assigned to Tax Cases	Unknown			

SFY 2003-2004				
	Investigators	Support	Managers	Total
Total Number of Staff	36	21	15	72
Staff Assigned to Tax Cases	10			

SFY 2004-2005				
	Investigators	Support	Managers	Total
Total Number of Staff	34	19	13	66
Staff Assigned to Tax Cases	9			

SFY 2005-2006				
	Investigators	Support	Managers	Total
Total Number of Staff	36	20	13	69
Staff Assigned to Tax Cases	11			

SFY 2006-2007				
	Investigators	Support	Managers	Total
Total Number of Staff	37	20	13	70
Staff Assigned to Tax Cases	11			

SFY 2007-2008				
	Investigators	Support	Managers	Total
Total Number of Staff	38	22	15	75
Staff Assigned to Tax Cases	11			

SFY 2008-2009				
	Investigators	Support	Managers	Total
Total Number of Staff	38	20	14	72
Staff Assigned to Tax Cases	11			

SFY 2009-2010				
	Investigators	Support	Managers	Total
Total Number of Staff	38	19	14	71
Staff Assigned to Tax Cases	11			

SFY 2010-2011				
	Investigators	Support	Managers	Total
Total Number of Staff	38	19	13	70
Staff Assigned to Tax Cases	9			

SFY 2011-2012				
	Investigators	Support	Managers	Total
Total Number of Staff	38	20	13	71
Staff Assigned to Tax Cases	10			

SFY 2012-2013				
	Investigators	Support	Managers	Total
Total Number of Staff	36	16	12	64
Staff Assigned to Tax Cases	9			

SFY 2013-2014				
	Investigators	Support	Managers	Total
Total Number of Staff	35	16	12	63
Staff Assigned to Tax Cases	9			

SFY 2014-2015				
	Investigators	Support	Managers	Total
Total Number of Staff	32	14	12	58
Staff Assigned to Tax Cases	9			

Data Submitted April 13, 2015

The total numbers provided in the chart below include tax auditors, tax collectors, criminal investigators and attorneys:

EDD Staffing Against the Underground Economy								
State Fiscal Year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total	87	94	99	93	95	92	92	88

