

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

TUESDAY, MARCH 28, 2023

1:41 P.M.

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:

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APPEARANCES

BOARD MEMBERS

MALIA M. COHEN
State Controller
(Chairperson of the Board)

HASIB EMRAN
Deputy State Controller, Taxation

ANTONIO VAZQUEZ
Chairperson
Board of Equalization

GAYLE MILLER
Chief Deputy Director of Policy
Department of Finance

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STAFF

SELVI STANISLAUS
Executive Director

CRISTINA RUBALCAVA
Board Liaison

JOZEL L. BRUNETT
Chief Counsel

SHANE HOFELING
Deputy Chief Counsel

SARA BRYANT

THI LUONG

JOSE OROZCO

JENNIFER ROUSSEL

MICHELLE SMITH

BRENDA VOET

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APPEARANCES CONTINUED

PUBLIC PARTICIPANTS

MAGGIE VOET

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1 SACRAMENTO, CALIFORNIA

2 TUESDAY, MARCH 28, 2023, 1:41 P.M.

3 ---o0o---

4 CHAIRPERSON COHEN: Good afternoon, ladies and
5 gentlemen and welcome to "Club FTB." Did you like that
6 jazzy music? What a wonderful way to set the tone.

7 This is the regularly scheduled time for the
8 Franchise Tax Board.

9 Would the Board Liaison please call the roll to
10 determine if a quorum is present.

11 MS. RUBALCAVA: Good afternoon.

12 Member Vazquez.

13 MEMBER VAZQUEZ: Present.

14 MS. RUBALCAVA: Member Miller.

15 MEMBER MILLER: Present.

16 MS. RUBALCAVA: And Chair-Controller Malia M.
17 Cohen.

18 CHAIRPERSON COHEN: Present. You can just say
19 "Malia."

20 Okay. At least two members or their designated
21 representatives being personally present, there's a
22 quorum of the Franchise Tax Board. We are now in
23 session.

24 Please stand and join me by placing your right
25 hand over your heart and repeating after me, stating the

1 Pledge of Allegiance.

2 (Pledge of Allegiance was recited in unison.)

3 CHAIRPERSON COHEN: Okay, ladies and gentlemen.

4 Good afternoon. Welcome to the Franchise Tax Board's
5 meeting.

6 The public has a right to comment on each agenda
7 item. If there are any members of the public wishing to
8 speak on an item, please come forward when that item is
9 called, and you will have three minutes to address the
10 Board. For today's meeting, members of the public who
11 wish to comment via teleconference, please call (877)
12 226-8189, and enter the access code of 8457217. Please
13 be aware that there are short delays between the live --
14 between the web live stream and the live event. If
15 there are any members of the public wishing to speak on
16 an item, and you are using a translator or translator
17 service, you will have six minutes to address the Board.
18 All speakers will be asked to identify yourself for the
19 record.

20 The first item, Members, is the approval of the
21 minutes. We have the minutes of the December 8th, 2022,
22 board meeting.

23 Members, are there any comments or questions?

24 (No response.)

25 CHAIRPERSON COHEN: Are there any members of the

1 public wishing to speak on this item in person or on the
2 teleconference line?

3 (No response.)

4 CHAIRPERSON COHEN: All right. Seeing that there
5 is no public comment, and seeing that there are no
6 comments from my colleagues, may I have a motion for
7 approval of the minutes?

8 MEMBER MILLER: Move approval, Madam Chair.
9 Gayle Miller.

10 CHAIRPERSON COHEN: Thank you very much,
11 Ms. Miller. It's been moved.

12 Is there a second?

13 MEMBER VAZQUEZ: I will second it, but I will be
14 abstaining, if that's all right.

15 CHAIRPERSON COHEN: Okay. You are going to be
16 abstaining. Then I will second.

17 And without objection, that will be the Board's
18 order.

19 Let's call for the approval of the minutes.

20 MS. RUBALCAVA: Member Vazquez.

21 MEMBER VAZQUEZ: Abstain.

22 MS. RUBALCAVA: Member Cohen.

23 CHAIRPERSON COHEN: Aye.

24 MS. RUBALCAVA: Member Miller.

25 MEMBER MILLER: Aye.

1 CHAIRPERSON COHEN: All right. Great. Thank you
2 very much. Motion passes.

3 Next the Item 2, Administrative Matters. We have
4 Thi -- excuse me. Thi Luong presenting the 2023/24
5 Spring Finance Letters and Out-of-State Travel Blanket
6 for Board approval.

7 Thi.

8 MS. LUONG: My name is Thi Luong, the Director of
9 the Financial Management Bureau here at FTB. I'm here
10 today to present the FTB's two fiscal year 2023/24
11 Spring Finance Letters for your approval.

12 First is the customer service resources. This
13 proposal requests \$6.95 million in fiscal year 23/24 to
14 fund 53 positions and upgrades across FTB's customer
15 service channels. And positions can either be permanent
16 or limited-term, as noted within the proposal.

17 These positions and upgrades will enable the
18 department to effectively serve taxpayers and tax
19 professionals and to provide information needed to meet
20 tax filing and payment obligations.

21 Over the past decade, FTB has deployed numerous
22 website applications and tools for self-service. While
23 these tools have been well-received and are heavily
24 utilized, we find that taxpayers and tax professionals
25 still desire a high level of personal service and

1 continue to contact FTB through calls, correspondence,
2 and chats.

3 FTB's current staffing levels are inadequate to
4 handle the high volume of contacts, leading to
5 undesirable levels of access and frustrated taxpayers,
6 who cannot get help when needed to meet their tax
7 obligations.

8 When taxpayers and tax professionals are not
9 served timely, compliance and revenue can be delayed as
10 taxpayers will move from the voluntary collection cycle
11 to the involuntarily compliance cycle, which is more
12 costly for FTB to administer.

13 In addition to inadequate staffing levels, the
14 contact center is also experiencing negative impacts,
15 such as high attrition rates, due to classifications
16 lacking upward mobility among contact center agents and
17 technical center experts.

18 The requested upgrades will help FTB increase
19 productivity and retain valuable subject matter
20 knowledge and expertise to better serve customers.

21 The additional staffing and funding will
22 stabilize the contact center for normal operations and
23 allow the department to pivot as quickly as possible for
24 unexpected events.

25 Our second proposal, the IBM Microsoft Licensing

1 Agreement renewal, requests \$1.83 million in fiscal year
2 23/24 and ongoing to establish a fully-funded permanent
3 baseline budget to continue existing licensing and
4 support for existing mainframe software that allows FTB
5 to keep its mission-critical applications running.

6 FTB's mainframe is essential to our critical
7 accounting and noticing systems and is relied upon by
8 all tax processing systems.

9 The most economical way for FTB to secure
10 mainframe licensing and tools is through a multiyear
11 contract through the California Department of
12 Technology. FTB's current baseline for this service is
13 \$2.4 million annually. The new contract is priced at
14 \$4.2 million in fiscal year 23/24, with an incremental
15 increase the following year.

16 FTB's current budget allocation is not able to
17 absorb this ongoing increase without impacting existing
18 business operations. This augmentation ensures FTB can
19 fund the contract increases for the mainframe software
20 that is needed for FTB to process tax returns, payments,
21 refunds, and to engage in compliance activities.

22 Thank you for your time. Happy to take questions
23 you may have.

24 CHAIRPERSON COHEN: Great. I actually have one
25 question for you.

1 I was wondering if you could give me an estimate
2 of the costs of the 2023/24 out-of-state travel blanket
3 based on prior years' practices.

4 MS. LUONG: Sure. Do we want to move on to the
5 out-of-state travel --

6 CHAIRPERSON COHEN: I'm sorry. Yes.

7 MS. LUONG: Okay.

8 CHAIRPERSON COHEN: I'm getting ahead of myself.

9 MS. LUONG: Okay. So an estimate of the cost for
10 the out-of-state cost for the blanket. So for FTB --
11 are you asking for the total cost?

12 CHAIRPERSON COHEN: Yes, please.

13 MS. LUONG: Yes. The total cost is about
14 \$2.4 million.

15 CHAIRPERSON COHEN: Okay.

16 Let's go to -- does that conclude your
17 presentation?

18 MS. LUONG: Yes, ma'am.

19 Did -- okay. Do you want me to do the script for
20 the out-of-state travel?

21 CHAIRPERSON COHEN: Yes, please.

22 MS. LUONG: Okay. Great.

23 So the second item I'm seeking your approval is
24 for FTB's 23/24 out-of-state travel blanket, as required
25 under Board Resolution 2022-02. This resolution

1 requests out-of-state travel that exceeds a hundred
2 thousand, and is for a purpose other than travel,
3 related to work on audit and case-specific
4 representation, such as legal and collection activities,
5 and certain mission-critical activities to be annually
6 approved by the Board.

