

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

THURSDAY, SEPTEMBER 12, 2019

1:30 P.M.

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:
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A P P E A R A N C E S

BOARD MEMBERS

BETTY YEE
State Controller
(Chairperson of the Board)

YVETTE STOWERS
Deputy State Controller
(Acting Chairperson of the Board)

MALIA M. COHEN
Chairperson
Board of Equalization

GAYLE MILLER
Chief Deputy Director, Policy
Department of Finance

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STAFF

SELVI STANISLAUS
Executive Director

DAWN CASEY
Board Liaison

JOZEL L. BRUNETT
Chief Legal Counsel

SHANE HOFELING
Assistant Chief Counsel

MICHAEL BANUELOS

SHERYL BRANDON

JAHNA CARLSON

MICHELLE FALLON

JEANNE HARRIMAN

MIKE MEEHAN

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A P P E A R A N C E S C O N T I N U E D

STAFF CONTINUED

DAVI MILAM

JASON MONTIEL

JOSE OROZCO

SCOTT REID

JENNIFER ROUSSEL

JOEL SMITH

BOB SCHLIE

TIPHANIE WEISS

MARLENE WHITE

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SACRAMENTO, CALIFORNIA

THURSDAY, SEPTEMBER 12, 2019, 1:30 P.M.

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CHAIRPERSON YEE: Good afternoon. This is the scheduled time for the meeting of the Franchise Tax Board. I ask the board liaison to please call the roll to determine if a quorum is present.

MS. CASEY: Member Cohen.

MEMBER COHEN: Present.

MS. CASEY: Chair-Controller Betty T. Yee.

CHAIRPERSON YEE: Here.

Okay. And we do have a quorum. Very well. Thank you very much.

At least two members or their -- being personally present, we do have a quorum and the Franchise Tax Board is now in session.

At this time, I'd like to please ask everyone to stand and join me in the Pledge of Allegiance.

(Pledge of Allegiance was recited in unison.)

CHAIRPERSON YEE: Thank you.

Let me note, the public has a right to comment on each agenda item. And if there are any members of the public who wish to speak on an item, please come forward when that item is called, and you will have three

1 minutes to address the board.

2 First item is the Approval of the Minutes, and we
3 have the minutes of the June 13, 2019, Board meeting
4 before us.

5 Is there a motion?

6 MEMBER COHEN: So moved.

7 CHAIRPERSON YEE: A motion by Member Cohen.

8 I will second that motion.

9 Without objection, that will be the Board's
10 order.

11 We'll now move on to Item number 2, which is a
12 regulation matter relating to Notice and Demand Penalty,
13 section 19133. This is an action item, and we have Joel
14 Smith to speak on this item.

15 Good afternoon.

16 MR. SMITH: Good afternoon. My name is Joel
17 Smith, and I am an attorney with the Franchise Tax
18 Board.

19 We are seeking the Board's approval to proceed
20 with the informal regulatory process to amend Regulation
21 section 19133. Pursuant to Revenue and Taxation Code
22 section 19133, Regulation section 19133 provides the
23 framework for the Franchise Tax Board to impose the
24 Notice and Demand Penalty on individual taxpayers who
25 fail to file a return after contact from the Franchise

1 Tax Board.

2 Staff would like to proceed with the informal
3 regulatory process to amend Regulation section 19133 in
4 order to clarify how the Franchise Tax Board imposes the
5 penalty.

6 Recently, staff has reviewed the current
7 regulatory language and believes clarification could
8 allow for ease of administration and avoid confusion
9 regarding the imposition of the penalty on individual
10 taxpayers.

11 Again, we request the Board's approval to proceed
12 with the informal regulatory process for Regulation
13 section 19133.

14 I am happy to answer any questions you may have
15 at this time.

16 CHAIRPERSON YEE: Okay. Thank you very much,
17 Joel.

18 Any questions?

19 MEMBER COHEN: I do have one quick question.

20 CHAIRPERSON YEE: Yes, please, Member Cohen.

21 MEMBER COHEN: Good afternoon, ladies and
22 gentlemen.

23 Joel, I was wondering, are there any examples of
24 confusion on the part of taxpayers or tax practitioners
25 regarding the failure -- failure to file a penalty?

1 MR. SMITH: Currently, there's some confusion on
2 tax appeal decisions, and so there's been guidance, in
3 multiple directions, that have left things up in the air
4 as to when the penalty is imposed.

5 MEMBER COHEN: All right. No further questions.

6 CHAIRPERSON YEE: Okay. Thank you.

7 And so Joel, the action you are seeking from the
8 Board is to proceed to the interested parties process
9 and to explore whether it is necessary to make the
10 amendment to the regulation?

11 MR. SMITH: Correct.

12 CHAIRPERSON YEE: Okay.

13 MR. SMITH: Correct.

14 CHAIRPERSON YEE: Very good. All right.

15 That is the matter before us.

16 Is there a motion?

17 MEMBER COHEN: So moved.

18 CHAIRPERSON YEE: Moved by Member Cohen.

19 I will second that motion.

20 Without objection, such will be the order.

21 Thank you.

22 MR. SMITH: Thank you.

23 CHAIRPERSON YEE: I will move on to Item number
24 3, Administrative Matters. We have the 2020/21 Budget
25 Change Proposals requiring Board approval, and then we

1 have contracts over a million dollars also requiring
2 Board approval.

3 Let me have the Budget Change Proposals first,
4 and we'll have Tiphonie Weiss and Jeanne Harriman
5 present those before us.

6 MS. WEISS: Good afternoon. Thank you. My name
7 is Tiphonie Weiss. I'm the director of the Financial
8 Management Bureau, and I'm here this afternoon with our
9 Chief Financial Officer, Jeanne Harriman. We are
10 presenting the 2020/21 Budget Change Proposals for your
11 approval.

12 With your permission, we would like to provide a
13 brief overview of each proposal, then answer any
14 questions you may have.

15 CHAIRPERSON YEE: Sure. Thank you.

16 MS. WEISS: With that, I will hand it over to
17 Jeanne to provide an overview of the first two
18 proposals.

19 MS. HARRIMAN: Good afternoon.

20 The first proposal supports upcoming project
21 effort for the Enterprise Data to Revenue 2 project,
22 what's commonly referred to as EDR2. In this BCP, we
23 are requesting 1.3 million for five permanent positions
24 in 2021 and five limited term positions ending June of
25 2026.

1 EDR2 builds on the platform of delivering an
2 Enterprise Case Management and Modeling Services for our
3 audit, filing enforcement, and collection activities, as
4 well as expanding on the taxpayer folder, commonly
5 referred to as MyFTB, and call center functionality.

6 In a later segment of this board meeting, you
7 will hear all about EDR2.

8 This proposal requires the resources required to
9 support two critical efforts: Change management and
10 business documentation. Five limited term positions are
11 requesting change management efforts. These are limited
12 term for the duration of the project, and they help
13 ensure that our staff are able to understand and adopt
14 the significant changes to our technology, business
15 processes, and procedures.

16 The remaining five permanent positions are to
17 assist with the documentation of our IT systems, both
18 initially to support the project itself, and then
19 ongoing to support the annual enhancements and annual
20 changes that we do.

21 The second BCP deals with accessibility. This
22 BCP requests 18 new permanent positions, 3.6 million in
23 2021, and 3.4 million in 2021 ongoing. These resources
24 allow FTB to continue to apply mandated accessibility
25 standards on our website, web applications, tax and

1 business forms, instructions, publications, and tax
2 return displays.

3 While FTB has been addressing accessibility over
4 the past years, as FTB updates its products, we continue
5 to grow in complexity. Without an increase in these
6 permanent positions, FTB is unable or may be unable to
7 continue to incorporate accessibility standards in our
8 critical products, self-service communication channels,
9 and our applications.

10 With that, I will turn it over to Tiphannie to
11 talk about the remaining BCPs.

12 MS. WEISS: Thank you.

13 The next proposal is the mainframe enterprise
14 server refresh, and it requests \$6.1 million in the
15 2020/21 fiscal year and \$115,000 in 2021/22 through
16 23/24 for the replacement of the enterprise mainframe
17 server and software that is approaching end of market.
18 FTB's mainframe is essential to the mission-critical
19 legacy applications. The mainframe supports application
20 systems associated with filing, collections, audit,
21 nonfiler, and refund processes, as well as website and
22 phone lines. All of these systems have substantial
23 dependency on the data that resides within the
24 mainframe.

25 These upgrades will ensure FTB's ability to

1 conduct our administrative duties and mitigate risks
2 associated with running a system past an impending end
3 of market date.

4 Our next proposal is the Vehicle Registration
5 Collections System Modernization Project, and it
6 requests 2.1 million in the 2020/21 fiscal year and
7 2.5 million in 2021/22 for the replacement of the
8 Vehicle Registration Collection System.

9 In 1993, the California Legislature transferred
10 the responsibility for collecting delinquent vehicle
11 registration fees from the Department of Motor Vehicles
12 to the Franchise Tax Board. The system FTB uses to
13 administer this program is a custom-developed mainframe
14 application that is now aging, lacks flexibility, and is
15 at risk of not being supported.

16 This proposal provides for a stable, agile, and
17 scalable solution that reduces the risk of system and
18 technical failures that could negatively impact the
19 program's revenue generating activities.

20 The next proposal is the California Competes Tax
21 Credit proposal, and it requests 2.3 million in the
22 2020/2021 fiscal year and ongoing to convert 14 limited
23 term positions to permanent positions and adds two new
24 permanent positions to continue administering the
25 provisions for the California Competes Tax Credit.

1 In 2013, the Governor's economic development
2 initiative was signed and enacted as an incentive to
3 boost California's economic development. This
4 initiative included the California Competes Tax Credit.
5 In June 2018, SB 855 was enacted, extending the
6 allowance of the credit until taxable years beginning
7 before January 1st, 2030.