Appendix F

Board of Equalization Data Submitted to Commission

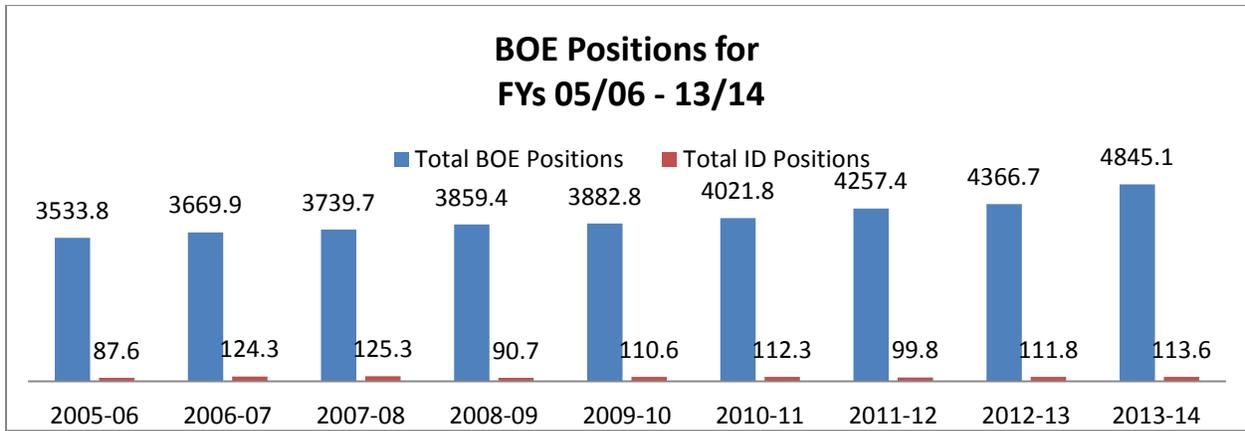
December 1, 2014

**State Board of Equalization
Funding and Positions from FY 1998-99 to FY
2013-14**

**Investigation Division
Funding and Positions from FY 2005-06 to FY
2013-14**

Unit 326, 327, 472

Fiscal Year	Funding (in Dollars)	Positions	% Year-Over Year	Funding (in Dollars)	Positions	% Year-Over Year	% of ID's Positions of Total BOE Positions
1998-99	\$ 286,154,000	3737.6					
1999-00	\$ 289,523,000	3752.3	0.39%				
2000-01	\$ 297,553,000	3777.6	0.67%				
2001-02	\$ 311,974,000	3787.1	0.25%				
2002-03	\$ 316,322,000	3667.8	-3.15%				
2003-04	\$ 319,461,000	3516.1	-4.14%				
2004-05	\$ 337,484,000	3418.9	-2.76%				
2005-06	\$ 360,334,000	3533.8	3.36%	\$ 7,122,345	87.6		2.48%
2006-07	\$ 368,875,000	3669.9	3.85%	\$ 10,728,734	124.3	41.89%	3.39%
2007-08	\$ 390,412,000	3739.7	1.90%	\$ 11,134,754	125.3	0.80%	3.35%
2008-09	\$ 408,169,000	3859.4	3.20%	\$ 8,299,272	90.7	-27.61%	2.35%
2009-10	\$ 408,846,000	3882.8	0.61%	\$ 9,915,734	110.6	21.94%	2.85%
2010-11	\$ 425,640,000	4021.8	3.58%	\$ 10,290,563	112.3	1.54%	2.79%
2011-12	\$ 474,411,000	4257.4	5.86%	\$ 9,116,775	99.8	-11.13%	2.34%
2012-13	\$ 501,279,000	4366.7	2.57%	\$ 10,161,093	111.8	12.02%	2.56%
2013-14	\$ 562,538,000	4845.1	10.96%	\$ 11,106,450	113.6	1.61%	2.34%



Appendix G

Franchise Tax Board Data Submitted to Commission

November 5, 2014

Criminal Investigations Bureau Staffing Numbers from 1985 to Present

Year (Authorized)	Positions	Funding
1984-85	6.0	\$189,169
1985-86	6.0	\$206,897
1986-87	5.0	\$180,600
1987-88	6.0	\$232,343
1988-89	5.0	\$187,828
1989-90	5.0	\$199,175
1990-91	5.0	\$217,034
1991-92	4.0	\$175,728
1992-93	4.0	\$178,486
1993-94	5.0	\$217,958
1994-95	27.0	\$1,474,352
1995-96	28.0	\$1,599,219
1996-97	28.0	\$1,602,964
1997-98	29.0	\$1,658,272
1998-99	29.0	\$1,654,522
1999-00	31.0	\$1,904,525
2000-01	37.0	\$2,320,248
2001-02	49.0	\$3,134,190
2002-03	49.0	\$3,375,304
2003-04	47.0	\$3,181,767
2004-05	47.0	\$3,433,243
2005-06	60.0	\$4,006,792
2006-07	63.0	\$4,486,214
2007-08	72.0	\$5,384,018
2008-09	66.0	\$5,537,773
2009-10	69.0	\$4,793,733
2010-11	63.0	\$5,371,590
2011-12	64.0	\$5,345,496
2012-13	60.0	\$5,377,143
2013-14	61.0	\$5,399,326
2014-15	63.0	\$5,693,953

Departmental Funding
From 1985 to Present

Year (Authorized)	Positions	Funding
1984-85	2543.0	\$107,674,000
1985-86	2595.0	\$122,775,000
1986-87	2737.5	\$136,223,000
1987-88	2814.0	\$148,229,000
1988-89	2966.0	\$162,425,000
1989-90	3350.0	\$182,036,000
1990-91	3530.0	\$208,489,000
1991-92	3688.0	\$212,099,000
1992-93	3920.0	\$224,677,000
1993-94	4103.0	\$247,397,000
1994-95	4427.0	\$276,011,000
1995-96	4672.0	\$313,016,000
1996-97	4675.0	\$331,983,000
1997-98	4865.0	\$330,662,000
1998-99	5007.0	\$336,202,000
1999-00	5045.8	\$335,113,000
2000-01	5233.3	\$349,569,000
2001-02	5301.5	\$363,780,000
2002-03	5497.5	\$383,088,000
2003-04	5440.5	\$380,150,000
2004-05	5072.0	\$403,512,000
2005-06	5077.9	\$431,057,000
2006-07	5116.0	\$439,936,000
2007-08	5181.5	\$471,234,000
2008-09	5392.5	\$504,990,000
2009-10	5110.0	\$517,921,000
2010-11	5275.5	\$550,327,000
2011-12	5380.0	\$571,686,000
2012-13	5183.0	\$648,241,000
2013-14	5341.0	\$717,470,000
2014-15	5454.0	\$660,970,000