7 FTB's out-of-state travel is largely for Audit
8 and Legal staff to conduct audits or legal activities.
9 In addition to these essential activities, FTB staff may
10 also travel for other critical activities, such as
11 relevant training that cannot be obtained within
12 California or in support of case investigation
13 activities.

14 In all instances, FTB limits travel only to
15 states where travel is allowed. For fiscal year 23/24,
16 FTB would like permission to exceed the hundred thousand
17 and obtain approval for up to \$174,500. Of this,
18 \$147,500 is for planned travel and \$27,000 is for
19 contingencies as necessary.

20 The contingency amount is needed in the event
21 that staff need to travel out-of-state unexpectedly, and
22 it will be supported by an individual trip request
23 approved via the statewide process.

24 For context, in fiscal year 22/23, the amount
25 requested for board approval was up to \$153,000. Please

1 note, this request is not for a budget increase, just
2 for approval to use the existing budget for certain
3 mission-critical activities.

4 Thank you. That's the presentation. Happy to
5 take questions.

6 CHAIRPERSON COHEN: All right. Thank you.

7 Let's see if colleagues, do you have any
8 questions? Ms. Miller?

9 (No response.)

10 CHAIRPERSON COHEN: No question? Okay.

11 MEMBER MILLER: No questions, Madam Chair.

12 I will only note that I will be abstaining --
13 excuse me. I'm going to be abstaining on the items
14 related to the Finance Letters, the Spring Finance
15 Letters, just not to presuppose any action by the
16 Franchise Tax Board.

17 But I'm happy to move the out-of-state travel
18 when appropriate.

19 CHAIRPERSON COHEN: All right. Thank you very
20 much, Ms. Miller.

21 MEMBER MILLER: Thank you.

22 MEMBER VAZQUEZ: Just a quick question.

23 Can you give us, like, an example? I know you
24 mentioned you have a contingency. What would -- what
25 would fall under a contingency, as an example?

1 MS. LUONG: Sure. Thank you for the question.
2 So what -- just for -- just as a way of
3 background when, we asked for the add-more Board
4 approval, typically it's for travel, as I mentioned, for
5 out-of-state travel or perhaps investigation activities.

6 So as much as possible, we try to plan in
7 advance. But in instances where something unexpectedly
8 comes up, and we're exceeding the budget for
9 investigation, where we partner with other federal and
10 state officials, that's where it would come in.

11 As noted, if that is the case, all of this would
12 be approved via the statewide trip request process,
13 which goes to our agency as well as the Governor's
14 Office for approval.

15 MEMBER VAZQUEZ: I'm assuming this has happened
16 in the past.

17 MS. LUONG: It has.

18 MEMBER VAZQUEZ: So can you cite an example?
19 Like, let's say what you did last year or two years ago.

20 MS. LUONG: Yeah. Thank you for the question.

21 It has happened in the past, and that's where we
22 got the \$27,000, because that's the average of the last
23 five fiscal years when we had this.

24 Prior to the Board Resolution 2222-02 [sic],
25 there were certain other categories that were considered

1 falling within the admin. So in those cases, there
2 could be a critical security patch that needs to be
3 implemented in our field office. In that case, it's
4 something that is unplanned but definitely needs to be
5 taken care of in order to meet security practice.

6 MEMBER VAZQUEZ: Thank you.

7 MS. LUONG: Thank you for the question.

8 CHAIRPERSON COHEN: All right. Well, let's go to
9 see if there's any members of the public. We will open
10 it up to the folks that are in this auditorium and then
11 we will go to the teleconference line.

12 Are there any members of the public that would
13 like to speak on this item at this time?

14 (No response.)

15 CHAIRPERSON COHEN: All right. Seeing none,
16 let's go to the teleconference line. Open it up. See
17 if there's any public comment.

18 PHONE MODERATOR: Members of the public on the
19 phone lines, if you would like to place yourself in the
20 queue for public comment, as a reminder, you may press
21 1, then 0, at this time.

22 (No response.)

23 PHONE MODERATOR: No members of the public are
24 queuing up at this time.

25 Please continue.

1 CHAIRPERSON COHEN: Thank you very much.

2 All right. Thank you, Members.

3 Is there a motion on the 2023/24 Spring Finance
4 Letters?

5 MEMBER VAZQUEZ: So moved.

6 CHAIRPERSON COHEN: All right. Thank you.

7 I will second that.

8 Is there a roll call vote?

9 MS. RUBALCAVA: Member Vazquez.

10 MEMBER VAZQUEZ: Aye.

11 MS. RUBALCAVA: Controller Cohen.

12 CHAIRPERSON COHEN: Aye.

13 MS. RUBALCAVA: And Member Miller.

14 MEMBER MILLER: I will abstain, please.

15 CHAIRPERSON COHEN: Great. Thank you. This
16 motion passes.

17 All right. Next, Thi, will you please present
18 the out-of-state travel blanket for approval.

19 MS. LUONG: Yes, ma'am. Would you like me to
20 present the out-of-state travel again?

21 CHAIRPERSON COHEN: Well, you know -- I'm sorry.
22 My apologies. We were taking them separate. Normally I
23 would have taken it up together.

24 So what I think we could do now is we will go to
25 public comment for the out-of-state travel blanket for

1 approval. I will look to those that are in the
2 auditorium.

3 (No response.)

4 CHAIRPERSON COHEN: Okay. Seeing none, let's go
5 online.

6 (No response.)

7 CHAIRPERSON COHEN: All right. Hearing none.
8 Thank you.

9 And I assume you don't have any questions?

10 MEMBER VAZQUEZ: I'm good.

11 CHAIRPERSON COHEN: All right. How about a
12 motion?

13 MEMBER VAZQUEZ: So moved.

14 CHAIRPERSON COHEN: All right. Thank you.

15 MEMBER MILLER: I will second, Madam Chair.
16 Sorry for that confusion.

17 CHAIRPERSON COHEN: That's okay. Thank you very
18 much.

19 A motion has been made by Member Vazquez; it's
20 been seconded by Member Miller.

21 Please call the roll.

22 MS. RUBALCAVA: Member Vazquez.

23 MEMBER VAZQUEZ: Aye.

24 MS. RUBALCAVA: Controller Cohen.

25 CHAIRPERSON COHEN: Aye.

1 MS. RUBALCAVA: Member Miller.

2 MEMBER MILLER: Aye.

3 CHAIRPERSON COHEN: Great. This motion passes.

4 Item 3. Item 3 will be a video presentation of
5 FTB's 2022 accomplishments. This is a staff report.

6 MS. BRYANT: Good afternoon. My name is Sara
7 Bryant, and I'm Section Manager in the Administrative
8 Services Division of FTB.

9 I'm excited to be here today, as I have the
10 pleasure of sharing with you the department's
11 accomplishments during the 2022 year. This year's
12 accomplishments are exceptional, not because of what we
13 accomplished, but how we came together with the common
14 goal and met each challenge of bringing our best.

15 Over the next few minutes, I will be highlighting
16 activities that show FTB's commitment to our FTB family
17 and to serving the taxpayers of California.

18 To help facilitate the changes for FTB as we move
19 to an intentional hybrid workforce, we created the
20 "Forward Together, Our New Era" team.

21 The goal of the team was to address
22 recommendations and implement ideas on how to make the
23 transition -- transition easier for everyone, while
24 keeping FTB safe and operational.

25 In 2022, the team led efforts to thank in-office

1 workers and celebration of staff with the "Good to Be
2 Together Again" campaign. This included communication
3 on topics including office etiquette using the CARE
4 method, which is Consideration, Awareness, Respect, and
5 Empathy; considerations for virtual and in-person
6 meetings; and building a stronger FTB community.

7 Our Mission and Values Team have been honored to
8 sponsor the third Multicultural and Arts Fair. The
9 Franchise Tax Board is a diverse community, and the
10 Multicultural Food and Arts Fair is a great opportunity
11 to share and learn about other cultures. The fair
12 consisted of a recipe book and video. The Mission and
13 Values Team teamed up with the Diversity, Equity, and
14 Inclusion Team to make the fair a grand success.

15 It wouldn't be a highlight -- highlight reel if
16 we didn't talk about a successful filing season. 2022
17 was no exception, with 23 million tax returns processed;
18 14.2 million personal income tax refunds issued;
19 \$1.79 billion in fraud refund saved; and over 1 million
20 contacts answered via phone and live chat.

21 2022's accomplishments show just how our teams
22 continue to support a strong organization in an
23 ever-changing work environment.

24 Please enjoy this year's accomplishment video.

25 (Video presentation.)