8 This proposal will provide the resources required
9 to continue to comply with the provisions of the
10 California Competes Tax Credit and complete the required
11 agreement reviews timely.

12 I will now turn it back over to Jeanne to provide
13 an overview of the final two proposals.

14 MS. HARRIMAN: Thank you, Tiphannie.

15 The next proposal deals with VITA, the Voluntary
16 Income Tax Assistance program.

17 We are requesting five permanent ongoing
18 positions at a cost of 1.2 million, beginning in 2021,
19 as well as reimbursement -- additional funding for
20 reimbursement of costs incurred by the Department of
21 Community Services Development.

22 The statewide VITA program provides much needed
23 assistance to individuals with limited income and who
24 cannot otherwise afford to pay a tax preparer or buy tax
25 preparation software. With the enactment of the

1 California Earned Income Tax Credit, the Legislature has
2 annually provided for grant fundings to support
3 education and outreach conducted by nonprofits and
4 community-based organizations, both on the credit itself
5 and to assist in finding free tax preparation.

6 As a result of these grant funds, and in support
7 of best business practices, FTB expanded our resource
8 footprint, supporting these VITA training -- additional
9 VITA training and additional sites. These resources
10 will allow FTB to continue that increased resource
11 footprint and support our important VITA partners.

12 The BCP also requests funding for FTB to continue
13 reimbursing the Department of Community Services
14 Development as we partner with them to issue the grants
15 on an annual basis that are authorized by the
16 Legislature.

17 The final proposal that we have for presentation
18 today is a Capital Outlay BCP. This requests funding of
19 262 million to ensure that we are able to produce or
20 implement enhancements on our campus dealing with
21 security vulnerabilities that may exist. FTB's goal is
22 to be proactive in addressing security vulnerabilities
23 and mitigate or reduce the risk of a security breach
24 that could result in risk to FTB's mission-critical
25 operations and revenue to the State's General Fund.

1 At this time, these are presented for your
2 approval, and Tiphannie and I are happy to answer any
3 questions you might have.

4 CHAIRPERSON YEE: Thank you so much for the
5 presentation.

6 Any questions, Board members, on the BCPs?

7 MEMBER COHEN: No questions. Maybe more a
8 comment.

9 CHAIRPERSON YEE: Okay.

10 MEMBER COHEN: Just to commend the executive
11 director and staff for moving us in the direction,
12 bringing these items before us. I particularly am
13 excited to hear about the additional staff to be added
14 to support the VITA program. I think that that is
15 fantastic. I think it's the front line program that
16 directly assists taxpayers that gives them important
17 information and assistance and -- so they can receive
18 the tax benefit -- benefits that they deserve,
19 particularly -- particularly reaching people that may
20 not be aware that this opportunity exists. It's
21 fantastic.

22 Also, needless to say, the BCPs before us deserve
23 our support. I am excited; I will be supporting it.
24 This is all in the vein of best practices. It's
25 important that we have staff -- the staff have all the

1 tools that they need in order to fully execute their
2 job. And, again, you have my strongest support also for
3 the capital expenditures to enhance security. I think
4 you can never be too careful.

5 Thank you.

6 CHAIRPERSON YEE: Thank you, Member Cohen --

7 MS. HARRIMAN: Thank you.

8 CHAIRPERSON YEE: -- very much.

9 Let me add to the support for the expansion of
10 the VITA staffing resources, particularly with the
11 expansion of the CalEITC program, which will mean so
12 much more concentrated effort to find eligible claimants
13 to hopefully have them come forward and take advantage
14 of the VITA program.

15 I want to just applaud you for staying diligent
16 about bringing forward the IT infrastructure projects;
17 oftentimes, don't get addressed timely and obviously
18 results in costs and, more importantly, our ability to
19 deliver. So I think those are really one of our top
20 priorities and just always very appreciative of the
21 diligence associated with that.

22 I did have a question about the fiscal security
23 proposal. And it has to do with the OES assessment that
24 was done. Did they also do an assessment of our field
25 offices or was it just the main campus here?

1 MS. HARRIMAN: At this point, the primary study
2 has been focused on the central office, the campus. We
3 don't disregard our field offices though. We do do
4 intermediary studies and so forth, but the studies
5 addressed in this proposal primarily focus on the
6 central office campus.

7 CHAIRPERSON YEE: Okay. Yeah. And I know we
8 have a combination of state buildings and leased
9 buildings where our locations are. So just curious
10 about that.

11 All right. Thank you very much for the
12 presentation. I think if there's no objection, we'll
13 take them all up at once for a motion.

14 Is there a motion?

15 MEMBER COHEN: Yes. Motion. Or seconded or --

16 CHAIRPERSON YEE: Okay. Motion by Member Cohen
17 to approve to 2020/21 BCPs as presented.

18 I will second that motion.

19 Without objection, such will be the order.

20 Thank you very much.

21 MS. WEISS: Thank you.

22 MS. HARRIMAN: Thank you.

23 CHAIRPERSON YEE: Next we'll hear from Michael
24 Banuelos regarding our contracts -- or contract over a
25 million dollars.

1 Good afternoon.

2 MR. BANUELOS: Hi. Good afternoon, board
3 members. It's a pleasure to be here with you today.

4 My name is Michael Banuelos, and I am the
5 director of Franchise Tax Board's Procurement Bureau.
6 I'm here today to request the Board's approval to renew
7 our software subscription and support contract for
8 certain IBM projects. Without this agreement, several
9 of our mission-critical applications and services will
10 be unavailable, thus limiting our ability to process tax
11 returns and serve taxpayers.

12 The current contract will expire on
13 December 31st, 2019, and the estimated one-year renewal
14 is \$11 million. If approved, we will work with the
15 Department of General Services or the Department of
16 Technology to conduct a competitive bid for this
17 contract.

18 Do you have any questions regarding the proposed
19 contract?

20 MEMBER COHEN: I don't have any questions.

21 CHAIRPERSON YEE: No. Not at all. Pretty
22 straight forward.

23 Okay. Hearing none, is there a motion?

24 MEMBER COHEN: Motion.

25 CHAIRPERSON YEE: Motion by Member Cohen to

1 approve the contract.

2 I will second that motion.

3 Without objection, such will be the order.

4 Thank you very much.

5 MR. BANUELOS: Thank you very much.

6 CHAIRPERSON YEE: Thank you.

7 Move on now to Item number 4. This is Board
8 Members' Time, and we do have a board resolution for
9 Michelle Fallon. These are always bittersweet moments,
10 I have to say.

11 But Michelle, who has really served the people of
12 the State of California for the past 32 years. Hard to
13 believe. You look like you are 32.

14 MS. FALLON: Thank you. I know.

15 (Laughter)

16 CHAIRPERSON YEE: But, first of all, just on a
17 personal note, Michelle is one of these people who, when
18 you meet her, she is just, kind of, this even keel, same
19 demeanor, whether high stress, low stress. But what I
20 really love about Michelle is just her always, always
21 quiet and sometimes not-so-quiet can-do attitude. And
22 as she likes to say pretty -- pretty proudly that she
23 refers to the FTB as the greatest taxing agency on the
24 face of the planet. In fact, when I look at the
25 adjective "taxing," it means something a little

1 different to me sometimes, though -- but I think I know
2 what she means.

3 But, Michelle, just to really pay tribute to you,
4 and obviously during your years of service here, the
5 countless numbers whom you have mentored, always with
6 just, as I say, a wonderful, wonderful demeanor. The
7 pride that you instill, not just in the -- in the people
8 with whom you work; certainly within -- throughout this
9 organization. Your appreciation, I think, for what this
10 organization does is just exuded every single day that
11 you are here.

12 But we'll always appreciate you for your
13 inspiring presentations on the power of positive gossip.
14 Obviously, your mentorship of FTB staff and your
15 insistence -- and I think this is really what we see in
16 you every day -- that the pursuit of humility and
17 kindness are of the most important and key career
18 strategies. And having worked pretty closely with
19 Michelle over the years, I can say that she's
20 demonstrated all that and more. But we are also very,
21 very happy for you and extend all of our best wishes for
22 your future plans, which is learning how to play with
23 power tools in her husband's workshop. I want to thank,
24 Mike, I think. So I hope you are ready for that, Mike.

25 And obviously, your two sons, Jack and Josh, will

1 have your unlimited time and the three unruly mutts who
2 certainly don't deserve it.

3 So anyway -- but these are bittersweet moments
4 because as we look at, throughout state government, the
5 loss of institutional knowledge can't be understated.
6 You don't serve 32 years serving the people of the State
7 of California without really amassing a lot of
8 institutional knowledge, a lot of, just -- you've seen
9 your share of, probably, change management over the
10 years with respect to how we conduct our business as a
11 state agency.

12 But, more importantly, I think the legacy you can
13 feel proud about leaving, is just everyone whom you have
14 touched, who will continue to carry on all of your --
15 your knowledge that you have imparted over the years.
16 And with that, we are very, very deeply grateful.

17 Thank you.

18 MS. FALLON: Thank you very much.

19 CHAIRPERSON YEE: Let me see if Member Cohen
20 would like to add her comments.

21 MEMBER COHEN: I just -- I don't know you.

22 (Laughter)

23 MEMBER COHEN: And out of the 34 years that you
24 have been working for the FTB, we have only worked
25 together nine months.

1 MS. FALLON: Well, we did have that very special
2 moment in the bathroom on Tax Day. Do you remember
3 that?

4 (Laughter)

5 MEMBER COHEN: We did. We did. It's very true.
6 You know how I feel about Tax Day. I mean, I've
7 been here before and I've shared with how exciting it
8 is. It's up there with Election Day.

