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STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PUBLIC MEETING
THURSDAY, JUNE 4, 2020
1:30 P.M.

GERALD GOLDBERG AUDITORIUM
9646 BUTTERFIELD WAY
SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:
VERONICA A. GUERRERO, CERTIFIED SHORTHAND REPORTER
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A P P E A R A N C E S

BOARD MEMBERS

BETTY YEE

(Via videoconference)

STATE CONTROLLER

(Chairperson of the Board)

ANTONIO VAZQUEZ

(Via teleconference)

Chairperson

Board of Equalization

GAYLE MILLER

(Via videoconference)

Chief Deputy Director, Policy

Department of Finance

YVETTE STOWERS

(Via videoconference)

State Controller's Office

--oOo--

STAFF

(All staff appeared via videoconference)

SELVI STANISLAUS

Executive Director

JOZEL BRUNETT

Chief Counsel

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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

DAWN CASEY

Board Liaison

SHANE HOFELING

Deputy Chief Counsel

JESSICA CLAYTON

THI LUONG

DAN TAHARA

RICK BIAGI

CRAIG SCOTT

PAUL OGDEN

GRETCHEN MOE

TIPHANIE WEISS

MICHAEL BANUELOS

---oOo---

1 SACRAMENTO, CALIFORNIA

2 THURSDAY, JUNE 4, 2020, 1:30 P.M.

3 ---oOo---

4 CHAIRPERSON YEE: Good afternoon, everyone. Thank
5 you for your patience, and we apologize for the delay.

6 This is the scheduled time for the meeting of the
7 Franchise Tax Board.

8 And let me ask the Board Liaison to please call the
9 Board to determine if a quorum is present.

10 MS. CASEY: Member Vazquez.

11 (No response.)

12 Member Miller?

13 MEMBER MILLER: Here.

14 MS. CASEY: Chair-Controller Betty Yee?

15 CHAIRPERSON YEE: Here.

16 Thank you. With at least two members or their
17 designated representatives personally present, there is a
18 quorum, and the Franchise Tax Board is now in session.

19 Let me now at this time ask that you please join me in
20 standing and for the Pledge of Allegiance.

21 (Pledge of Allegiance was recited in unison.)

22 CHAIRPERSON YEE: Again, good afternoon, everyone,
23 and welcome to the Franchise Tax Board's first ever virtual
24 board meeting. As you all know, we're aware of the ongoing
25 health concerns surrounding COVID19 and the importance of

1 continuing to take appropriate measures to protect public
2 health in mitigation of any risk of transmission. In this
3 regard, the Franchise Tax Board continues to follow all
4 appropriate federal, state, and local guidance for public
5 gatherings.

6 So, as you can tell, today's meeting is a little
7 different than the past FTB board meetings in that I and my
8 fellow board members are attending remotely and Franchise
9 Tax Board staff are following social distancing best
10 practices.

11 The public has a right to comment on each agenda
12 item. And, if there are any members of the public wishing
13 to speak on an item, you may speak when that item is called,
14 and you will have three minutes to address the board. You
15 will be asked to identify yourself for the record.
16 Without any further delay, let us move to the first item,
17 members, and that is approval of the minutes. We have
18 before us the minutes of the March 19th, 2020, board
19 meeting.

20 Is there a member of the public who wishes to speak
21 on this item.

22 (No response.)

23 And hearing none, do I have a motion for approval of
24 the minutes?

25 MEMBER MILLER: So moved, Madam Controller.

1 CHAIRPERSON YEE: Thank you, Member Miller. I have
2 a motion by Member Miller. I will second that motion. With
3 a motion to second without objection, such will be the
4 board's order.

5 Item Number 2 is a PowerPoint presentation, and this
6 relates to the FTB Employee Engagement Survey. And we will
7 have a presentation by Jessica Clayton and Thi Luong. It's
8 an informational item, members, so let's receive the
9 presentation.

10 MS. CLAYTON: Good afternoon, board members. My
11 name is Jessica Clayton, and I am one of the leaders of
12 FTB's Workplace Engagement team. I'm joined by Thi Luong,
13 who serves as the department's organizational development
14 consultant. Both of us work on initiatives that align with
15 FTB's Strategic Goal: Strong Organization. We champion
16 programs and processes that recruit, develop, and retain the
17 right employees.

18 Thank you for the opportunity to present before you
19 today.

20 Today we will highlight FTB's successes and areas of
21 improvement surrounding the 2019 employee engagement survey.
22 First, we will take a look back at programs that were
23 established as a result of the 2016 survey. Then, we will
24 share our marketing campaign. Next, we will review the
25 results of the 2019 survey. And, finally, we will discuss

1 some next steps.

2 At FTB we know that our employees are the
3 department's greatest asset. We set a goal to survey our
4 employees every three years in order to hear, assess, and
5 act on how employees feel about their work environment.
6 Back in 2016, we conducted an Employee Engagement Survey and
7 received a 70 percent response rate. Our employees
8 responded with their three most important attributes at the
9 time, which were: The opportunity to develop, I make a
10 difference, and I feel valued. In response to those survey
11 results, we implemented the following programs:

12 The Analyst Development Program was established to focus on
13 the development of analytic competencies for current FTB
14 analysts and for staff who may be interested in becoming
15 analysts.

16 The Career Awareness and Resources Event, CARE, was
17 created to provide information and resources on professional
18 and development opportunities available to all FTB
19 employees.

20 The New Employee Orientation, NEO, was started to
21 create a cohesive and unified onboarding experience. New
22 employees can interact with each other and learn from
23 presentations that are educational, informative, and
24 inspirational. The highlight of the NEO is the community at
25 FTB coming together to welcome new employees. This

1 welcoming includes the mission and values, Selvi, and the
2 seven division chiefs. It is really an amazing, fun-filled,
3 and educational experience.

4 In 2016

5 CHAIRPERSON YEE: Jessica, Jessica, may I stop to
6 interrupt you for a moment. I apologize.

7 I just wanted to acknowledge that Member Vazquez
8 joined us.

9 (Audio feedback.)

10 CHAIRPERSON YEE: Member Vazquez, would you mind
11 just muting your phone so that we could not get the feedback
12 and then we can unmute you when you are speaking.

13 MEMBER VAZQUEZ: Will do. Thank you.

14 CHAIRPERSON YEE: Thank you.

15 I'm sorry, Jessica, please.

16 MS. CLAYTON: No problem.

17 In 2016 we thought our 70 percent response rate was
18 great. Nonetheless, in October or 2019 we partnered with
19 CalHR and CPS HR Consulting and surveyed our employees again
20 and received an astounding 77 percent response rate. To put
21 this into perspective, a typical organization our size would
22 have a response rate of 20 to 30 percent.