1 CHAIRPERSON COHEN: Wow. That was fantastic.

2 MS. BRYANT: Right? Thank you so much for
3 watching.

4 I would be happy to answer any questions you may
5 have.

6 CHAIRPERSON COHEN: That was amazing.

7 Let me see. Do you have any questions? Yes?

8 MEMBER VAZQUEZ: More of a comment. Just wanted
9 to thank you for this presentation. It was real
10 helpful. Because you hear -- you know, you always hear
11 on the other side -- at least in our office -- people
12 complaining about the process. And I know, given the
13 times, especially with COVID and now, you know, where
14 folks throughout the state are suffering, you know, with
15 this inflation. Everything -- prices of everything
16 seems to be shooting up. And it looks like you are
17 doing the best you can and, as a matter of fact,
18 improving the situation to hopefully getting these
19 folks, those that have a return coming back, as quick as
20 possible.

21 So I'm sure it's greatly appreciated by, I'm
22 sure, all of us here and especially those in the -- in
23 the state that are waiting for their returns.

24 Thank you.

25 CHAIRPERSON COHEN: Ms. Miller, is there anything

1 that you wanted to say?

2 (No response.)

3 CHAIRPERSON COHEN: Okay. I just want to give
4 you the highest compliment. I mean, this is just
5 incredible, Selvi. You have a great organization. The
6 presentation was fantastic, with a nice jazzy beat
7 again. I loved everything.

8 I think it's very impressive, the number of
9 Californians that you are serving.

10 Also, noting that this was during a pandemic,
11 during heavy rainfall, during mudslides, and just
12 overall unpredictable an environment, work environment.

13 And so thank you very much for this presentation.
14 The information was easy to digest. It's been not an
15 easy task, navigating through all of the rainstorms and
16 the snowfall. And it's important that we remember that
17 we are serving and we are representing government and
18 that we are serving Californians.

19 So these accomplishments indicate that FTB still
20 remains ready to bring "A" game at any -- at a moment's
21 notice. And so please let me extend my heartiest
22 thank-you to all of the good work that your team has put
23 together.

24 I have one question about communications and
25 outreach: What steps is FTB taking to promote and to

1 share 2022 accomplishments with the general public? You
2 have quite a production team. Do you have a podcast
3 going? I would subscribe. I would listen. But I'm
4 like that.

5 But, you know, how are you getting this
6 information out to the -- to the larger public?

7 And my second portion of it, of the question, is,
8 is FTB leveraging social media channels or other
9 informational platforms?

10 MS. BRYANT: Great question.

11 I don't think we have a podcast yet.

12 CHAIRPERSON COHEN: Okay.

13 MS. BRYANT: But good idea.

14 I do know that we use social media: Facebook; we
15 also use LinkedIn; and other sites for recruitment and
16 things like that.

17 But, Shane, you might have additional information
18 on those.

19 MR. HOFELING: That was a great answer, Sara.

20 Yeah. So we utilize most social media --
21 Twitter, everything that we can do to try to get the
22 message out, to as many people as possible. Especially
23 anything that provides disaster assistance, so, that
24 way, no matter what network you are on, we will get the
25 information to you.

1 CHAIRPERSON COHEN: Perfect. I know we follow
2 you and we amplify what you post up, everything from
3 recruiting to CalEITC informational sessions. So let's
4 keep up the good work.

5 Seeing that there are no other questions, let's
6 go to public comment. If there's anyone in the
7 auditorium today that would like to make public comment,
8 please come on up.

9 (No response.)

10 CHAIRPERSON COHEN: All right. Seeing none,
11 let's go online to check to see if there's anyone
12 online, that would like to make public comment.

13 PHONE MODERATOR: Members of the public on the
14 phone lines, if you would like to place yourself in the
15 queue for public comment, as a reminder, you may press
16 1, then 0, at this time.

17 (No response.)

18 PHONE MODERATOR: No members of the public are
19 queuing up at this time.

20 Please continue.

21 CHAIRPERSON COHEN: All right. Thank you. I
22 think this is just an informational.

23 Thank you, Sara. I appreciate the presentation.

24 All right. Next is Item 4, the EDR2 Update
25 presentation. We have got Jose Orozco and Jennifer

1 Roussel presenting. This is a staff report.

2 MS. ROUSSEL: Good afternoon, Madam Chair and
3 Members of the Board. My name is Jennifer Roussel, the
4 EDR2 Business Director with FTB. And with me today is
5 Jose Orozco, the EDR2 Technology Director.

6 Today we will provide an informational update on
7 the Enterprise Data to Revenue project, also known as
8 EDR2. The last update that we provided was in December
9 of 2021.

10 We are very pleased to report that the project is
11 within budget, within scope, and on track to complete
12 implementation as planned.

13 I will touch very briefly on the background of
14 the project before we provide the update.

15 We are in the second phase of FTB's tax systems
16 modernization plan. Phase 1, known as EDR1, was
17 completed in 2015. The project implemented our
18 foundational systems, including case management,
19 taxpayer folder, and MyFTB.

20 Phase 2, EDR2, which is our current project. The
21 implementation phase started on July 1st of 2021. And
22 the primary focus of the EDR2 project is to move our
23 aging Audit, Collections, and Filings Enforcement
24 systems on to the Enterprise systems that were created
25 in EDR1.

1 Phase 3, which is EDR3, will focus on replacing
2 our aging accounting systems. Planning for EDR3 is
3 scheduled to start in 2026.

4 There are four primary areas of functionality for
5 EDR2. With case management, we bring the Audit, Legal,
6 Collections, and Filing Enforcement Compliance programs
7 on to the Enterprise Case Management platform, allowing
8 us to retire several legacy systems that are currently
9 supporting those programs. The new case management
10 system will increase automation and efficiencies,
11 freeing up staff to respond to the more complex customer
12 contacts.

13 With the EDR2 modeling solution, we are creating
14 new and enhanced expert and analytic models to improve
15 case selection and help taxpayers meet their tax
16 obligations. Our modeling capabilities include using
17 the use of new third-party data sources, additional data
18 from state and federal tax returns, and historical data.

19 With the use of analytic models, we are
20 introducing artificial intelligence and machine learning
21 into our processes. The information provided by the
22 analytic models help us to make informed and improve our
23 decision -- important decisions and improve our
24 decision-making process. But it does not replace our
25 business rules that have been designed with FTB staff

1 and in partnership with our Solution Partner Team.

2 Later in the presentation, we will share a bit
3 more about how we are implementing these technologies
4 with the utmost care over time.

5 With the data visualization solution, we expand
6 our current reporting and dashboarding capabilities. It
7 allows users to self-serve and create their own data
8 visualizations, allowing easy and fast access to data to
9 meet -- that's needed to make our decisions.

10 EDR2 also offers numerous taxpayer self-service
11 options, and I will touch on just a few today.

12 We will enhance our online Installment Agreement
13 Service, allowing customers to resolve their installment
14 agreement changes on their own, without talking to a
15 customer service agent or waiting for a response.

16 Customers who may have a compliance issue will be
17 able to correct tax return information or respond to
18 compliance issues through new self-service options,
19 without having to speak to a customer service agent or
20 wait for a response through the mail.

21 We also plan to expand self-services to trusts
22 and withholding agents.

23 And we will provide customers with the option to
24 transition from one service channel to another. For
25 example, a customer may start with calling our phone

1 line and learn they could resolve the issue easily
2 online through a self-service. The customer can receive
3 a text with a link to the online service.

4 Jose will now share when the functionality of
5 those five -- four primary areas will be implemented
6 throughout the life of the project.

7 MR. OROZCO: Thank you, Jennifer.

8 Before we started implementing functionality in
9 the four primary areas that Jennifer described, we first
10 implemented several early initiatives during the first
11 year of the project. These early initiatives allowed us
12 to test new technologies we are using throughout the
13 project, and it also helped us to bring more taxpayers
14 into compliance.

15 From September '21 through June '22 -- excuse me,
16 June 2022, we implemented new analytic models to improve
17 both personal income tax, or PIT, audit and filing
18 enforcement case selection. This was our first
19 introduction into using our new modeling capabilities,
20 including the use of machine learning and artificial
21 intelligence.

22 This -- these new and improved models have
23 resulted in identifying cases that will most likely
24 result in helping taxpayers comply and meet their tax
25 obligations. Early indications show a likely

1 improvement in the percentage of cases we work that will
2 result in an assessment.

3 In addition, the early initiatives have helped
4 confirm the viability of the new modeling technologies
5 and techniques. We are introducing the models in a
6 manner and pace that allow us to make improvements and
7 address unforeseen issues easily and quickly. This
8 reduces the risk of negative impacts to both FTB's
9 operations and taxpayers.

10 We have also introduced new data sources for
11 collections. These new data sources are in the form of
12 information reported to FTB by individuals or businesses
13 that pay taxpayers for services or report income-related
14 investments. This data is associated with taxpayers
15 with past due liabilities. These new data sources can
16 be used by our collectors to help resolve collections
17 cases, especially those cases where the taxpayer is not
18 a wage earner.