9 But what I do want to say is that when I talk to
10 anyone that is in this period -- in a period of
11 transition, I am -- I am just really excited, because
12 you -- you have -- you have done your time, you have
13 paid incredible debt to the State of California, and now
14 it's -- now it's your time to grab hold and do what you
15 want to do, go places that you want to go, eat whatever
16 you want to eat, and really live for yourself.

17 I feel like for probably the first third, maybe
18 the two-thirds of your life, you have been living for
19 maybe your family, your children, and your career. But
20 this time, you should take it for yourself and enjoy
21 this transition, and reach it with phenomenal optimism.
22 And I look forward to joining you one day.

23 (Laughter)

24 CHAIRPERSON YEE: Please join me in
25 congratulating Michelle Fallon.

1 (Applause)

2 MS. FALLON: Thank you very much.

3 And first, can I begin by saying, Betty, I really
4 appreciate you taking this item out of order. You have
5 no idea how much this means to me. I've been waiting
6 for this for years, watching from the back, longingly,
7 as my friends get their resolutions. And as usual, you
8 exceed all expectations we should have of our chair.

9 I also wanted to publicly thank all of my
10 friends. Boy, we have worked hard together, haven't we?
11 We have seen each other through good times and bad, and
12 we have done some crazy, awesome things together and had
13 a lot of fun along the way. Can I just tell you that,
14 in all sincerity, I am so honored to have worked
15 alongside of you, all of these years.

16 And, finally, FTB has been very fortunate to have
17 board members who always encourage and inspire us
18 towards excellence, and it has been an honor for me to
19 be able to work for you. So thank you very much.

20 CHAIRPERSON YEE: Thank you, Michelle.

21 And just, really, as a small token of our
22 appreciate, we do want to -- Member Cohen and I would
23 like to present this resolution to you on this occasion
24 of your retirement.

25 (Applause)

1 CHAIRPERSON YEE: And thank you to John for
2 lending us to her all these years and her family.

3 All right. Now I will move on to Item number 5,
4 and that is a PowerPoint presentation on the California
5 Earned Income Tax Credit and the Young Child Tax Credit
6 programs. And that will be presented by Jason Montiel
7 and Davi Milam.

8 Good afternoon.

9 MR. MONTIEL: Good afternoon. I'm Jason Montiel
10 from the Public Affairs Office here at the Franchise Tax
11 Board.

12 MR. MILAM: I'm Davi Milam with Franchise Tax
13 Board's Legislative Services Bureau.

14 MR. MONTIEL: And, really, it is our pleasure to
15 provide you with an update on refundable California tax
16 credits designed to help even more low income
17 Californians make ends meet this coming tax season. We
18 have got good news to report about an important
19 expansion of the California Earned Income Tax Credit,
20 commonly known as CalEITC, as well as the introduction
21 of the new Young Child Tax Credit.

22 We have also got big plans to promote both of
23 these credits. But, first, Davi will provide an
24 overview of what's new.

25 MR. MILAM: Thank you, Jason.

1 There has been a lot of news coming out of the
2 capitol this year when it comes to helping families. At
3 the top of the list is the expansion of the California
4 EITC, which is designed to help hard working, low income
5 households. Over the past four years, this valuable
6 credit has provided a total of about \$1.1 billion to
7 struggling families. This is very important in
8 California, as Census numbers show that one in five
9 people live in poverty.

10 During the coming tax season, an estimated
11 \$1 billion could be claimed between the CalEITC and the
12 new Young Child Tax Credit when tax year 2019 tax
13 returns are filed. That breaks out to about
14 \$640 million claimed for the CalEITC and about
15 \$360 million claimed for the Young Child Tax Credit.
16 That's money that families can use for food, housing, or
17 whatever they need. That's a huge increase from tax
18 year 2018, when \$372 million was claimed for the
19 CalEITC.

20 So who qualifies for these credits? First, let's
21 look at the CalEITC. Under the expanded CalEITC,
22 families can now earn more money and still receive the
23 credit. For instance, a family making up to \$30,000 in
24 tax year 2019 may qualify regardless of whether they
25 have dependents. That's a huge jump, compared to tax

1 year 2018, when CalEITC was available to those with
2 dependents making less than 25,000, and to those without
3 dependents making less than 17,000.

4 This coming tax season, CalEITC claims are likely
5 to go up. Under the expanded CalEITC, we expect about
6 3 million families to claim the credit when they file
7 their tax year 2019 California income tax returns.
8 That's a big increase from 2018, when we estimated
9 2 million families would claim the credit. So far,
10 we're right on track to hit the target.

11 Now let's talk about the new Young Child Tax
12 Credit, which really goes hand in hand with the EITC.
13 The Young Child Tax Credit is available to families
14 making less than \$30,000. A family that qualifies for
15 CalEITC and has a young child under the age of six will
16 also qualify for up to \$1,000 worth of Young Child Tax
17 Credit.

18 Like CalEITC, it phases out as families earn more
19 money. We estimate about 400,000 families may receive
20 the Young Child Tax Credit. As you can see, there have
21 been a lot of changes benefiting working families.

22 Now I will turn it back over to Jason, who will
23 speak about our outreach efforts.

24 MR. MONTIEL: Thank you, Davi.

25 With all the news about credits aimed at helping

1 families, we're tailoring our outreach efforts to
2 educate as many people as possible. The Franchise Tax
3 Board is part of a coalition of state and federal
4 government departments, along with nonprofits, entering
5 the fifth year of a coordinated effort aimed at
6 educating California working families about CalEITC and
7 how to claim it with the help of free tax preparation
8 services offered all around the state.

9 This year, we're also going to be talking about
10 the new Young Child Tax Credit since the two credits
11 largely serve the same eligible families. We have
12 learned over time, really, to keep our messaging simple:
13 We promote these credits as a way to increase your
14 refund. We encourage families to get help at free tax
15 prep sites as well. We're also enlisting the help of
16 trusting community partners once again to help get the
17 word out. And once again, the Governor and Legislature
18 have set aside a total of \$10 million worth of state
19 outreach grants, with \$5 million going to promote
20 CalEITC and \$5 million going to promote free tax
21 preparation. Grantees will carry out statewide and
22 local outreach efforts aimed at reaching eligible
23 families.

24 Now, they are very creative in their efforts,
25 which range from tacos and taxes events, tax prep

1 events, to walking through neighborhoods and sharing
2 CalEITC brochures. Grantees know their communities very
3 well, and we believe enlisting their help really works.

4 Now, we're right in the middle of the grant
5 issuance process right now. In fact, the grants were
6 just announced earlier this week, on Tuesday, and we
7 expect the grant money to be issued starting in a few
8 weeks, on October 1st. We know that grantees plan to
9 hit the ground running and get a jump start on promoting
10 CalEITC and free tax preparation services before and
11 during tax season.

12 FTB already has some exciting things planned to
13 get the word out as well, including the return of our
14 computer-equipped e-buses which bring free tax prep to
15 communities all around the state, helping people get the
16 returns done, and, in many cases, connecting them with
17 state and federal Earned Income Tax Credits. Last year,
18 FTB organized a 52-stop e-bus tour involving 19
19 partners. And, this year, we hope to beat that record,
20 both in the number of stops and in the number of
21 partners.

22 We also plan to ship more brochures, posters
23 and -- posters and postcards touting EITC -- CalEITC and
24 free tax prep. Last year, we issued 1.7 million pieces
25 of these marketing materials in six languages. And we

1 hope to increase that number as more partners take
2 advantage of free -- the free materials that we offer.

3 We also plan to mention the new Young Child Tax
4 Credit in our brochures, since this credit really goes
5 hand in hand with CalEITC.

6 And this year, FTB's wonderful Volunteer Income
7 Tax Assistance Team is taking the lead on developing a
8 fresh set of training videos to encourage more people to
9 become VITA volunteers and connect taxpayers with
10 CalEITC. The new training videos will mention CalEITC
11 and the new Young Child Tax Credit.

12 Now, while we're really excited about the
13 expansion in CalEITC and the introduction of the Young
14 Child Tax Credit, this is really a story about the
15 people we help. We have seen people literally cry for
16 joy when they get their taxes done for free and receive
17 federal and state Earned Income Tax Credits.

18 One single mom who we met at an e-bus event last
19 season, in South Sacramento, really has a great story.
20 We would like to share with you a short video and let
21 her speak for herself.

22 (Video presentation.)

23 MR. MONTIEL: So as you can see, the EITCs and
24 free tax prep are really making a positive difference in
25 the lives of many Californians. And while it's only

1 September, we're already working hard on our outreach
2 push for next tax season.

3 Thanks for the opportunity to provide you with
4 this update and we're -- Davi and I are happy to answer
5 any questions.

6 ACTING CHAIRPERSON STOWERS: Thank you, Jason.

7 For the record, let it show that Controller Yee
8 has stepped away from the dais, and her designee, Yvette
9 Stowers, will be taking over for her. And also let it
10 show that Member Gayle Miller is here.

11 So Members, any questions?

12 MEMBER MILLER: Just a quick shoutout to the
13 Franchise Tax Board and the amazing work you have done
14 on this program. Obviously it's really important to the
15 Governor and we really appreciate it.

16 And I do just want to make a plug that to the
17 extent we can make this easier and easier, as you have
18 done with all the various -- with the e-bus and the
19 filing and the help and the calculator, it's just
20 been -- it's been such a pleasure to watch. And I do
21 think what you will keep seeing is a push to make it
22 to -- to perhaps make it easier to look at an
23 auto-populated form to find ways to really help
24 taxpayers that have done it in the past.

25 So thank you again, and -- and we definitely look

1 forward to working together to see how we can even
2 increase utilization more. And that's a great
3 presentation.