23 We attribute our success to collaborative effort
24 with the Creative Services Unit along with the Workplace
25 Engagement Team. With this joint partnership, the team was

1 able to deliver key initiatives for the market campaign.

2 Some of those include: A catchy slogan, "Last time
3 we heard you whisper; now we want to hear you roar"; an
4 e-mail from Selvi encouraging staff to take the survey; an
5 invitation to take the survey handed out by our leadership
6 team; and inspirational videos by FTB staff who were
7 impacted by the programs that were implemented after the
8 2016 survey.

9 Employee engagement, or how a person feels about the
10 workplace and the level of effort they put into work, is a
11 complex topic.

12 The survey asked employees six questions to identify
13 their level of engagement, such as: I am proud when I tell
14 others I'm part of my organization; I feel inspired to do my
15 best for my organization; and I feel comfortable being
16 myself at work.

17 As you can see from the chart above, FTB has an
18 engagement level of 86 percent. This is higher than the
19 private sector, government, and state government benchmarks.
20 Another overall measure of employee engagement is the intent
21 to stay. The survey asked employees about their intent to
22 remain in their current position. And, if they planned to
23 leave, we asked why.

24 This chart shows that of the 4,550 respondents,
25 43 percent plan to stay in the same position in the next

1 year; an additional 27 percent said they would like to stay
2 at FTB but pursue a different position. So, right off the
3 top, we have 70 percent of employees who intend to stay.
4 11 percent of respondents plan on leaving FTB to either
5 pursue a position in another state agency or pursue a
6 position outside of state service. 4 percent of employees
7 plan to retire, and the remaining 14 percent of employees
8 preferred not to say.

9 Now, Thi will discuss the areas of strength as well
10 as a couple of areas of improvement.

11 MS. LUONG: Thank you, Jessica, and good afternoon.
12 I will walk you through a deeper dive into the survey
13 results. CPS HR Consulting's research shows that there are
14 seven key factors that proved to drive employee engagement.

15 This chart displays the seven factors, how FTB
16 scored, which is the percentage of FTB staff who responded
17 positively to the questions within each factor, and the
18 relative weight, which measures how important each factor is
19 to FTB staff.

20 According to CPS HR, a score above 65 percent means
21 that the factor is an area of strength, and the organization
22 should work to maintain or incrementally improve in those
23 areas.

24 The highest three scoring areas for FTB are: My
25 Organization's Mission at 84 percent, meaning that FTB staff

1 understands why we exist; My Supervisor at 83 percent, which
2 included questions such as, "My supervisor listens to what I
3 have to say," and, "I have a high level of respect for my
4 supervisor"; My Team at 81 percent, which questions such as,
5 "People on my team cooperate to get the job done," and,
6 "Overall, my team's work is high quality."

7 And because FTB does have a culture of continuous
8 improvement, we do see the following two factors as areas we
9 want to get even better at, even though we scored relatively
10 high compared to other organizations that were surveyed.

11 First, Training and Development at 70 percent, which
12 included questions such as, "I have the opportunity to
13 develop within the position I hold." And Leadership and
14 Management Change at 65 percent, with questions such as, "I
15 feel that change is managed well within my organization."
16 The results show that overall employees find challenge in
17 their work, have confidence in their supervisors, and would
18 recommend FTB as a good place to work.

19 We are especially proud of our team's strong
20 connection to FTB's mission, which is to help taxpayers file
21 timely and accurate tax returns and pay the correct amount
22 to fund services important to California.

23 84 percent of employees responded positively to the
24 statements of, "FTB's mission is important to me," and, "My
25 work makes a difference in the lives of Californians."

1 80 percent of employees responded positively that "FTB is
2 successful at accomplishing its mission."

3 In order to maintain our areas of strength and to
4 focus on areas of opportunity, our high-level next steps
5 include, first, update our Strong Organization strategic
6 goal for FTB's next Strategic Plan. Our current goal
7 highlights the importance of investing in our employees to
8 create a culture of engagement and empowerment. The
9 highlight will call out the need to continue investing in
10 our employees and, really, to welcome input from all levels
11 within the organization.

12 Second, continue to refine FTB's leadership
13 programs. In the coming year, we will evaluate the existing
14 programs to ensure that we meet the needs of current and
15 future leaders.

16 Third, host the third annual Career Awareness and
17 Resources Event because we do recognize the importance of
18 investing in our staff for long-term growth. The feedback
19 from prior events shows that our employees appreciate
20 learning about the opportunities that are available to them.

21 And last, similar to 2016, we'll conduct focus
22 groups for a deeper understanding of the results. These
23 groups will brainstorm potential improvements that were
24 identified in the survey and set the basis for further
25 action planning.

1 The following video is the first step in letting our staff
2 know that we heard them roar and that the team is working
3 hard to make FTB an even better place to work and grow.

4 (Video played.)

5 MS. LUONG: We thank you for your support and time
6 today.

7 Do you have any questions for us?

8 CHAIRPERSON YEE: Are there any questions, members,
9 on the survey?

10 (No response.)

11 CHAIRPERSON YEE: First of all, let me just say,
12 really wonderful job on the survey, particularly the high
13 response rate and the -- just the high degree of engagement
14 is really remarkable and just speaks to the -- the
15 connection that everyone feels to the organization and the
16 mission as we talked about.

17 I just have one question and it's a little bit of
18 going forward. I know that over the past 10 weeks,
19 obviously throughout the state government, the arrangements
20 for work have, you know, varied to respond to the COVID19
21 health emergency. Is there going to be a survey tool
22 utilized to get feedback about telework and some of the
23 other alternative arrangements that have been made?

24 MS. LUONG: Thank you for -- thank you for your
25 question. And that's a great point.

1 So we have released some -- some articles as well as
2 some guides to help employees transition into the telework.
3 We have not explored the idea of a survey, but that is a
4 great input. Thank you.

5 CHAIRPERSON YEE: Okay. Yeah, I think -- certainly
6 I know we're amongst state agencies that are in the
7 controller's office trying to just get a handle about how we
8 assess the -- I guess the success or the experience of
9 telework. And so it wasn't something we planned for and
10 something we really were thrust into. It's almost like
11 working backwards to try to get that assessment to reflect,
12 you know, what the experiences have been. But it -- it
13 looks like maybe a work option that will be here to stay for
14 a little bit.

15 Thank you.

16 MS. LUONG: Thank you.

17 CHAIRPERSON YEE: Member Miller, Member Vazquez, any
18 questions on this?

19 MEMBER VAZQUEZ: No. I would -- I was just saying
20 that I would just join in with your compliment. I think
21 this is great. When they look at the survey and they're
22 talking about 80 percent, I mean, that's a pretty high
23 number there.