Appendix H

Department of Industrial Relations Data Submitted to Commission

December 23, 2014

Notes:

- 1/ DIR positions as reflected in the annual schedule 7A (Salaries and Wages Supplement) current year authorized column.
- 2/ DIR personnel years (authorized positions less salary savings and/or adjustments) and dollars as selected in the January 10th proposed Governor's Budget current year estimated column.
- 3/ DOSH's Underground Economy targeted enforcement began in FY 2005/06 with the creation of the Economic and Employment Enforcement Coalition (EEEC), now referred to as the Labor Enforcement Task Force (LETF).
- 4/ DOSH staffing taken from State Controller's listing of authorized positions, as EEEEC/LETF staff are merged with DOSH Administration/Field Enforcement in the Schedule 7A.
- 5/ DOSH funding based on internal records.
- 6/ Additional DOSH positions and funding utilized for Underground Economy activities beyond the resources received in BCP. Positions taken from internal tracking documents. Dollars taken from expenditure reports.
- 7/ Fund sources based on 05/06 BCP for fiscal years 05/06-07/08; FY 08/09 BCP for 08/09 and 09/10 and FY 10/11 BCP for on-going, permanent fund allocation.
- 8/ DLSE staffing includes all authorized Underground Economy enforcement positions, including 10.0-12.0 dedicated annually to the LETF, in the following classifications: Deputy Labor Commissioner I & II, Investigator, Sr Special Investigator, Labor Standards Investigator, Industrial Relations Counsel I, II, III & IV, Legal Counsel, Industrial Relations Representative, and Management Services Technician (excluding MSTs in Headquarters). Staffing taken from the annual Schedule 7A, current year authorized. Managerial and clerical positions were not included. DLSE funding was calculated based on the percentage of salaries authorized for enforcement staff multiplied by the division's total authority. On average, 65% of DLSE's authorized staffing is enforcement.
- 9/ Dollars by fund were estimated based on each fund's percentage of DLSE's total authorized dollars. The Electrical Certification Fund, Entertainment Work Permit Fund and Child Performer Services Permit Fund were excluded as they do not fund enforcement related activities.
- 10/
- 11/ DLSE's FY 2013/14 includes 16.0 limited-term enforcement positions.

Data on reverse

LITTLE HOOVER COMMISSION

Labor and Workforce Development Agency Department of Industrial Relations (DIR) Underground Economy Enforcement Annual Staffing and Dollars (2001/02 to 2013/14)

Dollars in thousands

2001/02 2002/03 2003/04 2004/05 2005/06 2006/07 2007/08 2008/09 2009/10 2010/11 2011/12 2012/13 2013/14

DIR

Total

Authorized:	2,897.5	2,707.3	2,671.3	2,708.2	2,820.0	2,849.6	2,876.2	2,819.2	2,856.8	2,945.3	2,868.3	2,706.6	2,791.6
Positions 1/	2,712.2	2,527.3	2,330.5	2,553.0	2,679.0	2,707.1	2,732.3	2,683.9	2,714.0	2,656.7	2,701.8	2,706.6	2,791.6
Personnel	\$269,637	\$252,676	\$279,606	\$319,013	\$344,052	\$362,731	\$385,014	\$393,160	\$357,438	\$393,185	\$412,395	\$412,471	\$470,869
Years 2/													
Funding 2/													