4 Thank you.

5 ACTING CHAIRPERSON STOWERS: I also -- Ms. Cohen?

6 MEMBER COHEN: Thank you very much. Just real
7 quick.

8 I do have a question: It actually has to do with
9 language and language access. So I recently read a
10 statistic that there are approximately 92 languages
11 spoken, other than English, in the United -- in Los
12 Angeles Unified School District system. And assuming
13 that these students all have parents, many of whom could
14 qualify for one or more of these tax credits, maybe you
15 could describe to me the outreach effort for those
16 parents or for those persons who are not proficient in
17 English.

18 MR. MONTIEL: Sure. That's actually a really
19 great question.

20 Last season, we offered our brochures in six
21 different languages: English, Spanish, Mandarin,
22 Korean, Vietnamese, and Russian. And, this year, after
23 working closely with our CalEITC partners, we determined
24 that we're going to add Hmong as the seventh language,
25 and so we're looking to reach more and more families.

1 MEMBER COHEN: That's great. Thank you. I
2 applaud your efforts.

3 MR. MONTIEL: Thank you.

4 ACTING CHAIRPERSON STOWERS: Thank you.

5 I too would like to first thank you, Jason, and
6 then the entire Public Affairs team because you guys do
7 an excellent job in marketing this credit.

8 Was it just five years ago when we had our baby?

9 MR. MONTIEL: Yes.

10 ACTING CHAIRPERSON STOWERS: And our baby was
11 crawling. Then she started to walk. Well, look at us
12 now. It is really, really running. Looking forward to
13 a very successful Earned Income Tax Credit and Young
14 Child Tax Credit season this year.

15 And the volunteers, man, you guys -- the effort
16 you put in to learn the tax laws, on your own time, it's
17 just fabulous. So, again, VITA volunteers, thank you
18 very much. Going to be there this year.

19 Thank you.

20 MR. MONTIEL: Thank you.

21 ACTING CHAIRPERSON STOWERS: So our next item is
22 Item 6, Legislative Update. This is an informational
23 item. Presentation by Jahna Carlson. Ms. Carlson.

24 MS. CARLSON: Good afternoon, Members.

25 My name is Jahna Carlson, and I am the

1 Department's Assistant Legislative Director. It's a
2 pleasure to be here this afternoon and to provide you a
3 summary of what has been a very busy legislative season.

4 Today's updates are going to be limited to a
5 summary of the legislation of interest that has been
6 enacted to date or/and the interested -- interesting
7 legislation that it has been sent to the Governor.

8 So to begin with the enacted budget trailer bills
9 that impact the department, there have been four this
10 year:

11 First, AB 91, the Loophole Closure and Small
12 Business and Working Families Tax Relief Act of 2019.
13 This bill was a multi-provision bill that modified the
14 California Earned Income Credit and created a Young
15 Child Tax Care Credit, as you heard in Jason's and
16 Davi's presentation.

17 AB 91 also conformed to a number of provisions of
18 the Federal Tax Cuts and Jobs Act of 2017 that provide
19 tax relief to California's families and small
20 businesses.

21 There are two areas of conformity that I would
22 like to mention specifically: First, AB 91 conforms
23 California law to the federal increase in the allowable
24 contribution to ABLE accounts. ABLE accounts are tax
25 advantaged savings accounts for individuals with

1 disabilities and their families. This bill also
2 conformed to the federal change allowing rollovers from
3 529 college savings plans, similarly a tax advantaged
4 savings account for education, to an ABLE account
5 without penalty. These changes provide California
6 families additional flexibility in planning for the
7 future care and educational expenses of their loved
8 ones.

9 AB 91 also conformed to the federal provision
10 allowing specified small businesses to elect to use the
11 cash basis method of accounting. This change reduces
12 the burden of compliance by allowing eligible small
13 businesses to use the same accounting method for state
14 tax purposes that is allowed for federal tax purposes.

15 Moving to the second bill, AB 101. AB 101 had to
16 do with housing affordability, and, among other things,
17 it increased by \$500 million the amount available for
18 allocation under the Low Income Housing Credit.

19 The third bill, SB 78, created a California
20 individual health care mandate, a program similar to the
21 federal Affordable Care Act administered by the IRS.
22 The state program will be administered by the California
23 Health Benefit Exchange, also known as Covered
24 California, and the Franchise Tax Board. There will be
25 a presentation later in the meeting that will provide

1 you many more details on this new program.

2 Finally, SB 92. This bill requires the Office of
3 Tax Appeals to establish a process for an appellant to
4 opt to appear before one administrative law judge rather
5 than a three-member panel if their dispute related to
6 the personal or corporate income tax is less than
7 \$5,000. This change is administrative and, of course,
8 reduces the burden on the state resources for these
9 disputes as well as reducing the challenge for a
10 taxpayer that is attempting to take advantage of their
11 administrative relief.

12 Moving on to enrolled bills, and although there
13 is few enacted bills so far, we have seen things move to
14 the Governor's desk for consideration. Consistent with
15 most years, there are a number of bills that would
16 modify or add voluntary contributions to the tax return
17 that have reached the Governor. Of these, SB 309 is of
18 interest, as it would remove the minimum contribution
19 requirement for the California Senior Citizen Advocacy
20 Voluntary Tax Contribution Fund -- it's a mouthful --
21 the funding source for the mandated California Senior
22 Legislature, thus allowing that fund to remain on the
23 return in perpetuity.

24 Of the cannabis-related bills, only AB 37 has
25 been enrolled. This bill would allow taxpayers subject

1 to the personal income tax law, that are engaged in a
2 cannabis-related business, the same deduction in credits
3 treatment, that is currently allowed to taxpayers
4 operating a cannabis-related business that are subject
5 to the corporation tax law. So this bill would, if
6 enacted, bring parity to those two categories of
7 taxpayer.

8 In the area of education and housing
9 affordability, AB 211 would provide an above-the-line
10 deduction for contributions to ScholarShare accounts,
11 increasing the incentive for families to save for
12 college educations. And AB 1590 would establish an
13 income tax credit for qualified new home buyers.

14 And although this is not an exhaustive list of
15 bills that have been moved to the Governor's desk, it
16 does provide a flavor of those items touching the income
17 and FTB franchise tax matters that remain active this
18 session. The session does wrap up tomorrow, and the
19 last day for bills to be passed is October 13th -- or,
20 excuse me. October 13th is the last day for the
21 Governor to sign or veto bills in his possession. So
22 we're in the home stretch, but there's still a lot of
23 activity that could occur.

24 In closing, I would like to acknowledge and thank
25 all of the staff that have been involved in the

1 Department's legislative process: The staff of the
2 Legislative Services; Economics and Statistical
3 Research; and the Legal Division's Technical Resource
4 Bureaus; our program areas' subject matter experts
5 throughout the department; our supportive managers and
6 executive staff; and as well as you and your staff. It
7 is really an honor to serve you and the people of the
8 State of California.

9 Thank you for your kind attention, and I would be
10 happy to respond to any questions.

11 ACTING CHAIRPERSON STOWERS: Thank you, Jahna.
12 Members, any questions or comments?

13 MEMBER COHEN: I just want to say that I'm
14 particularly encouraged by the report on AB 101, which
15 will provide up to 500 million for the Low Income
16 Housing Credit for certain low income housing projects.
17 I think that's just incredible. We, as a state, need to
18 continue moving in that direction. And there's just
19 great need to continue for -- for us to continue to
20 build low income housing, so this is promising.

21 Thank you.

22 ACTING CHAIRPERSON STOWERS: Thank you.

23 Also want to commend you. What a busy season.
24 You did a lot. All of you did a lot. And especially
25 dealing with the selective conformity on the federal tax

1 side. You had several open meetings, engaged the
2 public, and it's nice to see that some of those items
3 were taken into consideration.

4 Great job. Thank you.

5 MS. CARLSON: Thank you.

6 ACTING CHAIRPERSON STOWERS: Members, next item
7 is Item 7. It's a PowerPoint presentation on FTB
8 Cannabis Update presented by Bob Schlie and Sheryl
9 Brandon. This is an informational item.

10 MR. SCHLIE: Good afternoon. My name is Bob
11 Schlie, and this is Sheryl Brandon. As the co-chairs of
12 FTB's cannabis -- Enterprise Cannabis Team, we're here
13 today to share information with you about cannabis
14 efforts. It's been over a year since we last provided
15 the Board with an update on our activities. As such,
16 we'll include some background information, along with
17 updates on our current activities, and a look ahead to
18 the future.

19 In 2016, Proposition 464 legalized adult use of
20 cannabis in California, which was followed by
21 legislation establishing a single system of
22 administration for cannabis laws in the state. At the
23 beginning of 2018, cannabis business licensing began at
24 the state level.

25 But before we dive into our update, I would like

1 to point out that FTB isn't working in a vacuum. As we
2 have reported in the past, we have surveyed other states
3 that have previously legalized cannabis to learn from
4 their challenges and successes. We have also been
5 working collaboratively with our state agency partners,
6 industry representatives, and the business community.
7 It's partnerships like these that help us better assist
8 California's taxpayers.

9 Now, to prepare for the new cannabis industry, we
10 formed a Cannabis Business Team, a departmental team
11 specific to cannabis implementation, made up of
12 representatives from across the enterprise. The
13 Cannabis Business Team is composed of four sub-teams:
14 Internal operations, education and outreach,
15 legislation, and compliance. We have organized today's
16 updates based on the activities of these sub-teams.