24 CHAIRPERSON YEE: Exactly. Exactly. Wonderful.
25 Great job.

1 Thank you to the presenters. Jessica and Thi, thank
2 you.

3 Members, we'll move now move on to Item Number 3,
4 which is a video presentation on the 2019 accomplishments,
5 and that will be presented by Daniel Tahara. This is also
6 an informational item.

7 MR. TAHARA: Thank you very much, and good
8 afternoon, Madam Chair and Board Members. My name is Daniel
9 Tahara, and I work in the public affairs office.

10 Employee engagement and celebrating our employee's
11 successes are very important to us here at the Franchise Tax
12 Board. If you ask Selvi or any of our other leaders, our
13 employees are our most valuable resource. And I've had the
14 privilege to work with many talented, hardworking people
15 across business areas here at FTB.

16 And, day in and day out, I see staff dedicated to
17 FTB's mission, helping taxpayers file accurate and timely
18 tax returns. But I also see them dedicated to treating
19 taxpayers with the respect they deserve.

20 Back in 2013 we started the annual accomplishments
21 video as a way to engage and recognize staff while
22 celebrating our milestones and successes.

23 The video you are about to watch highlights our past
24 year's accomplishment. And, as you will see, 2019 was a
25 very busy year.

1 We believe the video offers great examples of FTB's
2 values in action. After all, each day we strive to: Lead
3 with integrity and inspiration; bring our best; deliver
4 excellent products and services; contribute to a caring
5 community; and become experts at what we do.

6 This year's video is quite creative as our
7 Multimedia team takes us on a journey in a day of the life
8 of an FTB employee. Now, I invite you to sit back and enjoy
9 your 2019 accomplishments video.

10 (Video played.)

11 MR. TAHARA: Thank you for watching, and I would be
12 happy to answer any questions.

13 CHAIRPERSON YEE: Thank you, Dan, very much.
14 Wonderful, a wonderful presentation. Congratulations to the
15 entire FTB team and organization. Some of the numbers were
16 quite astounding that you shared in the video. I'm just
17 fixated on the resolution of over 40,000 fraud cases. I
18 don't think there's enough days in the year to accommodate
19 40,000 fraud cases. But it's just really a wonderful
20 accomplishment.

21 Let me turn it over to my colleagues. Members
22 Miller or Vazquez, any questions or comments?

23 MEMBER VAZQUEZ: Madam Chair, I'm going to take your
24 word for it because I couldn't see it.

25 CHAIRPERSON YEE: Okay. It's worth seeing, even

1 after the fact. So we'll be sure you get that.

2 MEMBER VAZQUEZ: Vazquez. I will.

3 CHAIRPERSON YEE: Member Miller, any comment?

4 MEMBER MILLER: (Indicating.)

5 CHAIRPERSON YEE: All right. Thank you. Thank you
6 very much, Dan.

7 MR. TAHARA: Thank you.

8 CHAIRPERSON YEE: Okay. Members, let's move on to
9 Item Number 4. This is also an informational item. This is
10 a PowerPoint presentation related to the COVID19 pandemic.
11 It is an update that will be presented by Rick Biagi, Craig
12 Scott, and Paul Ogden.

13 Good afternoon, gentlemen.

14 MR. BIAGI: Good afternoon, Chairperson Yee and
15 board members. I'm Rick Biagi, the assistant director of
16 the Advisory, Analysis and Services Bureau in the Accounts
17 Receivable Management Division. Today I am here along with
18 Craig Scott and Paul Ogden to share with you what we have
19 been doing to help taxpayers and our employees during the
20 COVID19 pandemic.

21 In February and in March of this year, the Franchise
22 Tax Board observed the growing trends with respect to the
23 COVID19 pandemic. In order to prepare for the possible
24 impacts on California taxpayers, Franchise Tax Board's
25 Disaster Strike Force Team identified that with the

1 stay-at-home order every Californian would be impacted,
2 whether they contracted the virus or not, including
3 individuals as well as California's business entities and
4 our nontax debt customers. As a result, we acted quickly to
5 extend our tax filing and payment deadlines for California
6 taxpayers to June 15th, 2020, and then further extended
7 those deadlines to July 15th.

8 This extension included both calendar and fiscal
9 year returns as well as return and estimate payments due
10 between March 12th of 2020, and July 15th, 2020, which we
11 refer to as the postponement period.

12 We believe that California taxpayers should not be
13 required to contact us for this relief, but that we should
14 provide it to them automatically.

15 We worked with our Technology Service Division to
16 program changes to our systems to treat tax returns and
17 payments due during this postponement period as timely,
18 provided they were filed and/or made by July 15th. This
19 automatic treatment also extended to not assessing penalties
20 or charging interest on current tax year liabilities during
21 the postponement period.

22 At the same time, we identified that thousands of
23 our customers had already scheduled electronic fund transfer
24 payments to take place by April 15th. Unfortunately, we
25 were unable to make system changes to automatically extend

1 or reschedule those payments. As a result, we moved contact
2 center agents over from other contact centers to service
3 those customers who contacted us to cancel the existing
4 scheduled EFT payment and establish a new date for the
5 payment to take place.

6 FTB determined that we should also delay collection
7 action. For those of our customers who were either working
8 reduced hours, laid off, or forced to close their business,
9 their primary focus would be paying their bills and putting
10 food on the table. The last thing they should have to
11 contend with would be a collection notice or action from the
12 Franchise Tax Board adding to their anxiety. We quickly
13 placed into effect suspended wage attachments, bank levies,
14 liens, collection phone calls and field calls; delaying
15 suspending from doing business any business entities with
16 the Secretary of State; delaying publication of our top 500
17 list including occupational and driver's license suspension;
18 extending hardship for those unable to pay; allowing for
19 skip-payments for installment agreements through July 15th,
20 2020; suspending most new and existing offsets; and
21 establishing alternate methods for revivors and student
22 assistance letters.

23 In addition to publicizing our external FAQs, we
24 ensured internal communication went out to FTB staff,
25 informing them of our delays and encouraging staff to

1 exercise their discretion in order to best assist customers
2 during this unprecedented time.

3 Our Technology Service Division was of great
4 assistance as they expedited our requests to ensure that our
5 collection systems didn't automatically issue delayed
6 notices or levies.

7 On March 12th, 2020, FTB also delayed some audit and
8 filing enforcement activities. During this postponement
9 period, FTB kept our phone lines open to assist taxpayers
10 and provide for alternative communication methods for
11 taxpayers and their representatives with interacting with
12 FTB. We also temporarily accepted electronic signatures on
13 statute of limitation waivers. Furthermore, we granted
14 extensions of time for customers to respond to our document
15 requests, and, finally, we delayed noticing and assessments
16 of prior tax years on non-filers.