19 And we have a new payer file, also known as the
20 manager asset and income solution. This solution
21 provides our collections program with more pursuable
22 information that can be used for both automated and
23 manual collections activities. It also will eventually
24 be used by our Filing Enforcement Program to identify
25 income records. The solution has more data sources,

1 also known as income records, and the solution has
2 more -- excuse me. Also known as income records and
3 improve matching to taxpayers to this data, increasing
4 revenue and self-staff productivity. And it is the
5 first step towards replacing FTB's aging collection
6 system.

7 In 2022, we began to release new functionality in
8 the four primary areas that Jennifer mentioned.

9 In 2022, we implemented the new PIT audit
10 selection pilot. This solution is the starting point to
11 select cases for audit. It is also the starting point
12 for cases that will be managed through the new case
13 management system.

14 In 2023, we introduced the new case management
15 system to a small PIT paraprofessional audit team in
16 February of this year. This functionality will be
17 expanded to the remaining PIT audit workloads and users
18 later this year. The functionality will include the
19 entire PIT audit workload through protests, including
20 protests handled by our Legal Division.

21 So far, we have introduced new self-services for
22 PIT taxpayers, including enhancements to MyFTB, a new
23 service that allows customers to respond to an audit
24 notice online, and automatic speech recognition for
25 three of our call centers, which includes liens,

1 exempts, and bankruptcy. A customer can now call and
2 use their voice to navigate the phone system.

3 The new PIT audit case management solution will
4 bring new data visualizations to help manage and measure
5 the workloads, and we start capturing additional federal
6 and state return data for modeling.

7 You will notice a pattern for the next three
8 years. Every year, we add new workloads to the case
9 management platform, and those workloads will receive
10 new modeling capabilities and self-services to help
11 taxpayers comply and meet their tax obligations
12 efficiently.

13 In 2024, we focus on Pass Through Entity and
14 Business Entity Audit, also known as PTE and BE Audit,
15 and PIT collections. PTE and BE Audit and PIT
16 collections move to the case management system. We
17 implement new self-services, deploy new data
18 visualizations and models for those workloads.

19 We will continue to capture more tax return data
20 for modeling, make updates to our return analysis
21 system, and implement our new Enterprise Knowledge
22 Library, which will provide taxpayers with information
23 available for self-services and self-help content.

24 In 2025, we focus on BE Collections and PIT
25 Filing Enforcement, also known as PIT FE. BE

1 Collections and PIT Filing Enforcement move to the case
2 management system. We implement new self-services and
3 deploy new data visualizations and models for those
4 workloads. We also implement the new return analysis
5 analytic models.

6 Finally, in 2026, we focus on BE Filing
7 Enforcement, also known as BE FE. New BE FE moves to
8 the case management system, we implement new
9 self-services, and we deploy new data visualizations and
10 new models for the BE FE workloads.

11 As with any project of this size, we had a robust
12 risk and management process. We would like to report
13 that over the first 20 months of the project, we have
14 only encountered three major risks, of which, one was
15 escalated to a project issue.

16 We are thankful and happy to report that our
17 solution partner has fully been engaged and has closely
18 partnered with FTB to mitigate these risks and resolve
19 the project issue quickly, with no impact to the overall
20 project cost, scope, or planned completion date.

21 We look forward to providing you future updates
22 on the progress of the EDR2 project over the next three
23 years. We would like to thank you for all your support
24 on this very important project.

25 We would be happy to answer questions -- any

1 questions you may have.

2 CHAIRPERSON COHEN: Great. Thank you very much.
3 I do have a few questions, about five of them.

4 MR. OROZCO: Okay.

5 CHAIRPERSON COHEN: So first, thank you for the
6 informative information and exciting update on EDR2.

7 This is something that I remember hearing when I
8 was -- when I was in Mr. Vazquez's position, as Chair of
9 the Board of Equalization in 2021. So it's good to see
10 that it's continuing to move forward and it's moving in
11 the right direction.

12 Question: First, for taxpayers whose language is
13 not English -- first language is not English -- how are
14 we -- will there be different language options available
15 to fully access this system?

16 MR. OROZCO: So our phone system is being
17 designed to support additional languages.

18 CHAIRPERSON COHEN: Okay.

19 MR. OROZCO: To date, I know that we do support
20 Spanish.

21 And Shane, do you know if there's plans to
22 support additional languages through our phone system?

23 MR. HOFELING: I don't. But we can get that
24 information for you.

25 CHAIRPERSON COHEN: Okay. What about online?

1 MR. OROZCO: Some of our websites do support
2 multiple languages.

3 CHAIRPERSON COHEN: Is this built into the EDR2
4 program or platform? Language access?

5 MR. OROZCO: I think a lot of this functionality
6 comes natively from the browsers that taxpayers use to
7 access our webpages.

8 CHAIRPERSON COHEN: All right. Thank you.

9 Second question: When rolling out the new
10 cutting-edge technology, like EDR2, how does the
11 Franchise Tax Board ensure that these new technology
12 solutions meet certain stringent security requirements?

13 MR. OROZCO: The -- we do have a very robust
14 security foundation, and everything that we have has to
15 meet several different security standards. Some of
16 those security standards are making sure that we adhere
17 to the IRS's Pub. 1075 standards, along with all of the
18 privacy standards to make sure that we safeguard
19 taxpayer data.

20 CHAIRPERSON COHEN: Okay. That's exactly what I
21 was looking to hear. There's a lot of standards out
22 there.

23 MR. OROZCO: There are.

24 CHAIRPERSON COHEN: I just want to know what
25 we're trying to meet. So the federal -- so the IRS.

1 MR. OROZCO: Yes.

2 CHAIRPERSON COHEN: Fair enough.

3 Now, towards the latter third of your
4 presentation, you did a lot of talk about data modeling.
5 And I'm curious to know, how does this new -- how does
6 the data modeling inform the business practices of the
7 FTB?

8 MR. OROZCO: So what those data modeling
9 capabilities do is, they process large amounts of data
10 to look for specific data patterns that would lead to
11 outcomes that we're trying to achieve.

12 CHAIRPERSON COHEN: Question.

13 MR. OROZCO: Yes.

14 CHAIRPERSON COHEN: Does that include fraud? I
15 know you are not trying to achieve fraud, but you are
16 trying to prevent it.

17 MR. OROZCO: Right. So that would be an example
18 of a data pattern that we're looking for, that would
19 suggest that there may be fraud taking place.

20 CHAIRPERSON COHEN: Okay.

21 MR. OROZCO: In that situation, when -- let's say
22 a tax return comes in, and there's potential fraud
23 there, it gets flagged as such and moved into a separate
24 queue for manual analysis.

25 CHAIRPERSON COHEN: And when you are doing this

1 data modeling, you are looking for patterns to, I guess,
2 continue to inform your business, to continue to better
3 your best, right?

4 MR. OROZCO: Correct.

5 CHAIRPERSON COHEN: Okay. Well, that's all the
6 questions that I have. Thank you, Mr. Orozco.

7 Let's see. Mr. Vazquez.

8 MEMBER VAZQUEZ: Thank you, Madam Chair, for
9 asking my questions.

10 No. But I did have just one follow-up. And more
11 than anything, just kind of kudos to you and your staff,
12 because I think, you know, as you are dealing with some
13 of these very sensitive issues, I'm really impressed the
14 way you folks are handling this. And I just wanted to
15 give you kudos for that.

16 And following up on more of the language issue,
17 I'm glad to hear that you are at least able to deal with
18 it as much as possible, given the new technologies and
19 the new platforms that are out there. And it sounds
20 like you are moving forward and possibly looking at more
21 languages than just the Spanish language, because
22 there's so many different languages spoken in
23 California, especially in my district, in Los Angeles.

24 I mean, I'm just appalled -- I don't know how
25 these teachers are able to communicate with so many

1 different languages with these kids.

2 MR. OROZCO: Yeah. We are trying to do our best
3 to make sure we can reach as many Californians as
4 possible.

5 MEMBER VAZQUEZ: Appreciate it.

6 CHAIRPERSON COHEN: I think Ms. Miller is no
7 longer with us. Is that right?

8 All right. Thank you. Let's go ahead and take
9 public comment. Let's go to the members in the
10 audience, in the auditorium. Is there any member of the
11 public that would like to comment on this? Perhaps
12 you'd like to give a compliment?

13 (No response.)

14 CHAIRPERSON COHEN: No? Okay.

15 Let's go online. Let's check our community
16 online.

17 PHONE MODERATOR: Members of the public on the
18 phone lines, if you would like to place yourself in the
19 queue for public comment, as a reminder, you may press
20 1, then 0, at this time.

21 CHAIRPERSON COHEN: Okay.

22 PHONE MODERATOR: No members are queuing up at
23 this time. Please continue.

24 CHAIRPERSON COHEN: Thank you very much. This is
25 just an informational item. Thank you very much,

1 Jennifer and Jose. I appreciate your presentation.
2 Very thorough.

3 Go ahead and move on to Item 5. And 5 is a
4 presentation on Workforce Succession Planning at FTB.
5 This is a staff report presented by Michelle Smith.