17 Our internal operations sub-team is tasked with
18 reviewing FTB's filing and payment processes to
19 determine if any changes are needed to these processes
20 to accommodate the cannabis industry. Based on the
21 team's early research, it became evident that FTB's
22 payment processes would need to be modified. With
23 cannabis remaining illegal under federal law, many of
24 these businesses lack access to financial institutions.
25 As such, these businesses use cash for most of their

1 transactions, including paying their taxes. However,
2 FTB wasn't set up to accept large amounts of cash. In
3 fact, FTB instituted a no-cash policy in 2015. However,
4 FTB's no-cash policy does provide an exemption for
5 taxpayers for whom the no-cash policy results in an
6 undue hardship.

7 Cannabis businesses without access to a financial
8 institution can apply for this exemption. Our education
9 and outreach sub-team created a video to help cannabis
10 taxpayers understand the cash exemption process and
11 payment processes, and we'll share that video with you
12 later on today in our presentation.

13 Furthermore, we partnered with our sister
14 agencies to expand our ability to assist our customers
15 with making cash payments. In addition to the no-cash
16 policy, there were several other logistical hurdles we
17 needed to overcome. First, there was the matter of
18 providing taxpayers with a safe environment to
19 physically bring cash into our field offices, which are
20 open to the general public.

21 Second, since we moved away from accepting cash,
22 our field offices did not have the infrastructure to
23 accommodate large amounts of cash. Our safes weren't
24 large enough, we weren't staffed to count the cash and
25 resolve any discrepancies in a timely manner, and we

1 didn't have a way to transport the cash from our offices
2 to the State's bank account. To overcome these hurdles,
3 we partnered with our sister state agencies, who have
4 the necessary infrastructure in place to accept cash.
5 We have established new procedures for taxpayers from
6 how to package their cash to how to schedule their
7 payment appointments. We have also entered into a
8 contract with an armored truck transport company to move
9 the cash into the State's bank account.

10 MS. BRANDON: Our education and outreach sub-team
11 has been busy with education and outreach activities for
12 some time. We created a web page specific to cannabis
13 businesses that provides basic information about filing
14 and paying income taxes. We established a dedicated
15 e-mail address to address cannabis income tax-related
16 questions. We continue to attend cannabis industry
17 events, where we give presentations, answer questions,
18 and provide informational materials. We recently began
19 using FTB's social media channels to get our message
20 out. And, finally, we hosted two interested parties
21 meetings so that the public could ask questions and we
22 could address their concerns. Also, as mentioned
23 earlier, we created a cash exemption video to help
24 taxpayers understand and navigate this process. A link
25 to the video is found in the payment section of our web

1 page, and we would like to share the video with you now.

2 (Video presentation.)

3 MS. BRANDON: Finally, we recently mailed over
4 950 welcome letters to taxpayers who were recently
5 licensed by one of the cannabis industry California
6 licensing authorities. These letters provide helpful
7 information and direct taxpayers to our web page and
8 e-mail address to assist them in meeting their tax
9 obligations.

10 Included with the letter was an informational
11 insert that provides additional information to get
12 people where they need to go in easy-to-understand
13 terms.

14 Our legislation sub-team tracks legislation
15 developments related to cannabis, including legislation
16 that will affect the banking and the -- banking industry
17 and the deductibility of business expenses. The
18 legislation team reviews pending legislation, so FTB is
19 prepared should it be enacted.

20 The legislation team has also fielded calls from
21 elected officials related to proposed cannabis
22 legislation.

23 Our compliance sub-team is currently developing a
24 comprehensive compliance strategy to identify red path,
25 or noncompliant taxpayers, and help them move to the

1 blue, or compliant, path. Our compliance strategy will
2 be multifaceted and will include efforts from simple
3 education letters to more individualized approaches.
4 With this year being the first year that most newly
5 formed cannabis businesses are required to file an
6 income tax return with FTB, our compliance efforts are
7 currently in the crawl stage. To date, we have received
8 licensing data from the California's three licensing
9 authorities and looking forward into other sources of
10 data.

11 MR. SCHLIE: As you can see, we've been
12 diligently working to expand our ability to serve the
13 cannabis business community and will continue our
14 education and outreach efforts to assist these
15 taxpayers.

16 Thank you for your time today. We would be happy
17 to answer any questions you have.

18 ACTING CHAIRPERSON STOWERS: Thank you.

19 Members, questions or comments?

20 MEMBER MILLER: Just one question: The
21 relationship you have with the armored car folks, how
22 does -- do you have to meet the taxpayers in order to
23 receive the cash or how are you -- how does that
24 communication between the taxpayer, you, and the armored
25 car service work?

1 MR. SCHLIE: Sure. So we have a contract with
2 the armored car company. Taxpayers are given -- we
3 block out certain dates during the year where taxpayers
4 can schedule appointments to come into the office to
5 bring the cash so the taxpayer would physically
6 transport that cash in or have a representative do that
7 for them.

8 When we -- when the taxpayer schedules that
9 appointment to deliver the cash, we then contact the
10 armored car company and let them know that we will need
11 their services on that particular day.

12 MEMBER MILLER: And that's the only security you
13 have for cash collection is through --

14 MR. SCHLIE: There are also physical security,
15 Highway Patrol, in the offices on the days in which
16 taxpayers are bringing cash in. So we do have the
17 physical security in the office. Then we have the
18 security to transport the cash.

19 MEMBER MILLER: Okay. Thank you very much.

20 MR. SCHLIE: You are welcome.

21 ACTING CHAIRPERSON STOWERS: Thank you.

22 I just have a question regarding the cash
23 exemption. I am correct that exemption is not just
24 limited to cannabis businesses?

25 MR. SCHLIE: That is correct. Any taxpayer that

1 can demonstrate an undue hardship with our cash
2 exemption or with the no-cash policy can complete that
3 cash exemption form.

4 ACTING CHAIRPERSON STOWERS: Thank you.

5 Okay, Members. Thank you very much for your
6 presentation.

7 MR. SCHLIE: Thank you.

8 ACTING CHAIRPERSON STOWERS: Thank you.

9 Our next item is Item 8. It's a PowerPoint
10 presentation on the Enterprise Data to Revenue annual
11 update presented by Jose Orozco and Jennifer Roussel.
12 This is an informational item.

13 MS. ROUSSEL: Good afternoon, Board members.

14 I am Jennifer Roussel, the EDR2 business director
15 for FTB. And with me today is Jose Orozco, the EDR2
16 technical director.

17 Today we'll be providing an informational update
18 on the Enterprise Data to Revenue project, also known as
19 EDR2. The last annual update FTB gave to the Board was
20 in June of 2018.

21 Since the Board has new members this year, we'll
22 provide you with a short recap of the FTB's Tax System
23 Modernization vision before we give you more information
24 about the project.

25 Jose will be covering this information for us

1 today.

2 MR. OROZCO: Thank you, Jennifer.

3 In 2007, FTB created a Tax System Modernization
4 plan. The plan outlined three large scale projects over
5 a 30-year period, focusing on three main areas. Those
6 areas include modernizing our aging IT systems, focusing
7 on our business opportunities and the objectives,
8 furthering our strategic vision by improving taxpayer
9 services, effective compliance, and operational
10 excellence.

11 The 30-year plan is comprised of three large
12 projects, each project taking approximately ten years
13 from -- to complete, from the planning, all the way to
14 final implementation. Each project builds on the
15 previous.

16 In 2015, we completed the first phase of this
17 plan known as the Enterprise Data to Revenue project, or
18 EDR. EDR established our new foundational systems, such
19 as Case Management, the Taxpayer Folder, and the MyFTB
20 application.

21 Phase 2 is known as EDR2, which is the current
22 project that we're giving you an update on today. The
23 primary focus is to move our Audit, Filing Enforcement,
24 and Underpayment systems of work onto the new enterprise
25 platform implemented with the first phase of EDR. And

1 EDR3 will focus on replacing our aging accounting
2 systems.

3 In addition to modernizing our IT systems, our
4 Tax Systems Modernization Plan focused on six strategic
5 business problems, which will help address the tax gap,
6 build on enterprise property improvements, and provide
7 improved service to our taxpayers, thereby generating
8 revenue for the State.

9 These six -- these six key components include
10 expand data availability, improve business processes,
11 reduce system redundancy and improve system reuse,
12 improve the customer experience by implementing
13 self-service tools, increase data analytics, and replace
14 our aging systems and outdated technologies.

15 With EDR1, we reached 28 percent of our goal to
16 address these six strategic business problems. With
17 EDR2, we will build upon the success of EDR1, and we
18 will reach 83 percent of our goal. And by the end of
19 our final phase with EDR3, we will reach our goal in
20 addressing the six strategic problems we set out to
21 address in the Tax System Modernization plan.

22 Now Jennifer will share with you some of the
23 progress we have made on the EDR2 project and talk
24 specifically about the business problems we are working
25 on with this project.

1 MS. ROUSSEL: So with EDR2, we will continue to
2 work on our strategic business problems, as Jose
3 mentioned. The new solutions will increase
4 efficiencies, improve worker productivity, and result in
5 additional revenue. We will address our business
6 problems by moving our Audit, Filing Enforcement, and
7 Underpayment systems on to the enterprise platform that
8 was designed and implemented as part of EDR1.

9 Moving this allows us to have improved access to
10 enterprise data and create one enterprise modeling
11 system and one enterprise case management system. This
12 will result in new and improved data analytics, new
13 Underpayment, Audit, and Filing Enforcement models, as
14 well as improved case selections and case management
15 across the enterprise.

16 Using the enterprise data and the modeling and
17 case management systems, we'll be able to automate
18 manual processes, implement new strategies aimed to
19 change taxpayer behavior to promote compliance, provide
20 an expanded array of self-service solutions that help
21 all California taxpayers, and to enhance our processes
22 to detect errors earlier in our process.

23 Finally, we will be able to retire outdated
24 legacy systems, such as the Audit, Filing Enforcement,
25 and Underpayment systems that are nearing their end of

1 their usable life.