17 Beginning on July 16th, 2020, FTB will resume
18 sending notices. Since interest has continued to accrue on
19 prior tax year balances and interest will begin to accrue
20 liabilities, it is imperative we send taxpayers their
21 balance due notices. However, staff is available to answer
22 calls, and our staff are trained to listen to the customer
23 and their individual situation.

24 If customers experience a financial hardship and are
25 unable to pay, our collectors have the authority to delay,

1 modify, or release levies or garnishments; establish
2 installment agreement plans for repayment; allow for skipped
3 installment agreement payments; delay collection on accounts
4 as warranted; abate penalties when reasonable cause has been
5 demonstrated; place taxpayers into hardship as warranted;
6 allow for extensions to respond to audit requests for
7 information with concurrence from audit; and make taxpayers
8 aware of their current year tax return filing and payment
9 delay.

10 And, now, I will turn the microphone over to Craig
11 Scott, Deputy Chief Counsel in our Legal Division.

12 MR. SCOTT: Good afternoon. It is a pleasure to
13 continue sharing with you all that FTB has done and is doing
14 to benefit California taxpayers during this challenging
15 time. Rick covered some of the filing and payment
16 extensions that we announced in March, as well as what we
17 are doing with our collection activity. I will address
18 additional relief that FTB has provided to taxpayers and
19 discuss how we have communicated that relief.

20 On March 30, 2020, FTB issued Notice for the 2020-02
21 to advise California taxpayers of additional time to file
22 claims for refund, protests of notice of proposed
23 assessment, and appeals with the Office of Tax Appeals.
24 For claims for refund, FTB advised taxpayers that where an
25 applicable statute of limitations to file a timely claim

1 expires during the postponement period, FTB will consider
2 the claim timely if filed on or before July 15th, 2020.
3 We also advised taxpayers that if the 60-day period to file
4 a protest of a notice of proposed assessment expires during
5 the postponement period, FTB will consider the protest
6 timely if filed on or before July 15, 2020.

7 Finally, we advised taxpayers in FTB Notice 202002
8 that if the time period to file a timely appeal with the
9 Office of Tax Appeals from a notice of action sustaining a
10 notice of proposed assessment or denying a claim for refund
11 expires during the postponement period, the appeal will be
12 considered timely if filed on or before July 15, 2020.

13 FTB also provided relief for nonresidents with
14 nonwage withholding requirements. The form filing and
15 payment due date for the first pay period of April 15th,
16 2020, and the due date for the second pay period of
17 June 15th, 2020, have been extended to July 15th, 2020.
18 During this difficult time, the call center has remained
19 open to respond to taxpayers' withholding questions.

20 FTB has used various means to inform California
21 taxpayers about the relief we have provided. We created a
22 specific COVID19 page on our website at ftb.ca.gov with FAQs
23 to answer the questions we are receiving. And we are
24 continuously adding to those FAQs as new questions come in
25 from taxpayers, their representatives, or tax publications.

1 We value the partnership with these publications and
2 appreciate that they spread the news quickly among their
3 readers.

4 Also, on that web page is an easy to follow chart
5 showing the new filing and tax return dates and the
6 estimated payments due dates for individuals, business
7 entities, trust and estates, and exempt organizations. We
8 included information for both calendar year and fiscal year
9 filers.

10 We also have included on our web page a link to free
11 filing resources, including CalFile and several free federal
12 return filing sites. These resources are particularly
13 helpful now that filing a paper return is more complicated.
14 We are encouraging taxpayers and their representatives to
15 use available electronic options for filing and paying
16 whenever possible.

17 Our Legal Division has participated in several
18 webinars to discuss the relief FTB has provided to
19 California taxpayers. One of those webinars was for the
20 California Lawyer's Association, or CLA. CLA also asked if
21 FTB would provide a short video summarizing taxpayer relief.
22 In response, our Public Affairs Office prepared an
23 informative YouTube video and then provided the link to CLA
24 to post.

25 Finally, FTB has partnered with Internal Revenue

1 Service to provide information to Californians about the
2 federal economic impact payments. For example, we provided
3 a link on our COVID19 web page to the IRS Economic Impact
4 Information Center, which provides responses to frequently
5 asked questions and information about the status of
6 payments.

7 We received several questions about California
8 conformity with certain provisions of the federal CARES Act.
9 The Legislative Services Bureau and Legal collaborated to
10 provide important guidance on several provisions of the
11 CARES Act and FAQs posted to our web page that are of
12 particular importance to individual taxpayers.

13 For example, we advised taxpayers that the economic
14 impact payments that individuals receive from the federal
15 government are not subject to California income tax.
16 We also included an FAQ advising taxpayers that the
17 emergency increase in unemployment compensation benefits in
18 the amount of \$600 per week that individuals receive under
19 the federal CARES Act are also not subject to California
20 income tax.

21 Finally, we advised California taxpayers that the
22 federal early withdrawal penalty waivers for distributions
23 from qualified retirement accounts under the federal CARES
24 Act applies for California income tax purposes. This means
25 for a limited time taxpayers affected by the coronavirus

1 will be able to withdraw money from their qualified
2 retirement account without being subject to the additional
3 2 1/2 percent early withdrawal penalty. Qualified
4 California taxpayers can avoid taxes on the nonqualified
5 early withdraw if they put the money back in their
6 retirement account within three years. If it can't be
7 returned, taxpayers may be able to pay the taxes on the
8 early withdrawn funds over three years.

9 FTB continues to process tax returns, issue refunds,
10 and provide phone and live chat services to individuals and
11 businesses needing assistance. Customer service continues
12 to be a priority to FTB during these challenging times, as
13 we balance taxpayer's needs and the health and safety of our
14 employees.

15 Now, Paul will address all that FTB is doing to
16 ensure its employees stay safe and engaged during this
17 difficult period.

18 MR. OGDEN: Good afternoon. It's an honor to be
19 here today. My name is Paul Ogden, and I'm the director of
20 FTB's Business and Human Resources Bureau. Craig and Rick
21 just talked about all the things FTB has done and continues
22 to do for California taxpayers as a result of COVID19.

23 Just as we are trying to do our best to help
24 California taxpayers during these unprecedented times, we've
25 also tried to take care of what you've heard Selvi say in

1 this forum time and time again is our greatest asset -- FTB
2 employees.

3 I don't think it will surprise any of you to know
4 that even though other things were going on, such as the
5 deadlines for filing tax returns being extended, our work
6 did not come to a halt. And, because of -- many of the --
7 FTB's workload were deemed essential to the State of
8 California, we had to figure out how to get them done. But
9 we at FTB have always understood that there's more to it
10 than just the work itself.