6 MS. SMITH: Excellent. Thank you. Good
7 afternoon, Madam Chair and Board Members. My name is
8 Michelle Smith. And I am FTB's Enterprise Workforce
9 Planner, and I work in our Organizational Development
10 and Talent Management Bureau.

11 The specific component of workforce planning I
12 will be talking about today covers FTB's workforce
13 succession planning efforts and how we prepare our
14 workforce for the future.

15 The last time I had the privilege of presenting
16 to the Board, I shared how FTB's focus on leadership
17 culture helped us through our talent pinch the State of
18 California was -- and continues to experience.

19 With climbing vacancies and a reduced response to
20 open job postings, FTB feels what everyone is feeling in
21 both the private and public sectors. That workforce
22 behavior is changing in unpredictable ways. Recruiting
23 challenges and projected vacancies due to retirement
24 were a primary focus of FTB's workforce planning refresh
25 efforts that began back in December of 2020.

1 As we previously shared, the pandemic has
2 impacted the world's workforce and talent pool in ways
3 the government wasn't prepared for.

4 Today I will show that FTB has critically
5 examined our workforce gaps and recruiting and
6 employment retention as a part of our approach to
7 tackling succession planning.

8 In December of 2020, FTB refreshed our workforce
9 planning efforts and adopted the State of California's
10 five-phase workforce planning model. This model guided
11 us through an improved use of data to identify our risks
12 and gaps, to develop mitigation strategies.

13 And I'm happy to share that we are in Phase 4 of
14 the five-phase model, which is the implementation phase,
15 meaning the Plan, Analyze, and Develop phases are
16 complete.

17 When we began our workforce planning refresh, we
18 discovered that roughly 61 percent of key leadership was
19 age-eligible to retire, with 17 percent of those
20 individuals already at or beyond the average age when
21 the typical FTB employee would retire. Those percentage
22 figures were projected to grow over the next five years.

23 So we asked ourselves, are we ready?

24 Like many departments in the State of California,
25 we realized we are not.

1 Key components of our workforce planning analysis
2 were the evaluation of the enterprise workforce risks
3 and reviewing our enterprise direction. It was
4 confirmed that succession planning has been a top
5 priority at FTB, as evidenced, in part, by the many
6 leadership programs that were highlighted in last
7 summer's board meeting, including programs aimed at
8 quicker development of new leaders, providing
9 opportunities to increase knowledge and experience
10 levels of existing leaders, and promoting a culture of
11 leadership for all levels of our employees whether or
12 not they are in a formal leadership position.

13 Historical reporting to the State Legislative
14 Accountability Act, or SLAA, reports, as they are known
15 to me, further confirm FTB's commitment to leadership
16 development.

17 We understand that succession planning is more
18 than just providing available training to leadership or
19 offering leadership programs. It also identifies gaps
20 in succession, skill development, and critical knowledge
21 retention.

22 Our efforts are focused on ensuring we have the
23 right talent, in the right place, at the right time,
24 with the right skills. Our ongoing goal is to grow a
25 robust talent bench.

1 While succession planning ensures we are
2 preparing and building a robust workforce bench, it's
3 important to share what succession planning is not. In
4 state government, successors are not prechosen, as in
5 many businesses that choose an heir to take over the
6 family business when the time comes. In other words, it
7 is not hand-selecting successors for positions.

8 In state government, the concept is to develop
9 and prepare a bench of qualified candidates who can
10 compete for the job opening in line with the State's
11 merit selection process.

12 We also do all we can to give equal access to
13 these training and development opportunities, ensuring
14 we remain an inclusive and equitable employer and
15 continue embracing our diverse and talented workforce.
16 Simply stated, our succession planning strategy is
17 competency-based and inclusive for all who wish to grow
18 their careers here.

19 So how are we doing this?

20 When we did our workforce planning analysis, we
21 identified gaps in two key areas: The first is
22 recruiting, which is not unique to our department or to
23 state government; and the second is retention, where we
24 have placed more emphasis on improving workforce
25 engagement, and also more focused succession plan.

1 Our strategy to mitigate the retention gap of the
2 formalized succession plan is a three-part process:
3 One, to establish ways to identify and record skill gaps
4 and benchmarks; two, to identify needs for talent
5 development, skill investment, and formal knowledge
6 transfer; and, three, to establish what are referred to
7 as skill-sensing programs through strategic planning to
8 help ensure we have the right skills at the right time.

9 In alignment with CalHR's succession planning
10 guidelines, this methodology will help us identify the
11 skills we need not only today, but also in the future,
12 and prepare the workforce for succession efforts with
13 smooth transitions, thus ensuring continuity of service.

14 Our timeline to complete this strategy effort is
15 as follows:

16 We filed our workforce plan with CalHR in June of
17 2022, and, after that, we began the Phase 4 of the
18 five-phase workforce plan, implementation. This phase
19 includes our project initiation for succession planning
20 and is happening this year.

21 This will be handled in two parts:

22 In the first, we will create a formalized
23 enterprise succession planning process that is both
24 repeatable and scalable. This milestone is projected to
25 be complete by June of this year, 2023.

1 In the second part, we will conduct the gap
2 analysis and develop strategies. This is projected to
3 start in January 2024 and will conclude with an action
4 plan in July of 2025.

5 To reiterate why this is so important to FTB and
6 the taxpayers of California, as of December 31st, 2022,
7 roughly 25 percent of FTB's workforce is eligible for
8 retirement now and are at the age when a typical FTB
9 employee would retire.

10 As mentioned earlier, this percentage for key
11 leadership is expected to increase even more over the
12 next five years. It is critical to capture the
13 knowledge and skills of this workforce in order to
14 become succession-ready. In addition, we are ensuring
15 we have a formalized, repeatable strategic plan so that
16 we have the right talent, in the right place, at the
17 right time.

18 In summary, FTB's workforce plan is guiding our
19 succession planning efforts to strengthen and deepen our
20 workforce bench by identifying the skills we need now
21 and in the future. Because of this formalized visionary
22 and strategic approach to consider and determine what we
23 need to ensure that we are ready for succession needs,
24 FTB is preparing and building our workforce of the
25 future today.

1 And this concludes today's presentation.

2 I would like to take this time, again, to say
3 thank you for allowing me to share this information with
4 you. And if you have any questions, I can answer them
5 for you.

6 CHAIRPERSON COHEN: All right. Thank you. Thank
7 you very much, Ms. Smith. I appreciate your
8 presentation.

9 And thank you for being so thoughtful in your
10 approach, paying careful attention to being inclusive,
11 paying careful attention to creating a diverse work
12 environment, and not sacrificing high performance.

13 I find that FTB finds itself in a unique place,
14 which -- which demands -- as demands increase, our
15 workforce pool is very close to retirement -- at
16 retirement age and beyond.

17 We -- in order to continue to extend stellar
18 service to California, we need to make sure that we are
19 planning for the future. I love the approach. I think
20 it's incredibly thoughtful and thorough.

21 The succession planning process is going to -- I
22 would venture to say -- be a standard for many agencies,
23 many state agencies.

24 And Selvi is nodding her head in agreement,
25 saying yes, that is right.

1 So let me turn to my colleague, Mr. Vazquez, for
2 his thoughts.

3 MEMBER VAZQUEZ: Yes. Thank you, Madam Chair.

4 Thank you also for your presentation. And I am
5 pleased to see that FTB is really -- has the foresight
6 in addressing, you know, these issues that, you know,
7 that you mention here, especially on the retirement
8 side. Because, you know, at BOE, we're experiencing the
9 same thing and we're -- you know, you are getting hit
10 with this knowledge gap, as more and more of your
11 experts are leaving the field. And as you are
12 recruiting new members, you know, just trying to make
13 sure that you -- that you are able to at least pass on
14 that information, because that institutional knowledge
15 is sometimes very difficult to -- I know we see it in
16 our department as well and with the BOE. And it looks
17 like you guys are -- you are also experiencing the same.

18 So I was just -- I guess my question is -- you
19 kind of touched on it in your presentation. That, you
20 know, your upward mobility programs that you have in
21 terms of mentoring folks and making sure that you create
22 a good bench, I guess, as you mentioned in your slides,
23 so you could draw from that as you are experiencing more
24 and more of your staff retiring or just moving on to
25 other fields.

1 So I was wondering, in terms of recruitment, I
2 understand that there is a shortage of auditors,
3 accountants, and appraisers. What strategies are you
4 using to ensure that you have a good hiring pool, moving
5 forward?

6 MS. SMITH: That's a great question.

7 So we have a physical and virtual presence at job
8 fairs and on college campuses and with our community
9 events to advertise. And also in any kind of recruiting
10 event, be present and -- and promote FTB as a
11 destination employer.