2 The EDR2 project kicked off in 2016. Currently,
3 we're in the planning stage of the EDR2 timeline. A
4 large part of the stage is the procurement cycle. We're
5 excited to report that we're on track to start the
6 project in July of 2021. We estimate the project to
7 last 48 to 60 months, which puts the completion by the
8 end of 2025. Since we're currently in the procurement
9 cycle, we would like to share our procurement focus
10 update and some of the next steps that will bring us to
11 the beginning of our project implementation stage.

12 MR. OROZCO: We're working closely with our
13 oversight teams, including the Department of Technology
14 and the Department of Finance, to ensure that we are
15 meeting the requirements of the project approval life
16 cycle process, also referred to as the PAL process. It
17 is a collaborative partnership, which we are working
18 together on all aspects of procurement and planning
19 phases for the EDR2 project. By working together, we
20 ensure a comprehensive plan that includes appropriate
21 oversight and support throughout the project planning
22 process. This ultimately sets up the project for
23 success.

24 The PAL process consists of four distinct stages.
25 We are thrilled to report that in August, stage 3 of the

1 PAL process was formally approved by CTD. This takes us
2 through the detailed solution requirements, and we are
3 now in stage 4, which is the final stage of the PAL
4 process.

5 In this stage, we will continue to work closely
6 with our oversight teams to complete the project
7 readiness and open -- excuse me, the project readiness
8 and approval requirements that include project costs,
9 project schedules, project readiness, and, finally,
10 selecting a vendor.

11 I believe that you all know how important it is
12 to form collaborative relationships with our partnering
13 vendors. It is critical for large projects such as
14 these. We have made this a fundamental part of our
15 procurement and project planning process for the EDR2
16 project. Our primary goal of this partnership is to
17 ensure the success of the project and, ultimately, that
18 the deliverables we receive through the project will
19 meet and sometimes maybe even exceed our expectations.

20 Today we -- today we will share with you just
21 some of the top steps we have taken during the
22 procurement process to collaborate with the vendor
23 community.

24 In 2017, we submitted a request for information
25 to the vendor community so we could get their ideas and

1 inputs on possible solutions to our strategic business
2 partners we discussed earlier.

3 In 2018, we released the projected project dates
4 to ensure vendors would be aware of important upcoming
5 project deadlines so they can plan accordingly.

6 And earlier this year, prior to releasing our
7 requests for proposal, also known as the RFP, we
8 conducted a two-day vendor workshop to share information
9 about FTB so that the vendors -- the vendor community
10 could better understand our current business
11 environment, our technical infrastructure, and our
12 missions and goals before we released the final RFP.

13 This spring, we also gave vendors an opportunity
14 to submit feedback to FTB by releasing a draft RFP. We
15 considered vendor feedback and that led to refinements
16 in our final RFP, which was released on April 30th.

17 Earlier this summer, vendors submitted their
18 responses to our invitation to partner bidding step. We
19 evaluated the vending responses to identify those
20 vendors who have a reasonable likelihood of providing a
21 value-effective solution to the EDR2 project strategic
22 goals.

23 As a result of this process, we have established
24 a pool of qualified business partners. We're excited to
25 share with you that through the invitation to partner

1 process, we had four different vendors apply.

2 MS. ROUSSEL: So our next steps will carry us
3 through the start of the implementation of the EDR2
4 project, which involves continuing the process of
5 planning and so forth, in preparation for that start of
6 July of 2021. Next month, we will meet with CDT and the
7 Department of Finance to officially kick off stage 4,
8 which, as Jose mentioned, is the final stage.

9 As with all projects, especially ones of this
10 size, funding is absolutely critical. As you heard
11 earlier today, we are submitting a BCP for the 2021 year
12 to help us get started, and we do appreciate your
13 support.

14 We also anticipate submitting a proposed BCP
15 during the 21/22 cycle. Over the course of the next 12
16 to 18 months, we will continue to work with the
17 qualified business partners to refine our RFP, provide
18 them with feedback on their proposals, and ultimately to
19 award that -- the contract to a vendor.

20 All is aimed at keeping us on track for our
21 planned start date of the project of July of 2021. We
22 can only do this with the partnership that we have with
23 CDT and the Department of Finance and the support of the
24 board.

25 MR. OROZCO: On behalf of the whole department,

1 Jennifer and I would like to thank you for your
2 continued support on this very important project.

3 This concludes our presentation today.

4 Do you have any questions for us?

5 ACTING CHAIRPERSON STOWERS: Thank you.

6 Member Cohen? Member Miller?

7 MEMBER COHEN: Thank you.

8 Wow, this appears to be a very ambitious program.
9 I applaud you for taking this on.

10 I have two questions. So I see that in Phase 3
11 of the data upgrade, that's scheduled to be operative in
12 2035. And I'm curious to know if this third stage is
13 complimentary to the first two upgrades in Phase 1 and
14 Phase 2.

15 MR. OROZCO: It is complimentary in the sense
16 that with every subsequent phase, the technology that we
17 roll out, we plan to use it for additional
18 functionality. So in Phase 3, we're going to be
19 focusing mostly on our accounting systems. So today,
20 those accounting systems are in our mainframe
21 environment, and we expect them to be living on for the
22 next 15 years before we transition them over into the
23 enterprise platform that we're building.

24 MEMBER COHEN: That's good because my next
25 question is, has FTB considered the possible information

1 technology changes that may occur during the next 16
2 years? And how -- how these changes could impact Phase
3 1 and Phase 2?

4 MR. OROZCO: That is an excellent question.

5 So -- so, yes, we have. And that's also part of
6 the spirit of being able to build on the prior project
7 as well. So what we have is, we develop a integrated
8 tax system here at FTB, where if components are no
9 longer supported going forward, we can replace them with
10 whatever the new technology is. So it's a very modular
11 solution where we can swap items out, if needed.

12 MEMBER COHEN: Thank you.

13 MEMBER MILLER: I just have one question, as you
14 bring people up to stage. What I didn't see in here was
15 taxpayer education.

16 Do you do -- do you plan to do a lot of that just
17 to make sure, like, when people go online, and they're
18 suddenly -- you know, like when I get an update on my
19 iPhone?

20 MS. ROUSSEL: Yes.

21 MEMBER MILLER: Okay. And then just to follow-up
22 to that. To the extent when you are doing procurement
23 and working with a contractor, is part of the contract
24 that that person stays on site to help you transition
25 and troubleshoot if there are issues with the interface?

1 MS. ROUSSEL: Yes. 100 percent. The contract
2 affords opportunities for us to partner with our vendor
3 regarding change management activities, business
4 implementation activities, as well as all of the
5 education and outreach that's necessary to bring both
6 our internal users and our external customers on, as
7 well as, they are here to support us continuing through
8 maintenance and operations.

9 MEMBER MILLER: And then my final question is
10 just if there's any beta testing that goes on before you
11 go live? We have just seen a lot of projects that --
12 that could have maybe had a little test run.

13 MR. OROZCO: Yes.

14 MEMBER MILLER: So I would encourage you to think
15 about that as you get into your larger -- into, like,
16 issues that impact taxpayers all the time. And FTB has
17 done such a great job of this for so long, I just would
18 love you to keep your pristine --

19 MR. OROZCO: Yes.

20 MEMBER MILLER: -- ability.

21 MR. OROZCO: In our statement of work, we have
22 actually built that process into it.

23 MEMBER MILLER: Great.

24 MR. OROZCO: Here, at FTB, we call that process
25 the crawl-walk-run process, which means that as we roll

1 out new functionality, we have dual systems running and
2 with -- we are channeling workload on to the new
3 solution a little bit at a time to flesh out any defects
4 that we didn't catch during the STLC process,
5 development process.

6 Once we flesh that out, we then start migrating
7 over more and more work on to the new solution until we
8 retire the old solution. And that process is explained
9 in our statement of work.

10 MEMBER MILLER: Great.

11 MS. ROUSSEL: And I will add to -- from an
12 external customer perspective, the usability and the
13 customer experience, as well as our internal user
14 experience is very, very important to us to the degree
15 that we do have requirements. They require that of the
16 vendor.

17 MEMBER MILLER: Thank you very much.

18 ACTING CHAIRPERSON STOWERS: Thank you.

19 Just one quick question: I think I figured it
20 out. But anyway, EDR2 is going to cover audit, filing
21 enforcement, and underpayment.

22 MR. OROZCO: Yes.

23 MS. ROUSSEL: Underpayment.

24 ACTING CHAIRPERSON STOWERS: That is accounts
25 receivable?

1 MR. OROZCO: Correct.

2 ACTING CHAIRPERSON STOWERS: Okay. I haven't
3 heard that term before.

4 MR. OROZCO: It is a term that we use at FTB
5 internally.

6 ACTING CHAIRPERSON STOWERS: Okay. Thank you
7 both Jose and Jenn. Appreciate it.

8 MR. OROZCO: Thank you.

9 ACTING CHAIRPERSON STOWERS: Our next item is
10 Item number 9, a PowerPoint presentation on Individual
11 Healthcare Mandate and Subsidy Program presented by
12 Scott Reid and Marlene White. This is an informational
13 item.

14 MR. REID: Good afternoon, Madam Chair and
15 honorable Board members. My name is Scott Reid, and I'm
16 with the Finance and Executive Services Division. And
17 I'm joined today by Marlene White from our Technology
18 Services Division.

19 We're both here to share with you some
20 information about a new individual healthcare mandate
21 and subsidy program that FTB was charged with helping to
22 administer, as part of the recently enacted state
23 budget.

24 In an effort to help reduce the number of
25 Californians living without adequate health coverage,

1 the Governor and the Legislature recently adopted
2 provisions that require certain California residents and
3 their dependents to obtain minimal essential healthcare
4 coverage throughout the year. If those individuals do
5 not secure healthcare coverage, they would be subject to
6 a financial penalty when they file their annual tax
7 return.