11 My part of the presentation will focus on things we
12 did to, first, find alternatives for remote work; second,
13 create spacing in our facilities; and, third, provide
14 information and support to our employees.

15 I want to point out that before stay-at-home orders
16 were in place, we were already looking for ways to allow
17 more of our staff to work remotely; before social and
18 physical distancing became everyday terms, we were
19 strategizing ways to create spacing in our facilities; and,
20 from almost day one, we were brainstorming ways to keep our
21 employees in the know and making them aware of available
22 resources.

23 So finding alternative way -- ways to remote work.
24 What I'm really referring to here is allowing as many people
25 to work remotely as possible, while still achieving our

1 departmental goals related to customer service and
2 processing of what became even more important than ever --
3 taxpayer refunds. We did that in several ways.

4 We increased telework opportunities. This included
5 rolling out of laptops and other tools, and included making
6 a speedy procurement to enhance our Virtual Private Network
7 services.

8 Leverage technology. We did this by marketing and
9 granting additional access to employees' desktop computers,
10 through VPN and by video conferencing using tools such as
11 Skype and Webex. And we made it easy for non-techies to get
12 up and running.

13 In allowing flexibility in schedules, in
14 prioritization of workloads, and allowing some areas that
15 have never before been able to telework the opportunity to
16 do so. And we looked for ways to implement remote call
17 centers through pilots.

18 Through these and other efforts, we went from a
19 situation where roughly 5,000 personnel were physically in
20 the building on a daily basis to one where over 70 percent
21 of them now telework, leaving a little over a thousand
22 coming into the office. And things like joining a large
23 Skype meeting have become second nature to most of us.
24 Second, creating spacing in our facilities. Just because
25 we're able to reduce the number of people in building,

1 didn't mean our work was done. We wanted to make our
2 facilities as safe as possible for those whose jobs required
3 that they physically be in the office. So wherever
4 possible, we instituted social distancing. And, in areas
5 where it couldn't be accommodated satisfactorily, we
6 instituted rotating schedules. We posted our social
7 distancing guidelines around the department as a constant
8 reminder. We postponed in-person meetings, events, and
9 gatherings wherever possible. We made adjustments to hiring
10 processes where hiring couldn't be postponed. We are now
11 conducting most interviews using telephone or video
12 conferencing. And, when we have to do them in person, we
13 take advantage of larger conference rooms and stick to our
14 social distancing guidances.

15 Providing information and support: We knew going in
16 that the largest we could do -- the biggest thing we could
17 do for our staff was to keep them up to date and to let them
18 see and feel that we were taking care of them.

19 We stuck to three primary channels or themes to
20 communicate with staff. The first was a weekly update and
21 message of inspiration from Selvi and her Governance
22 Council. Controller Yee, you were kind enough to
23 acknowledge and thank staff in a message especially from
24 you.

25 The second channel was more on the technical side,

1 and the messages came directly from human resources. The
2 theme of this channel covered things like how we could be
3 eligible for emergency paid sick leave or specific guidance
4 on teleworking or how to sign up for the State Controller
5 Office Portal and see your pay stub and W2 online.

6 The third channel of communication was through
7 general announcements. These contained more general
8 information such as the latest guidance from CalHR or how to
9 request reimbursement of expenses due to teleworking. And
10 we keep a repository of all these messages front and center
11 on our internal FTBNet.

12 Another key component of providing information and
13 support was saying thank you and sharing inspirational
14 stories of staff accomplishments. Every morning and at
15 every entrance, FTB employees are greeted with a positive --
16 with a poster of Selvi thanking them for coming in and for
17 their continued service. Our talented Communications and IT
18 staff have created videos recognizing and thanking our
19 employees, no matter what their role or where they're
20 performing their work.

21 Beyond our department messaging, managers came up
22 with ways to stay in touch with their employees, not only
23 through regular individual check-ins, but also through
24 things such as "water cooler" meetings, which were basically
25 group meetings through Skype where they could not only talk

1 about work assignments, but also connect on a more personal
2 level.

3 None of these items I just mentioned happened by
4 accident. At the first sign of the coronavirus becoming a
5 hot issue, we activated our Emergency Operations Center,
6 made up of Selvi and her Governance Council and other key
7 personnel, including Health and Safety, Communication
8 Services, Legal, and Human Resources. We started meeting
9 twice a day, every day and had conference calls on the
10 weekends. Our focus was usually on three things: What was
11 the latest information, how it would impact our work and our
12 staff, and how to best communicate it to our staff.

13 Now, a minute ago I mentioned that we share
14 inspiration stories with employees. These are actually
15 submitted by the employees themselves and have grown to be
16 an FTB favorite. Some submissions are about how a staff
17 member or supervisor has stepped up to make a difference in
18 work environment. Others are about compassionate acts or
19 things like donating their time or homemade face coverings
20 in the community. One story in particular was about one of
21 our employees who put their own life at risk to save the
22 life of a total stranger on the street.

23 These are just some of the reminders we get of how
24 special our employees are, and I want to thank them again
25 here publicly today for their ongoing efforts.

1 And, now, I also want to thank you for allowing us
2 this time to talk about what we have done and continue to do
3 for California taxpayers and for our employees.

4 We would be happy to answer any questions or provide
5 additional information at this time.

6 CHAIRPERSON YEE: Thank you very much for the
7 presentation, really thorough and just a lot of really good
8 strategies put in place, and really appreciate the ongoing
9 focus on serving our taxpayers and keeping employees safe.

10 Let me turn to my colleagues.

11 Members Miller, Vazquez, any questions or comments.

12 MEMBER VAZQUEZ: Madam Chair, I would just say kudos
13 to the staff. Sounds like there's some real good synergy
14 going on at all levels within FTB right now.

15 CHAIRPERSON YEE: Absolutely, absolutely. Thank
16 you.

17 Member Miller?

18 MEMBER MILLER: No, thank you, Madam Chair. Just
19 agree with Vazquez that the collaboration and synergy is
20 really great and understand how tough these times are
21 especially with the -- in the past week with the murder of
22 George Floyd. So very grateful for everything you're doing
23 to keep our state running. Thank you.

24 CHAIRPERSON YEE: Thank you very much. I think
25 the -- the key aspect of this is communication and certainly

1 external communications with our taxpayers has been key and
2 thank you for -- and to the governor also for just all of
3 the considerations with respect to the extension of
4 deadlines and really understanding the realities of what
5 Californians are facing today.