12 We also, in our workforce plan, have a multiyear
13 process and increasing our visibility and attracting
14 levels of talent at all career levels, not just at that
15 entry level.

16 MEMBER VAZQUEZ: Appreciate it. Thank you.

17 CHAIRPERSON COHEN: Let's see. Ms. Gayle Miller,
18 do you have any comments that you wanted to share with
19 us?

20 (No response.)

21 CHAIRPERSON COHEN: No? Okay.

22 Well, let's go to public comment. Let's see if
23 there's any member of the public in the audience that
24 would like to comment on the succession plan.

25 (No response.)

1 CHAIRPERSON COHEN: All right. I see none.

2 Operator, let's go online. See if there's any
3 public comment online.

4 PHONE MODERATOR: Members of the public on the
5 phone lines, if you would like to place yourself in the
6 queue for public comment, as a reminder, you may press
7 1, then 0, at this time.

8 (No response.)

9 PHONE MODERATOR: No members of the public are
10 queuing up at this time.

11 Please continue.

12 CHAIRPERSON COHEN: All right. Thank you,
13 Ms. Michelle. Appreciate it.

14 We will continue moving on to Item 6. It's the
15 Executive Officer's Time, and I will turn it over to
16 Ms. Selvi Stanislaus.

17 EXECUTIVE OFFICER STANISLAUS: Thank you, Madam
18 Chair, and good afternoon, Board Members.

19 I would like to begin my time today by
20 congratulating our new Board Chair and now State
21 Controller, the Honorable Malia M. Cohen.

22 On behalf of our nearly 6,000 employees, we are
23 thrilled to have you join us and lead the Board in our
24 efforts to achieve our department's missions and values.

25 Your enthusiasm and hard work to improve the

1 quality of life for all Californians will undoubtedly
2 prove invaluable as we work together to address any
3 challenges that lie ahead.

4 We are truly excited to have you as part of our
5 board and look forward to the positive impact that your
6 leadership will have on our agency.

7 So once again, congratulations on your new
8 position. And we wish you all the best in your
9 endeavors as State Controller, and, of course, most
10 importantly for us, FTB Board Chair.

11 CHAIRPERSON COHEN: Thank you.

12 EXECUTIVE OFFICER STANISLAUS: I would also like
13 to welcome back Member Vazquez. We are very excited to
14 have you back on our Board. Your extensive experience
15 and unwavering commitment to serving the public makes
16 you an invaluable member of our team. We are eager to
17 hear your thoughts and insights on important issues
18 facing our department, and we look forward to working
19 with you again.

20 Welcome.

21 And I also would like to thank Director of
22 Finance Joe Stephenshaw and Deputy Director Gayle Miller
23 and the staff of the Department of Finance. Your
24 expertise and guidance have been invaluable in helping
25 us navigate through various financial challenges and

1 policy decisions. Your unwavering commitment,
2 leadership, and contributions to FTB are greatly
3 appreciated.

4 Now I would like to share a few highlights that
5 show our initial opening of the 2023 Filing Season.

6 As a result of the winter storms in much of our
7 state, the IRS and California announced that impact to
8 taxpayers and businesses in most counties in California
9 can postpone the filing of their 2022 tax returns and
10 payments to October 16, 2023.

11 Even with this extension in place, as of
12 March 25th, we have processed 8.5 million personal
13 income tax returns, with 96 percent of those e-filed;
14 6.2 million refunds with an average refund of \$1,300;
15 5.3 million refunds were deposited directly in the
16 taxpayers' bank accounts; better still, 87 percent of
17 refunds were issued in under ten days; and 2.9 million
18 tax payments, totaling \$16 billion, with 86 percent of
19 the money received were received electronically.

20 So on top of our enormous filing season
21 workloads, over the last two years, FTB has been
22 extremely busy providing assistance to Californians with
23 the distributions of relief payments. So beginning in
24 2021, FTB distributed two rounds of Golden State
25 Stimulus, GSS, payments. And last year, FTB was again

1 called on to manage the disbursements of billions of
2 dollars in economic reliefs for millions of
3 Californians.

4 So we partnered with the State Controller's
5 Office, the State Treasurer's Office, and our vendor,
6 Money Network, to administer the Middle Class Tax
7 Refund, or we call it MCTR here, a relief effort that
8 provides millions of Californians with a one-time
9 payment of up to \$1,050.

10 So in all, right now, 9.6 million debit cards
11 were mailed, and 7.2 million direct deposit payments
12 were issued, totaling over 16.8 MCTR payments. These
13 payments totaled over \$9.2 billion, and, most
14 importantly, it benefited almost 32 million
15 Californians.

16 So in short, we have worked tirelessly to ensure
17 the success of these important relief programs, on top
18 of our normal filing season workloads. I'm extremely,
19 extremely proud of my employees and the great work that
20 they continue to accomplish.

21 So in conclusion, once again, I want to thank,
22 you know, all the board members, who always provide
23 valuable perspective and feedback. With your
24 outstanding direction and leadership, I have no doubt
25 FTB will have another successful filing season.

1 Thank you once again for your time today.

2 Back to you, Chair.

3 CHAIRPERSON COHEN: Thank you very much. Very
4 well stated.

5 Let's see. Colleagues, are there any comments?

6 Yes, please.

7 MEMBER VAZQUEZ: First of all, thank you, Selvi.
8 I really am impressed with your team and the work that
9 you have done.

10 I know when I was here -- although this is the
11 first time we have done it live -- in person, I should
12 say -- when I was representing the Board back -- it was
13 during COVID. So it's a whole different feel.

14 But in listening to your presentation, did I hear
15 you correctly that there was, like, a ten-day turn
16 around on --

17 EXECUTIVE OFFICER STANISLAUS: On the refunds,
18 yes.

19 MEMBER VAZQUEZ: On the refunds.

20 EXECUTIVE OFFICER STANISLAUS: Seven to ten days.

21 MEMBER VAZQUEZ: Do you think --

22 EXECUTIVE OFFICER STANISLAUS: All the tax
23 returns that are e-filed, not paper-filed.

24 MEMBER VAZQUEZ: That's what I was going to say.
25 E-filed. I'm sure it made a huge difference -- that's

1 what I was thinking -- because that seems awful quick.

2 The --

3 EXECUTIVE OFFICER STANISLAUS: Yeah. Thanks to
4 my staff, and many of them are here today.

5 MEMBER VAZQUEZ: No. Kudos to your staff.

6 I mean, because -- you know, as I was mentioning
7 earlier in my remarks, that I know -- well, just as I
8 run across folks throughout the state, you know, a lot
9 of them are suffering; they are really hurting
10 financially. And you know, a lot of them are depending
11 on returns. And this is helping them, I'm sure, making
12 ends meet for their families. So that's really
13 appreciated.

14 I was just wondering, in regards to the
15 '22 Filing Season, would you say, so far, that we're
16 ahead of last year's projections?

17 EXECUTIVE OFFICER STANISLAUS: So in terms of
18 numbers, we are pretty much, yes, almost identical to
19 last year.

20 MEMBER VAZQUEZ: Identical.

21 EXECUTIVE OFFICER STANISLAUS: Yes.

22 So I have numbers with me right now. So in terms
23 of individual tax returns, you know, last year, around
24 this time, was 8.5 million returns filed. This year,
25 8.4 million. So we are, yeah, pretty much in sync to

1 last year.

2 MEMBER VAZQUEZ: We are close.

3 EXECUTIVE OFFICER STANISLAUS: Um-hmm.

4 MEMBER VAZQUEZ: Well, that's great. Once again,
5 kudos to your staff, and thank you for the presentation.

6 EXECUTIVE OFFICER STANISLAUS: Thank you.

7 CHAIRPERSON COHEN: All right. Thank you.

8 Let's go ahead and take public comment on this.

9 Again, this is just an informational. Is there any
10 member in the audience that would like to speak on this,
11 in the auditorium?

12 (No response.)

13 CHAIRPERSON COHEN: All right. Seeing none,
14 let's go check online to see if there's anyone that
15 would like to speak on public comment.

16 PHONE MODERATOR: Members of the public on the
17 phone lines, if you would like to place yourself in the
18 queue for public comment, as a reminder, you may press
19 1, then 0, at this time.

20 (No response.)

21 PHONE MODERATOR: No members of the public are
22 queuing up at this time.

23 Please continue.

24 CHAIRPERSON COHEN: All right. Thank you very
25 much.

1 We will continue.

2 Thank you, Ms. Stanislaus.

3 The seventh item on our agenda is the Board
4 Members' Time.

5 And if I may have a point of privilege and speak
6 first.

7 MEMBER VAZQUEZ: You are the Chair. Go ahead.
8 Start us off.

9 CHAIRPERSON COHEN: That's right. That's right,
10 everyone. Yes. Gosh -- you know --

11 MEMBER VAZQUEZ: It's a new day in the
12 neighborhood.

13 CHAIRPERSON COHEN: It's a new day. This right
14 here, folks, is the dream team for you. Just so you
15 know, we have chemistry. We have worked together for a
16 number of years. We are tried and true, tested tried
17 and true. And so I feel so confident that we're going
18 to have an amazing time together as we serve California.