8 And to make insurance more affordable for those
9 low- and moderate-income residents needing coverage, an
10 expanded premium assistance program will be administered
11 by the California Health Benefits Exchange Program, or
12 as they are commonly referred to as Covered California.

13 Today I will be covering with you some of the key
14 program elements of both the coverage mandate and the
15 premium assistance program, as well as FTB's role under
16 both of those. Marlene will then discuss our progress
17 to date and some of the next steps as we move closer to
18 implementation in 2021.

19 First let me share a little bit about the health
20 insurance mandate and related penalty. This is modeled
21 closely after the federal Affordable Care Act and the
22 new law requires certain individuals and their
23 dependents to maintain health insurance coverage
24 beginning January 1st, 2020. Generally speaking, if a
25 taxpayer fails to secure coverage, they will be subject

1 to a penalty of up to \$695 per adult and up to half that
2 per minor dependent when they file their 2020 tax return
3 in 2021. But for some high income earners, these
4 penalties could be even more.

5 In addition, beyond the individual requirement,
6 there will be requirements from health insurers and
7 others to send information to FTB annually so that we
8 can validate insurance coverage of those individuals.

9 The second part of the program is an expanded
10 subsidy program administered by Covered California. It
11 will offer premium assistance to families earning at or
12 below 600 percent of the federal poverty level. The
13 subsidy will be initially determined based on the
14 taxpayer's estimated income for the year but after they
15 file their tax return in the next calendar year, they
16 will have to report their actual income and reconcile
17 whether they received too much of a subsidy or not
18 enough. If they received too much, they will make a
19 payment to FTB. However, if they didn't receive enough,
20 FTB will send them the difference.

21 The second part of the program, the subsidy
22 program, is expected to sunset in December of 2022.

23 While I mentioned, at a very high level, the role
24 that FTB will have under this program -- mainly
25 administering and collecting health mandate penalty and

1 reconciling the proper amount of healthcare subsidy
2 during tax filing -- there's a lot of work FTB needs to
3 do in order to be prepared for accepting returns in
4 2021. A few of those items are establishing data
5 sharing agreements with the health insurers and others,
6 so that we have the data we need to validate that the
7 taxpayer had insurance coverage.

8 In addition, we will be developing instructions
9 and forms so that taxpayers can calculate any penalties
10 that are owed and be able to reconcile their health
11 premium subsidy if they enrolled in a plan administered
12 by Covered California.

13 In addition, we'll be establishing validation
14 rules into our return processing system to aid in the
15 compliance and enforcement effort. And ensuring that we
16 have the ability to capture data for mandated reporting
17 under the program will also be necessary.

18 So now I would like to turn it over to Marlene to
19 discuss what FTB's done so far and talk about some of
20 our next steps. Marlene.

21 MS. WHITE: Thanks, Scott.

22 Okay. So far, we have created a core project
23 team made up of business and IT staff to design, build,
24 and implement a solution leveraging our current systems
25 and processes with the focus on the customer experience.

1 This team will continue to work very closely with our
2 partners at Covered California to ensure we create a
3 seamless process for customers to gain access to
4 healthcare and meet their reporting obligations.

5 To date, we have completed our procurement
6 processes to obtain vendor services to augment our IT
7 team and are finalizing the project plan and schedule so
8 that we are able to receive and process the 2020 tax
9 year returns.

10 Our next steps include planning for the
11 regulatory process with the ambitious goal of having
12 regulations published in the fall of 2020, before the
13 first tax returns are due in 2021, and to develop a
14 comprehensive outreach and communication plan.

15 The first items in our outreach plan include a
16 web page on FTB.ca.gov with basic information about the
17 mandate with a link pointing to Covered California. We
18 will be doing a joint news release with Covered
19 California, urging Californians to get qualified health
20 coverage in the 2020 year and will be beginning a social
21 media campaign with #GetReady.

22 And on November 14th, we are facilitating a
23 stakeholder meeting to solicit direct input.

24 And, finally, we are feverishly working on the
25 system design and phasing strategy in order to implement

1 our role in administering the healthcare mandate
2 program.

3 We are leveraging our crawl-walk-run methodology,
4 as you heard Jose just reference, to deliver
5 functionality in steps that build upon each other to
6 manage risk and facilitate project success.

7 Scott and I would like to thank you for your time
8 today, and this concludes our presentation. We would be
9 happy to answer any questions.

10 ACTING CHAIRPERSON STOWERS: Thank you.

11 Members, any questions?

12 MEMBER COHEN: I do have a quick question about
13 outreach. What's the outreach strategy to let people
14 know that if they don't comply, penalties will ensue?

15 MS. WHITE: So we're working closely with Covered
16 California, as I described. I think, for this first
17 year, we're really depending on Covered California,
18 working with them, to get the word out that people get
19 coverage and that the subsidies are available. So,
20 again, we're working with -- we have on our website the
21 joint press release and then really relying heavily on
22 social media to get the word out.

23 MEMBER COHEN: So when you say you're working
24 with Covered California, what exactly does that look
25 like? It means you have a conversation? Do you have a

1 contract? Do you have an MOU? Do you have -- like,
2 what -- what does it look like?

3 MS. WHITE: We're looking at this as a
4 partnership with Covered California. They are taking
5 the lead on the actual program and we're there to
6 provide support. Our role is really with the penalty
7 administration and doing the subsidy reconciliation. So
8 whatever we can do to support them to get the outreach
9 so people are ready.

10 MEMBER COHEN: So when you say "support," meaning
11 that you would supply the content? Because Covered
12 California did a phenomenal job covering California;
13 they were everywhere. And I just want to know, is that
14 what I can expect to see moving forward?

15 MR. REID: So we're -- we're actually in regular
16 discussions with Covered California. We have got work
17 groups that are working together, our team and their
18 team. Right now, we're meeting almost weekly to hammer
19 out, you know, some of those issues. At this point,
20 we're really looking at it as a partnership, us
21 leveraging our opportunities, to, let's say, you know,
22 work with tax preparers, their opportunities to work
23 with their community partners, in addition to the
24 normal, you know, public affairs press release, social
25 media-type campaigns. So we're really looking to

1 leverage all of our resources to make that information
2 available to Californians.

3 MEMBER COHEN: So when you talk about resources,
4 are you making a monetary contribution to Covered
5 California to help with that? Because the outreach was
6 just extensive. I mean, you had people coordinating up
7 and down the state, multiple languages at farmers
8 markets, at, you know, rallies, you know, concerts. I
9 mean, they were really out there working. So --

10 MR. REID: So Covered California, I believe, was
11 allocated or, as part of their budget, is an outreach
12 and communication plan. We were not funded specifically
13 for that. But we're leveraging our existing
14 infrastructure and helping in any way that we can to get
15 the word out.

16 MEMBER COHEN: Do you anticipate needing any more
17 funding or coming back to us to ask for some kind of an
18 allocation to further your efforts with Covered
19 California?

20 MR. REID: At this time, we haven't identified
21 any -- any shortcomings or any gaps that would need to
22 be identified, but if we do, we won't hesitate to come
23 forward and ask.

24 MEMBER COHEN: Thank you.

25 ACTING CHAIRPERSON STOWERS: Thank you.

1 Thank you, Ms. Cohen.

2 Thank you. So it sounds like our public affairs
3 team is going to be very busy. Maybe we should pull
4 back Michelle's retirement.

5 MR. REID: Hear, hear.

6 ACTING CHAIRPERSON STOWERS: Thank you very much,
7 Marlene and Scott.

8 Members, Item number 10 is a PowerPoint
9 presentation. FTB Website Redesign presented by
10 Michelle Fallon and Mike Meehan. Thank you.

11 MS. FALLON: Good afternoon.

12 Mike and I really appreciate the opportunity to
13 give you a brief overview of FTB's new website and some
14 of the highlights and challenges we had on the two-year
15 adventure that brought us to the June launch of our new
16 redesigned site. You know, FTB's website is our primary
17 communication channel with more than 18 million visits
18 every year. It includes self-service tools and also
19 kinds of information that taxpayers can access and use
20 in hours that are convenient for them. The usefulness
21 of this tool has a huge impact on compliance, and that
22 fact is always foremost in our minds whenever we embark
23 on an exercise such as this.

24 So understanding that important link to
25 compliance, we spent some time crafting a vision that we

1 felt would better serve all taxpayers. We started with
2 the usual suspects, which is plain language and, of
3 course, we wanted to switch to the new state templates.
4 Then we started talking about how to improve navigation.
5 And I'm not going to lie, that one was a little bit more
6 meaty.

7 First, we wanted to reorganize our website by
8 task, as opposed to taxpayer type. And if you think
9 about it this way, it really -- if you are trying to
10 make a payment on our website, it doesn't matter if you
11 are an individual or a corporation. The process is the
12 same, so we might as well organize our website that way.

13 Next, we understood that to make any meaningful
14 improvement to navigation, we need to make some
15 strategic decisions about the amount of content we would
16 leave on our website.

17 And in order to do that, we took a look at some
18 web analytics and discovered that 95 percent of the
19 people who were coming to our site were looking for the
20 same 3 percent of content. The other 97 percent of
21 content was things that most people didn't need or
22 didn't look at, at all.

23 Now, that doesn't mean that no one missed the
24 information we took off of our website, but more about
25 that in a minute.

1 Finally, getting back to our vision, we wanted to
2 make sure that the website was inclusive for everyone.
3 Now, I know you are all familiar with AB 434, which
4 requires all State agencies to certify on their home
5 page that they are accessible compliant. While AB 434
6 honestly wasn't the reason we started this redesign, it
7 absolutely measured our scope or kind of honed in our
8 scope as well as our project timeline.