6 And then with respect to the staff, I just have to
7 say a lot of this is really about the culture -- and the
8 culture of FTB that's really allowed for just really swift
9 action and for this teamwork to facilitate all of the
10 arrangements that have had to be necessary and the
11 flexibility that has to be involved to -- just to
12 accommodate the situation in which we're in. So, again,
13 thank you.

14 I just have one question, and it really relates to,
15 I guess, the community of taxpayers, or tax filers if you
16 will, who I think may -- I just want to be -- I'm concerned
17 they don't fall through the cracks. And these are our
18 CalEITC, young child tax credit claimants. And with so much
19 of the outreach infrastructure to get information out to
20 potential claimants has also been compromised by the COVID19
21 pandemic. And so I just wanted to see if you could shed any
22 insight with respect to how we are continuing to keep our
23 efforts aggressive with respect to reaching potential
24 claimants on benefits that they are -- they certainly
25 earned.

1 MR. BIAGI: This is Rick Biagi, and I can respond to
2 that. FTB continues to partner with the Department of
3 Community Services and Development and the State Interagency
4 Team Reducing Poverty Work Group to promote free tax
5 preparation services along with CalEITC and young child tax
6 credits on FTB's main Facebook, Twitter, and Instagram
7 pages. We've posted 236 times related to EITC or young
8 child text credit. And while the majority of vital sites
9 have closed as a result of the statewide shutdown, FTB staff
10 has been available every day at -- here at FTB as well as at
11 home to respond to questions from the VITA sites. And, to
12 date, we've responded to 3,500 contacts regarding that.

13 Finally, FTB placed a message on our website under
14 "Free tax help," indicating that most VITA sites have
15 closed, but that they may reopen soon and provided a locate
16 tool for customers to locate the VITA site closest to them.

17 CHAIRPERSON YEE: Thank you. Thank you for all
18 those measures to be sure that some of our most vulnerable,
19 as a result of the pandemic, are still going to be continued
20 to be served.

21 I neglected, members, to invite members of the
22 public who wish to seek to address. So let me just go back
23 beginning from Items 2, 3, or 4.

24 If there are any members of the public who wish to
25 address the board.

1 TAMI GRIMES: Controller Yee, no public comments at
2 this time.

3 Thank you.

4 CHAIRPERSON YEE: All right. Thank you. Appreciate
5 that.

6 Thank you very much for the presentation. Really
7 appreciate the COVID19 update.

8 We will now move to Item number 5, which is also a
9 PowerPoint presentation. This relates to the CalSavers
10 Program. And this presentation will be made by Gretchen
11 Moe.

12 MS. MOE: Good afternoon. My name is Gretchen Moe,
13 and I'm the assistant Bureau Director in the Statewide
14 Collections Bureau of the Accounts Receivable Management
15 Division where the nontax debt collection programs reside.
16 I'm here today to share with you the CalSavers Retirement
17 Savings Program and how FTB will assist with this program.

18 California was the first state in the country that
19 enacted legislation to establish a state-run retirement
20 savings program for private sector workers. Senate Bill
21 1234 established the CalSavers Retirement Savings Program in
22 2012. This program was designed to address the retirement
23 security crisis threatening families nationwide.

24 With this program, employers with California-based
25 employees that do not already offer a workplace retirement

1 savings program are required by state law to either begin
2 offering one through the private market or participate in
3 CalSavers. The employer's role is relatively simple and
4 there are no fees charged to facilitate this program.

5 CalSavers is completely voluntary for employees.
6 Employees can choose to participate through their employer
7 or enroll on their own. They can change their contribution
8 rate and investment options at any time. Employees can keep
9 their account even if they change jobs. This is a
10 cost-effective way for employees to save for their
11 retirement and can opt in or out at any time.

12 CalSavers collaborated with stakeholders to design
13 the program in an effort to encourage participation. Their
14 teams worked daily with non-profit program partners to reach
15 workers through their existing networks and by following
16 best practices from other programs serving low to moderate
17 income workers, such as EITC and Covered California. They
18 designed numerous communication materials in multiple
19 languages to share the benefits of this great opportunity.

20 They also offered employees overviews, videos, and
21 customer support to encourage participation. The current
22 employee participation rate is 73 percent. This is
23 consistent with the baseline assumption of 70 to 75 percent
24 participation which was included in the feasibility study of
25 2016. This is also higher than the 60 to 70 percent

1 participation rate observed in the programs -- the programs
2 implemented in Illinois and Oregon.

3 CalSavers launched a pilot in 2018 with the first
4 employee registering in November of 2018. The program
5 officially launched statewide on July 1st, 2019.

6 The program will be implemented in a three-year
7 phased approach. It includes staggered deadlines for
8 registration based on employer size. The first deadline is
9 for employers with more than 100 employees to register. The
10 deadline has been extended from June 30th, 2020, to
11 September 30th, 2020, due to the COVID pandemic. While it's
12 too early to provide real compliance numbers, the program is
13 designed to be easy for employers to participate and high
14 levels of compliance are anticipated. All eligible
15 employers are encouraged to join at any time prior to the
16 registration deadline.

17 There are five potential penalties for employer
18 non-compliance. The initial penalty would apply when an
19 employer fails to register for CalSavers by the deadline.
20 Once an employer registers, there are requirements to upload
21 their employee roster, register any new employers, withhold
22 funds from their employees' pay, and remit those withheld
23 funds to CalsAVERS. Each of these actions has a
24 corresponding deadline. An employer that fails to meet one
25 of these deadlines would be assessed a penalty.

1 CalSavers has requested FTB's assistance in gaining
2 employer compliance with the program requirements.

3 CalSavers will assess for penalties for
4 noncompliance. For those employers that remain noncompliant
5 after the CalSavers notification, FTB will then send notices
6 to those remaining employers. FTB staff will be available
7 to provide general customer assistance; however, CalSavers
8 contact information will also be included on the notice for
9 account-specific questions.

10 Employers have the right to appeal any -- to appeal
11 any of the penalties that are assessed. FTB will handle the
12 first level of appeals by providing an independent review.
13 The goal of the enforcement effort is to promote employer
14 compliance and provide an opportunity for millions of
15 Californians to save for their retirement.

16 FTB has been collaborating with CalSavers to
17 identify legislative changes needed to allow FTB to assist
18 CalSavers in penalty collection. This change primarily
19 relates to giving FTB the legal authority to take on this
20 role as well as providing FTB-related regulatory and
21 resource authority. CalSavers will identify a potential
22 pathway to move legislation -- legislative changes through
23 the legislature. Ideally, any changes will be designed to
24 allow flexibility for future growth.