Total Underground Economy

Enforcement: Positions (DOSH + DLSE)	292.5	262.5	251.5	234.0	259.0	266.0	263.0	274.0	274.5	358.0	324.0	324.0	323.0
% of Total DIR Positions	10%	10%	9%	9%	9%	9%	9%	10%	10%	12%	11%	12%	12%

DIVISION OF OCCUPATIONAL SAFETY AND HEALTH (DOSH)

Authorized:	3/	3/	3/	3/ EEEC/LETF Positions 4/									
EEEC/LETF Funding 5/	N/A	N/A	N/A	N/A	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Additional Enforcement	N/A	N/A	N/A	N/A	\$1,465	\$1,608	\$1,856	\$1,823	\$1,700	\$1,968	\$2,184	\$2,136	\$2,293
Positions 6/ Additional	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.0	5.0	5.0	5.0	6.0	5.0
Funding 6/	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$308	\$0	\$468	\$853	\$483	\$714

Fund Source: 7/

Targeted Inspection & Consultation Fund - 0096	N/A	N/A	N/A	N/A	\$700	\$771	\$890	-	-	-	-	-	-
Uninsured Employers Benefits Trust Fund - 0571	N/A	N/A	N/A	N/A	-	-	-	\$1,823	\$1,700	\$1,968	\$2,184	\$2,136	\$2,293
Unpaid Wage Fund - 0913	N/A	N/A	N/A	N/A	\$765	\$837	\$966	-	-	-	-	-	-

DIVISION OF LABOR STANDARDS ENFORCEMENT (DLSE)

Authorized:														11/ Enforcement
Funding 9/	292.5	262.5	251.5	234.0	247.0	254.0	251.0	257.0	257.5	341.0	307.0	306.0	306.0	
	\$28,310	\$25,969	\$26,860	\$28,194	\$30,022	\$31,786	\$31,660	\$32,341	\$30,241	\$31,504	\$38,532	\$40,143	\$43,913	

Fund Source:

10/ General														
Fund - 0001	\$24,872	\$22,564	\$23,543	\$24,335	\$23,270	\$25,993	\$24,888	\$25,387	\$12,766	-	-	\$1,313	\$1,693	
Construction Industry Enforcement Fund - 0216	\$36	\$36	\$35	\$36	\$36	\$34	\$35	\$39	\$37	\$44	\$43	\$41	-	
Workers' Comp Admin Revolving Fund - 0223	-	-	-	-	-	-	\$716	\$790	\$719	\$773	\$779	\$808	\$854	
Uninsured Employers Benefits Trust Fund - 0571	-	-	-	-	\$447	\$441	\$480	\$621	\$2,033	\$2,412	\$2,668	\$2,672	\$2,848	
Federal Trust Fund - 0890	\$174	\$174	\$182	\$316	\$316	\$317	\$317	\$326	\$324	\$320	\$337	\$339	\$340	
Unpaid Wage Fund - 0913	\$656	\$651	\$666	\$838	\$2,697	\$1,577	\$1,759	\$2,086	\$2,070	\$2,134	\$2,162	\$2,250	\$999	
Reimbursements - 0995	\$1,057	\$1,018	\$977	\$980	\$980	\$983	\$965	\$979	\$632	\$311	\$328	\$329	\$341	
Garment Industry Regulations Fund - 3004	\$1,515	\$1,526	\$1,457	\$1,689	\$2,172	\$2,337	\$2,380	\$1,988	\$1,755	\$1,825	\$1,892	\$1,970	\$2,054	
Apprenticeship Training Contribution Fund - 3022	-	-	-	-	-	-	-	-	-	-	-	\$438	\$456	
Car Wash Worker Fund - 3072	-	-	-	-	\$104	\$104	\$120	\$125	\$120	\$135	\$138	\$132	\$136	
Labor & Workforce Development Fund - 3078	-	-	-	-	-	-	-	-	-	-	-	\$2,602	\$2,152	
State Public Works Enforcement Fund - 3150	-	-	-	-	-	-	-	-	\$761	\$42	\$5,250	\$1,404	\$2,463	
Labor Enforcement & Compliance Fund - 3152	-	-	-	-	-	-	-	-	\$9,024	\$23,508	\$24,935	\$25,845	\$29,577	