19 And as the new Chair of the Franchise Tax Board,
20 I consider it a privilege and a great responsibility to
21 take over this gavel, as California's 33rd Controller.

22 And alongside my fellow colleagues -- we have got
23 Member Vazquez, again, who served with me on the Board
24 of Equalization, or I served with him. Either way; and
25 member Gayle Miller, who is online today, and is -- I

1 just want you both to know that I can't be more excited,
2 and I'm looking forward to the work ahead to address the
3 needs of 40 million Californians.

4 There's a couple things I want to note that,
5 first, in the State budget, which is like a governing
6 document for all of us, given the kind of work that
7 we're doing, the Franchise Tax Board is responsible for
8 collecting personal income tax and corporation tax
9 revenue, operating various collection programs,
10 conducting field audits for the Fair Political Practice
11 Commission.

12 And the FTB, for all operations and
13 responsibility, is over \$1.2 billion. That is a huge
14 operation. A huge undertaking.

15 And these responsibilities are executed by the
16 hard work of approximately 68 people. 68 employees and
17 a few contractors. 6800.

18 So when you visit the FTB website on their
19 landing page, there's something beautifully written.
20 You will see a statement: "California Counts on Us." I
21 mean, that is just literally and figuratively just a
22 beautiful way to describe our role in the State of
23 California and, quite honestly, the calling on our life,
24 as we, as all public servants, have accepted. And I
25 believe this is indeed a true statement: California is

1 counting on all of us.

2 So to the Executive Officer, Ms. Selvi
3 Stanislaus, and to the Executive Team, and to every
4 employee here at the FTB, your constant dedication has
5 meant that the General Fund is funded; vital services
6 continue; California remains steadfast as the world's
7 fourth largest economy in the world.

8 And as Chair of the Board, let me say that I'm
9 just deeply committed to the values, these stated values
10 that FTB has put on their website and have -- that you
11 have declared and provided in the 2021 through
12 '25 Franchise Tax Board's Strategic Plan.

13 And these are values that are really important
14 because I like to talk about values and lead with
15 values, because values don't generally change. People
16 change. Issues change. Policies come and go and they
17 change. But to have the value to lead with integrity
18 and inspiration, I hope that never changes. And as long
19 as I'm at the helm of this body, it will not be changed.
20 We are going to continue to bring our best. We are
21 going to deliver excellent products and services,
22 contribute to a caring community, and become experts at
23 what we do. I mean, if that is not inspiring -- if that
24 is not an inspiring call to action, then I don't know
25 what it is.

1 I plan to always see how we can enhance and
2 support the experience of our team members so that these
3 values continue to be part of our agency's work culture.

4 I deeply believe that our values as a society are
5 reflected in the care, in the commitment that we
6 demonstrate to improve the quality of life for all
7 California residents.

8 I don't want to leave anyone behind. So I would
9 like to take a moment to recognize my Tax Deputy; this
10 is Mr. Hasib Emran, sitting right here, rightfully on my
11 right hand. He's an attorney. Deputy Emran has been on
12 my team for several years. Dare I say, he started out
13 as an intern when I was a member of the San Francisco
14 Board of Supervisors.

15 And, you know, when you recognize talent, you see
16 it instantly, right? Superstar in the making. I
17 convinced him -- well, I think he was already going to
18 go to law school, so I can't take credit for that. But
19 I can take credit for asking him to consider to study
20 taxes and tax law. And that is exactly what he did. He
21 was admitted to the bar a couple of years ago, and now
22 he's on the team. He will be present. He will be
23 engaged. And he's funny. So you will enjoy your
24 interactions with him, as well as any of the taxpayers
25 that ever have a question.

1 So with an open heart and with great enthusiasm,
2 I look forward to partnering with the Franchise Tax
3 Board as its Chair and always as your colleague and your
4 huge supporter.

5 I want to move on and just recognize that it's
6 March. Although we are coming to a close, it is still
7 Women's History Month. And so today, I would like to
8 celebrate Women's History Month with you. And let us
9 honor the legacy of women across our state and across
10 our great nation, who have paved the way for future
11 generations, and who have fought to give meaning to the
12 idea that we are all created equal.

13 To the Suffragettes, Riveters, marchers,
14 activists, who are mothers and sisters and grandmothers
15 and our daughters; and also to the men who are allies in
16 this struggle, who have worked -- all of us have
17 worked -- collectively and tirelessly to make the world
18 a fairer and more just and free place.

19 This is also a time to reaffirm our commitment to
20 advancing rights and opportunities for all women and
21 girls.

22 I have had the honor, as Controller, to travel
23 across the state of California. I have met so many
24 different women who have had -- who have shared their
25 stories; mothers who have had to return to work, days

1 after giving birth; women who have paid -- who are paid
2 less than their male colleagues for doing the jobs,
3 oftentimes training them for their position; a mother
4 who declined a job promotion and had to leave the
5 workforce because of just an inability to access
6 affordable childcare.

7 I understand that these are not only -- these
8 aren't just women's issues, and I'm sure you can
9 understand that too. That these are family issues, and
10 family issues are economic issues, economic empowerment
11 issues.

12 So together, we must join our voices with the
13 trailblazing women of past history and forge a path
14 forward to a more equal and society -- a more equal and
15 just society for all, because the fight for women's
16 equality shouldn't -- the fight for women's equality
17 should have an end -- should have an end.

18 Every little girl must know that she belongs in
19 all places of power, of prestige, and that her body is
20 her own, and that her boldness is beautiful, and her
21 future can be anything she wants it to be.

22 A future where a woman's potential is limit -- is
23 limited only by the size of her dreams and the power of
24 her imagination.

25 Thank you very much.

1 I will turn it over to you, if you have any
2 remarks.

3 MEMBER VAZQUEZ: Yes. Thank you. Thank you,
4 Madam Chair.

5 And let me first start by just giving kudos to
6 Selvi and your staff for all your hard work. Really
7 appreciate the time and dedication that you have,
8 especially, I know, right now, this is the busiest time
9 of the year for you as you are dealing with Filing
10 Season, I guess they call it.

11 But -- and we kind of touched on it earlier, and
12 you mentioned it in your slides, that I'm reassured, by
13 listening and hearing from not only you but your staff,
14 on moves and the modernization piece that you are moving
15 forward, to, one, expedite these returns, and then, two,
16 to make sure there they are as efficient as possible,
17 with very minimal mistakes, I'm sure, as I'm hearing
18 from folks and the public.

19 But today, you know, as Madam Chair brought up,
20 you know, we're still in the tail end of Women's History
21 Month. And, of course, we have one of the trailblazers
22 here, our first African American Controller, to lead us
23 in this state. Right?

24 (Applause.)

25 CHAIRPERSON COHEN: Thank you.

1 MEMBER VAZQUEZ: Kudos to you.

2 And I -- and I hear the buzz, you know,
3 throughout the state, and you are just such a role model
4 for not only African American women, but just women in
5 general. And I think it's so enlightening.

6 And like you mentioned earlier, you know, I think
7 we have had a real good dream team on the BOE, and I'm
8 looking forward to carrying it over on to the Franchise
9 Tax Board as well.

10 And I -- you know, as we talk about the
11 international women's month, you know, March being it,
12 it kind of dovetails also into the celebration we just
13 celebrated. Well, officially, it's not until the 31st,
14 but it was a legal holiday already taken on Monday, with
15 Cesar Chavez. And, you know, really one of his persons
16 right alongside him, that helped him create the United
17 Farm Workers, Dolores Huerta. This woman is still
18 alive. She's 92 years old and going strong. I mean,
19 she came to my swearing -- she came to both of my
20 swearing-ins. And I just can't just believe the energy
21 that she has.

22 I mean, I shared at our BOE meeting last week,
23 that I hope I can even walk, much less run like she
24 does, and march. She actually marched with the Governor
25 this last time, when he gave his State of the State

1 presentation.

2 But moving forward, the other thing -- I'm really
3 looking forward to, you know, some of the things that we
4 have been discussing on the BOE that I think will
5 complement the Franchise Tax Board. And just waiting
6 for this synergy that I think we're going to be able to
7 bring forward, that hopefully will be in partnership
8 with Selvi and your team as well.