25 FTB is finalizing the estimated cost for this

1 assistance. The initial costs would cover the building of
2 the infrastructure to issue the notices, process payments,
3 and transfer monies to CalSavers. The ongoing cost would
4 cover answering incoming phone calls and the first level of
5 appeals review. CalSavers would reimburse FTB for any costs
6 incurred, and an interagency agreement would be used to
7 manage this collaboration.

8 The CalSavers program is still in its infancy. The
9 biggest challenge is raising awareness among employers
10 regarding this mandate, especially with the limited
11 resources provided for this new program. Similar to the
12 employee outreach strategies and communication materials,
13 CalSavers has a robust employer outreach program and
14 multilingual communication tools designed specifically for
15 employers. CalSavers is implementing a sophisticated direct
16 marketing and outreach strategy that will become more
17 compliance focused as the deadline approaches and
18 appreciates the partnership with FTB.

19 CalSavers and FTB are continuing to meet to finalize
20 this plan. We look forward to your continued support as we
21 move forward to provide California citizens this retirement
22 saving opportunity. This concludes my presentation.

23 I would be happy to answer any questions.

24 CHAIRPERSON YEE: Thank you very much, Gretchen.

25 Questions or comments, members?

1 (No response.)

2 CHAIRPERSON YEE: Okay. Hearing none -- first of
3 all, let me just thank the Franchise Tax Board, FTB, team.
4 This is something that is becoming, and I believe will
5 become, a more critical program as we look at, certainly,
6 how, when we reach the other side of this pandemic and
7 getting more of our Californians back to work. It really is
8 a critical piece with respect to economic security and
9 retirement security. And, prior to the pandemic, we were
10 working under the assumption that close to 7 million
11 Californians who -- or were working did not have
12 employer-sponsored plans. So this really is a critical
13 program to begin to get those workers in the habit of saving
14 and certainly having a state-sponsored program can help
15 facilitate that.

16 And I really appreciate Franchise Tax Board and the
17 capacity that we know FTB has in working with employers in
18 the employer community. I think this will be really a
19 wonderful arrangement for the -- supporting the -- the
20 ongoing conversations with CalSavers and the Franchise Tax
21 Board to be sure that we can deliver for our employers as
22 well.

23 Without any other questions from members, are there
24 any members of the public who wish to speak on this item.

25 TAMI GRIMES: No public comment. Thank you.

1 CHAIRPERSON YEE: Thank you.

2 All right. Thank you very much, Gretchen.

3 Okay. Members, our next item is going to be Item Number 6,
4 these Administrative Matters. We have Tiphonie Weiss
5 presenting on the conceptual 2021, 2022 Budget Change
6 Proposals. This is an informational item. And then that
7 will be followed by Michael Banuelos who will be presenting
8 the contracts over a million dollars. That will be an
9 action item for board approval. So let me start with
10 Tiphonie.

11 MS. WEISS: Thank you. Good afternoon. My name is
12 Tiphonie Weiss. I'm the Director of the Financial
13 Management Bureau, and I am here today to present the Budget
14 Change Proposal concepts under development for 2021, '22
15 fiscal year. We would like to note that FTB is aware of
16 these economically challenging times. And, while we're
17 uncertain of the outcome of these concepts, we felt it was
18 important to document our resource constraints and program
19 limitations. If appropriate, we will return to the
20 September board meeting with fully developed proposals for
21 your approval.

22 For the 2021, '22 fiscal year, we've identified
23 three concepts for development.

24 The first concept is Enterprise Data to Revenue
25 Phase 2 or EDR2.

1 In 2008 FTB began a multi-phase tax system
2 modernization effort aimed at modernizing systems and
3 achieving a strategic target model. The tax system
4 modernization effort consists of three phases.

5 The first phase, the EDR project, laid the
6 foundation by delivering the infrastructure and software
7 architecture for a consolidated platform with common
8 business functions and services. EDR implemented case
9 management, modeling, and an internal and external taxpayer
10 folder.

11 EDR2, with this concept, will build on this platform
12 by delivering enterprise case management and modeling
13 services for audit, filing, enforcement, and underpayment,
14 as well as expand on the taxpayer folder and contact center
15 platforms functionality.

16 This concept will address the resources required for
17 the first year of planning, design, and consultant and
18 professional services that are critical to the success of
19 the EDR project.

20 The next concept is the political reform audit
21 program concept. And it evaluates additional resources
22 required to complete mandated political reform audits. Over
23 the years, the program has continued to increase in
24 complexity and volume as additional disclosure requirements,
25 limitations, filing requirements, and audit verifications

1 have been added. In addition, the number of political
2 committees and candidates continues to increase. This
3 concept will explore the resources required to address this
4 increase in workload.

5 The final concept is privacy and system assessments,
6 and it will address the resources required to perform new
7 mandated workloads within Franchise Tax Board's Privacy
8 Program and Information Security Oversight Unit. These
9 workloads expand the privacy and security framework
10 validation and reporting for the department's business
11 processes, projects, and systems.

12 These are the three concepts under development for
13 the 2021, '22 fiscal year. I would be happy to answer any
14 questions you may have at this time.

15 CHAIRPERSON YEE: Thank you, Tiphanie.

16 Members, any questions on either of these BCP
17 concepts?

18 (No response.)

19 CHAIRPERSON YEE: Let me just ask you one, Tiphanie.
20 And, if you don't have an answer, not to worry --

21 MS. WEISS: Sure.

22 CHAIRPERSON YEE: -- we can get it in September.
23 But on the Political Reform Audit Program, can you give us
24 an order of magnitude of the growth of the number of
25 committees. I know they have been growing, but just, do you

1 have a...

2 MS. WEISS: I don't have that number with me, but
3 that is exactly what we're looking at with the concept, is
4 where the historic and the current growth.

5 CHAIRPERSON YEE: Okay. No problem. I'll wait
6 until you bring that back.

7 Okay. Very good.

8 Any other questions, members, on this.

9 (No response.)

10 CHAIRPERSON YEE: Let me see if there's any member
11 of the public who wishes to speak on this item.

12 TAMI GRIMES: No public comment at this time. Thank
13 you.

14 CHAIRPERSON YEE: All right. Thank you, Tiphanie.

15 MS. WEISS: Thank you.

16 CHAIRPERSON YEE: Next, we'll have Michael Banuelos
17 to present the contracts for approval.

18 MR. BANUELOS: Okay. Good afternoon, board members.
19 It's my pleasure to be here with you today. I hope you're
20 all doing well.

21 My name is Michael Banuelos, and I am the director
22 of the Franchise Tax Board's Procurement Bureau. I'm here
23 today to present two proposed contracts over \$1 million for
24 the board's approval.

25 With your permission, I will present the contracts,

1 and then I will be glad to answer any questions that you may
2 have.