9 MR. MEEHAN: Once we had a solid vision, we
10 mapped out a planning process that began nearly two
11 years ago. That process included action items from
12 three main working teams. Our first team, the redesign
13 team, was responsible for the monumental task of
14 reducing our website to 3 percent of its former self.
15 We accomplished this by facilitating 85 co-creation
16 workshops with subject matter experts from every major
17 program area here at FTB.

18 A co-creation workshop refers to a customer
19 experience, or CX best practice, in which we work with
20 each individual area of the enterprise to reimagine the
21 web content that they represent which would ultimately
22 remain on the site. The redesign team uses the
23 information to literally build the site from the ground
24 up.

25 And while they were building, we had another team

1 creating an offline repository, which, in the simplest
2 of terms, is an exact copy of our old website as it
3 existed on June 18th. This repository is now located
4 offline, in our intranet. We knew that there would be
5 documents in this repository that some customers may
6 still need to access.

7 And that leads me to the third team that created
8 an online request process to facilitate that need.

9 At the top of any search result are the links you
10 see on the screen. The "contact us" link takes users to
11 a fillable online form where they can let us know what
12 they need. We process those requests by retrieving the
13 information from our repository and e-mailing it back to
14 the customer. We're tracking those documents now and
15 using the data to help make decisions regarding what
16 should be added back to our online environment.

17 In relating this back to the picture we showed
18 you earlier, the three working teams each had major
19 responsibility that went into building that new website.

20 MS. FALLON: Next, we would like to tell you a
21 little bit about our communication plan because we had
22 the monumental task of not only rolling this change out
23 to our 18 million customers, but also to our more than
24 6,000 employees.

25 We used just about every communication channel we

1 could think of. It amounted to several pages of an
2 Excel spreadsheet plan, as you see up there, and I can
3 tell you that if someone didn't know this thing was
4 coming, it wasn't for lack of trying, because we went
5 everywhere.

6 So now I would like to show you one of the
7 products from that plan. It's a short video that was
8 actually filmed right here in this auditorium.

9 (Video presentation.)

10 MS. FALLON: So I would just like to go on record
11 here to tell you that Mike and I actually auditioned for
12 this video. I don't know who these guys are.

13 MR. MEEHAN: I think they work for you.

14 MS. FALLON: Well, we were really denied for no
15 good reason.

16 MR. MEEHAN: They said we weren't cool enough.

17 MS. FALLON: How could that be?

18 MR. MEEHAN: Moving on.

19 MS. FALLON: Moving on.

20 MR. MEEHAN: We put a lot of thought into how we
21 would execute the launch of our site. About three weeks
22 before go live date, we made the new site available in a
23 staging environment for our employees to explore and
24 provide feedback through an online link.

25 With the help of our employees, we were able to

1 identify and resolve some errors, such as navigation
2 fails or missing links before going public.

3 We decided to launch the site on a Saturday,
4 June 22nd, to minimize the impact to our customers and
5 FTB operations. We had a big crew who essentially gave
6 up their Saturday to experience the culmination of
7 months of hard work. We were all well fed and in high
8 spirits. The site launched ahead of schedule with
9 minimal challenges.

10 MS. FALLON: Immediately after our launch, we
11 went into what we consider or call early life support.
12 It's actually a practice we implemented when -- any time
13 we launch a major project. It's kind of like an
14 all-hands-on-deck, kind of, posture, during which we
15 carefully monitor the implementation of the new project
16 to make sure that we're catching any unforeseen issues
17 or unexpected problems that pop up. And to help
18 identify those problems, we implemented a feedback link
19 on the top of every one of our web pages so that
20 taxpayers could let us know right away if something
21 wasn't working well.

22 And I'm not going to lie. We had a few
23 challenges. Some were expected and some not so much.
24 One challenge had to do with how external search
25 engines, such as Google and Bing, interacted with our

1 website. We knew this was going to be an issue early
2 on, so we actually called some of the big companies
3 right when we launched and we asked them to re-crawl our
4 site, and that just means to reestablish links from the
5 cloud to our FTB website.

6 Regardless of our best efforts, though, a lot of
7 people who use those external search engines had a hard
8 time finding what they were looking for in terms of
9 finding it on ftb.ca.gov. But, fortunately, the problem
10 was very short lived, and, by the third day, it was
11 pretty much cleared up.

12 The second early challenge is something that's
13 going to take a little bit more consideration and
14 planning to address. It's a problem identified by
15 stakeholders who actually use our website, kind of like
16 an Encyclopedia Britannica, such as other tax research
17 firms. Now, while they can always go to use our request
18 process to find information that's no longer there, they
19 really need, like, a title or just a short description
20 of the document or an old URL, if they have it
21 bookmarked. But as these stakeholders pointed out to
22 us, they don't always know what they are looking for.
23 They like to kind of hunt around and see what's there.

24 We are, right now, in the process of gathering
25 information to see what content we should consider

1 adding back to the online environment, and that -- those
2 priorities will be addressed within the context of
3 available resources.

4 MR. MEEHAN: Not all of the feedback came from
5 people who were dissatisfied with the change. We were
6 actually pleasantly surprised to find an increasing
7 number of positive comments as the post launch weeks
8 went by. By week five, nearly half of the feedback
9 comments were positive and included statements like,
10 "This website is cleanly laid out"; "Especially useful
11 on mobile devices"; "Thanks for keeping it organized."

12 MS. FALLON: For most of our customers, the
13 redesign of our site was a success. As we do with other
14 projects, our sponsor teams took a look -- or took the
15 time to consider lessons learned. Now, we have already
16 shared with you some of our challenges earlier in the
17 presentation, but we thought we would end today with
18 just talking about three key factors that we felt really
19 contributed to the success of this launch.

20 First, without question is our executive
21 management team. There is no way we could have
22 accomplished this without their support and direction.
23 It was painful, wasn't it, Selvi? She's still in
24 therapy.

25 (Laughter)

1 MS. FALLON: They were literally with us every
2 step of the way, and I have to say that a very close
3 second was the engagement level of every single program
4 area that we work with. Remember those 85 workshops we
5 talked about? They all came to the table ready to make
6 some very difficult decisions about the content that was
7 going to remain on our site.

8 And, finally, we have to say, that noting the
9 moments that matter, those little celebrations, the
10 little successes along the way really helped us get
11 through what would have otherwise been a pretty grueling
12 project, from the popcorn and chocolate of those 85
13 workshops, to the excitement of that Saturday launch, to
14 the celebration cake that formally acknowledged the
15 successful redesign. These are the moments that remind
16 us we can accomplish great things that encourage us to
17 take on future monumental tasks.

18 MR. MEEHAN: Says the one retiring in six weeks.

19 MS. FALLON: Well played, Mr. Meehan.

20 Finally, we want you to know that we have always
21 been very mindful that one of the board's priorities is
22 to provide excellent services to Californians. And I am
23 hopeful that, through this effort, we've demonstrated to
24 you our commitment to that very same priority.

25 Thank you very much.

1 ACTING CHAIRPERSON STOWERS: Thank you.

2 Questions, Ms. Miller? Ms. Cohen?

3 MEMBER MILLER: Huge congratulations.

4 ACTING CHAIRPERSON STOWERS: Very nice site. I
5 was just kind of flipping through it on my phone while
6 you guys were doing your presentation and everything
7 popped up just fine. Good. Even all the attachments to
8 the pad was there. And I even took a look at the legal
9 bulletins. All your stuff is there, Jozel. It's very
10 important. So congratulations on a very nice web
11 design.

12 MS. FALLON: Thank you very much.

13 MEMBER COHEN: I do have a quick question. It's
14 funny, because after your presentation, I actually
15 wanted to applaud. I had to restrain myself and
16 realize --

17 (Appause)

18 MEMBER COHEN: I am wondering -- I wanted to
19 know, is there any chance about, as we go forward and
20 move into the future, that more information will become
21 available to the public?

22 MS. FALLON: Yeah. Absolutely. And that's kind
23 of what we talked about. We're -- we're -- we've met
24 with our advisory board. We plan on reaching out to
25 CSEA, CalCPA. We are getting -- we have quite a few

1 feedback channels, and we are just kind of compiling
2 that information right now, so that in January, we can
3 look at it holistically and see what resources we have
4 to dedicate to that and what would be our top priority
5 items to add back to the website.

6 MEMBER COHEN: Yes. Because I know, you know,
7 tax practitioners, academics, nonprofit folks, we spoke
8 about this in the briefing. They used that information
9 and -- but if I'm not mistaken, I also heard that it's
10 archived somewhere else, and you can make a request to
11 get the information sent to you, so all is not lost. We
12 just have to be a little bit more of a supersleuth to
13 get to the bottom of it.

14 MS. FALLON: You are absolutely right, Malia.

15 MEMBER COHEN: That's good. Thank you.

16 ACTING CHAIRPERSON STOWERS: Thank you.

17 All right, Members. Our next item is Item 11.
18 Executive Officer's time.

19 EXECUTIVE OFFICER STANISLAUS: I have nothing to
20 report, Madam Chair.

21 ACTING CHAIRPERSON STOWERS: Thank you,
22 Ms. Stanislaus.

23 We have already done members' time. But if --
24 Members, any more comments?

25 MEMBER COHEN: I have none.

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ACTING CHAIRPERSON STOWERS: Okay then. We are
adjourned.

(Proceedings concluded at 3:00 p.m.)

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CERTIFICATE OF REPORTER

I, KATHRYN S. SWANK, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing proceedings were reported in shorthand by me, Kathryn S. Swank, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings nor in any way interested in the outcome of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of September 2019.

/s/ Kathryn S. Swank
KATHRYN S. SWANK, CSR
Certified Shorthand Reporter
License No. 13061