9 Looking forward to this next year. Really
10 appreciate it. Thank you.

11 CHAIRPERSON COHEN: All right. Thank you.

12 Ms. Miller, I don't know -- I don't want to put
13 you on the spot. But is there anything you would like
14 to say?

15 MEMBER MILLER: Well, I just -- that was really
16 inspirational from both of you, and thank you so much,
17 Madam Controller. I wrote down -- just a point of
18 personal privilege. But my daughter has a bat mitzvah
19 coming up and I'm going to use that line, that no woman
20 should be limited by the -- except by the size of her
21 dreams and power of her imagination.

22 And I sincerely love that, and it was just the
23 inspiration I needed today. So thank you for that.

24 And I too am looking forward to serving with you,
25 and I'm so grateful for your leadership across the

1 state.

2 And to Member Vazquez, I sincerely look forward
3 to this partnership and making sure that we do, in fact,
4 make things better for all of California's taxpayers.

5 So thank you very, very much. Really appreciate
6 the opportunity, and look forward to seeing you both in
7 person.

8 CHAIRPERSON COHEN: All right. Congratulations
9 to you, your husband, and your daughter, for reaching
10 that milestone.

11 So at this point, I would like to pivot our
12 conversation, and, once again, we have another
13 bittersweet moment in acknowledging a retirement. We
14 are celebrating Brenda Voet. Where are you, Brenda?
15 Where are you, Brenda? Don't be shy now. Come on down.

16 (Applause.)

17 CHAIRPERSON COHEN: Ladies and gentlemen, in
18 sticking with our Women's History theme, this is
19 Ms. Brenda Voet. She is our Taxpayer Rights Advocate.
20 Brenda joined -- is joined today by her high school
21 sweetheart of almost 40 years, her husband, Leonard
22 Voet. She also has daughter Lindsey and Lindsey's wife,
23 Charlotte. Where are you guys? There you are. Her
24 son, Tim, is also with us. And then streaming online is
25 also a daughter, Maggie, who is not able to be with us

1 but she's here online.

2 So I would love to give the microphone to you.
3 You can just say a few remarks. Share your thoughts of
4 what you have seen in the last 30 years.

5 MS. VOET: I have seen a lot. I have seen a lot,
6 a lot.

7 But good afternoon, Madam Chair, Board Members,
8 and Selvi. Thank you. I really appreciate you giving
9 me this opportunity to say thank you, to all of you and
10 to my FTB family.

11 When I started my career at FTB, it was over 30
12 years ago. When I started, we didn't have desk
13 computers. We didn't have fax machines. The technology
14 to file electronic returns did not exist. And the
15 leadership style was autocratic.

16 Over three decades, I have witnessed significant
17 changes in how we operate and perform the duties
18 entrusted in us. To say the improvements have been
19 impressive is an understatement.

20 For me personally, I was provided opportunities
21 to advance my knowledge and skills through mentorship,
22 support, and educational opportunities I received from
23 my FTB family. This enabled me to have several diverse
24 and unique careers all within FTB, something I couldn't
25 even imagine when I first walked through these doors.

1 Although most of my time was spent in our audit
2 program areas, I was also able to serve in our Public
3 Affairs Department. And with your support, it has been
4 my privilege to serve the last two years in the capacity
5 as the Taxpayer Advocate to the taxpayers of California.

6 During my career with FTB, I had an opportunity
7 to pioneer the reduced workweek option; educate
8 taxpayers and tax practitioners through TV and
9 radio interviews and in-person seminars; expand our
10 partnership audits to include apportioning multistate
11 partnerships; I had the privilege of building a strong
12 Taxpayer Rights Advocate Team; and I had the absolute
13 privilege to work with some of the finest people I have
14 ever met.

15 I will miss you, but it's time for me to step
16 into the next chapter of my life, retirement.

17 Today, FTB is better than when I first started,
18 and it has been a privilege to be part of this process.
19 I leave with confidence that FTB will only continue to
20 become better and better. Thank you from the bottom of
21 my heart.

22 CHAIRPERSON COHEN: Thank you.

23 (Applause.)

24 CHAIRPERSON COHEN: Ladies and gentlemen,
25 Ms. Brenda Voet.

1 Please, please grant me just a few more minutes.
2 I want to read to you this resolution. It's beautifully
3 written, and I think it truly captures this
4 professional's contributions to this organization.

5 WHEREAS, Ms. Brenda Voet began her Franchise Tax
6 Board journey in 1986, a career that has spanned more
7 than 31 years of service to the State of California; and

8 WHEREAS, Ms. Voet was among 40 new auditors that
9 started together in 1986. She is the last one to leave
10 FTB. As an auditor, she expanded audits to include
11 multistate partnerships; and

12 WHEREAS, Ms. Voet is proud of rebuilding,
13 mentoring, and leading her team as the Taxpayer
14 Advocate. She is trusted, approachable, a great
15 listener, loyal, and an excellent communicator. Her
16 optimism and personal bond makes working with her
17 enjoyable. FTB will miss her tremendously; and

18 WHEREAS, Ms. Voet is one of a kind and cares
19 deeply about California taxpayers. She works hard to
20 ensure everyone feels heard and is treated fairly; and

21 WHEREAS, Ms. Voet has devoted her life to
22 volunteering in her community and abroad. She is -- she
23 is a deeply caring person, focused on serving and
24 supporting others and helping them to reach their
25 highest potential; and

1 WHEREAS, Ms. Voet's passion has taken her to
2 crochet baby blankets, prepare sustainable feminine
3 hygiene solutions for girls around the world, and
4 support education for girls in Bangladesh; and

5 WHEREAS, Ms. Voet is looking forward to
6 traveling, relaxing, reading, watching her favorite
7 movie, "Singing in the Rain," listening to her favorite
8 song, "Amazing Grace," and continuing her crucial work
9 of supporting childhood education for underprivileged
10 girls; and

11 NOW, THEREFORE, LET IT BE RESOLVED, this, the
12 28th day of March 2023, by the Franchise Tax Board, that
13 we recognize and thank Ms. Brenda Voet on her
14 retirement, for her professional and personal dedication
15 for almost 32 years to the Franchise Tax Board and, most
16 importantly, to the People of the State of California.

17 Congratulations and we wish you well. We wish
18 you all the best as you embark in this new chapter in
19 your life.

20 Please, come join me on stage. Come take a
21 picture with us.

22 (Applause.)

23 CHAIRPERSON COHEN: Your family is also welcome
24 to come join us on stage.

25 (Applause.)

1 CHAIRPERSON COHEN: All right.

2 PHONE MODERATOR: We do have a special guest
3 online.

4 CHAIRPERSON COHEN: Thank you. Please.

5 PHONE MODERATOR: Ms. Voet, your line is open.

6 MS. VOET: Is that me?

7 CHAIRPERSON COHEN: Yes.

8 MS. VOET: I'm so sorry. My name is Maggie. I'm
9 Brenda's daughter and I'm calling in.

10 And I have to say, I watched my mom go through
11 this whole career and she would wake up early in the
12 morning and leave before I would even wake up, and then
13 she would come and get us from school every day.

14 And it's just been a magical experience to watch
15 her go through this whole career and finally get to
16 enjoy -- enjoy her time. So thank you so much for
17 honoring her today.

18 Mom, I love you so, so, so much. I'm so grateful
19 that you are my mom, and I can't wait to see you guys
20 soon. Thank you.

21 CHAIRPERSON COHEN: Thank you, Maggie. Thank you
22 so much.

23 (Applause.)

24 CHAIRPERSON COHEN: Did you hear that infectious
25 laugh? I love that. That was amazing. I bet the Voet

1 family has a good time when they get together.

2 Well, congratulations again to you. We're very
3 proud of you. And we wish you much success in this new
4 chapter.

5 All right. Seeing that there are no other
6 members of the public in person or online, we will close
7 public comment.

8 And seeing that there is no other business coming
9 before this Board, we will conclude the Franchise Tax
10 Board meeting for today.

11 Thank you. And we are -- yes, Tony? There's
12 always one. Right?

13 MEMBER VAZQUEZ: I just -- I just wanted to -- I
14 mean, it's great we're celebrating this. But, you know,
15 I just can't help but if we're going to -- if we're
16 adjourning, to -- I would like to adjourn in honor of --
17 you know, we have lost some -- many lives, you know,
18 this last tornado that went through Mississippi. I
19 couldn't -- when I was watching it on the news, just see
20 the devastation. I mean, I have never been through a
21 tornado. I mean, earthquakes are enough for me. But
22 when I see this, you know, my heart goes out to those
23 families. So I just wanted to adjourn, if we could,
24 Madam Chair, in honor of those lives and many of those
25 folks that are impacted by it.

1 CHAIRPERSON COHEN: Thank you. Couldn't have
2 said -- I could not have said it better. So we will
3 adjourn this meeting in the memory of those that have
4 lost their lives in Mississippi and those that are going
5 to be putting their lives back together.

6 We are adjourned. Thank you.

7 (Proceedings concluded at 3:14 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 April 2023.

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

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