3 CHAIRPERSON YEE: Go ahead.

4 MR. BANUELOS: So the first request is related to
5 the State's Earned Income Tax Credit program, also known as
6 EITC. I believe my colleague Rick talked about that a
7 little bit earlier in the presentation, but I'm here for the
8 contractual piece.

9 In the administration's January budget proposal,
10 \$10 million was included for outreach activities by
11 nonprofit and community-based organizations that provide
12 increased awareness of the EITC and that also provide free
13 tax preparation services.

14 In order to effectuate this, we plan to enter into
15 an interagency agreement with the California Department of
16 Community Services and Development in order to leverage
17 their existing grant processes.

18 These funds were removed during the -- during the
19 recent May revision. However, we thought it would be
20 prudent to bring this issue up to the board should the
21 situation change during the finalization of the upcoming
22 budget.

23 If outreach funds are added back to the budget, we
24 would like to be in the position to work with the Department
25 of Community Services and Development as quickly as

1 possible.

2 And if an agreement does come to fruition, the cost
3 included would be the allotted outreach funds as well as
4 CSD's operational costs to administer the grant program. So
5 that's the first contract.

6 The second contract which I am presenting for your
7 approval is for AppDynamics Monitoring Tools.

8 AppDynamics provides monitoring tools that examine the
9 health and performance of FTB's public-facing and internal
10 system, including MyFTB, CalFile, WebPay, and Case
11 Management. So some pretty critical applications in our
12 environment.

13 These monitoring tools provide granular visibility
14 into critical applications which helps our engineers and
15 technicians better detect, isolate, and solve customer
16 impacting incidents quickly.

17 We have been using AppDynamic products to monitor
18 our systems since approximately 2013. FTB has a very
19 intricate information technology infrastructure, and the
20 quicker we can identify and respond to system issues, the
21 better it is for our taxpayers, as well as our internal
22 support staff that are using these systems.

23 We're proposing a three-year agreement, which is
24 valued at approximately \$1.26 million. And we intend on
25 using the Department of General Services software licensing

1 program to procure the software.

2 So those are the two agreements I'm presenting for
3 your approval, and I would be happy to answer any questions
4 you may ave on those.

5 CHAIRPERSON YEE: Thank you very much, Michael.

6 Questions or comments, members?

7 (No response.)

8 CHAIRPERSON YEE: Actually, let me just see, are
9 there any members of the public who wish to speak on this
10 item?

11 TAMI GRIMES: No public comment. Thank you.

12 CHAIRPERSON YEE: Okay. Thank you.

13 Members Vazquez or Miller, any questions or
14 comments?

15 MEMBER MILLER: No questions, Madam Chair. But,
16 when you're ready, I would be happy to move this.

17 CHAIRPERSON YEE: Okay. I'm going to go ahead and
18 entertain that motion.

19 Is there a second?

20 MEMBER VAZQUEZ: I'll second it.

21 CHAIRPERSON YEE: Thank you, Mr. Vazquez. We have a
22 motion to second. Let me just raise a question if I could,
23 Michael -- actually, it's not a question. But should the
24 legislature restore the funding for outreach or if it's in
25 the final budget, I believe there was an evaluation that was

1 done -- and I don't recall where. I want to say it was
2 through one of the UC research centers about the
3 effectiveness of outreach. And I want to be sure that we're
4 factoring in just some of the findings and considerations in
5 that report. I know that's going to probably be on the part
6 of the Department of Community Services and Development, but
7 there were some critical notes about outreach.

8 And, certainly, as we're talking about trying to get
9 to harder-to-reach communities, I just want to be mindful
10 about being sure that we're spending our dollars in the most
11 effective way.

12 MR. BANUELOS: Sure. I completely understand. If I
13 understand the context that it might have been an effort we
14 were working on with public policy lab.

15 CHAIRPERSON YEE: Yee. Yes.

16 MR. BANUELOS: To work out some of these EITC
17 issues. So, should we decide to go forward with CSD, that
18 certainly would be an artifact that we would look at as we
19 are structuring. CSD puts together these documents called
20 Notice of Funding Availability to give the grants out.

21 So, as those are being put together and the
22 requirements are put in there, they're looking at different
23 demographics and how much money they think they're going to
24 be able to spend by category and by agency. I would think
25 that -- that would fit nicely in to looking at those

1 findings to see what -- what we can do if we need to do
2 anything differently this year.

3 CHAIRPERSON YEE: Okay. Good. Good. Thank you.
4 Yes, it was the policy lab. Thank you for refreshing my
5 memory there.

6 All right. So we have a motion that's seconded
7 without objection on these two contracts.

8 Such will be the order. They are approved.

9 Thank you, Michael.

10 MR. BANUELOS: Okay. Thank you for your support.

11 CHAIRPERSON YEE: Absolutely.

12 All right. Members, Item 7 is the executive
13 officer's time. Let me turn to Selvi Stanislaus at this
14 time.

15 Ms. STANISLAUS: Thank you, Madam Chair. And good
16 afternoon, board member. I first want to thank our staff
17 who worked very hard to put this board meeting together.
18 They worked countless hours to make our first ever virtual
19 board meeting a success.

20 For my time today, I would like to discuss the 2020
21 filing season update. As previously stated in the COVID
22 update, FTB extended various filing season deadlines to
23 provide relief to California taxpayers. These efforts
24 changed the due date to file returns and make payments to
25 July 15, 2020, thereby extending our filing season by three

1 months.

2 As of April 15th, 2020, FTB received 25 percent
3 fewer returns and 33 percent fewer payments valued at 18
4 billion. We have continued to receive returns and payments
5 above historical levels over the last six weeks. While the
6 processing and validation of all returns and payments
7 continues as of May 30th, I would like to share some number
8 with you.

9 We processed 40.4 million personal income tax
10 returns, with 13 million of those efiled. We issued
11 10.5 million refunds with an average refund of \$996.00.
12 Better still, \$8.4 million refunds were deposited directly
13 into taxpayers' bank account. We received 5.7 million tax
14 payments, totaling 19.7 billion with 51 percent made
15 electronically.

16 So, for perspective, we have a little over a month
17 at July 15th due date, and we hope to process 3.3 million
18 more income tax returns. We hope to issue an additional
19 1.8 million refunds with 80 percent through direct deposit
20 and receive 5 million more payments with nearly 51 percent
21 being electronic payments.

22 Now, some updates about our favorite program VITA.
23 Although our VITA efforts were cut short this year, we do
24 have some highlights to share. We had 153 FTB volunteers,
25 with 57 new volunteers this year. We assisted taxpayers at

1 five community sites in February and March.

2 VITA sites throughout the state are exploring
3 options to provide free tax preparation through virtual or
4 drop-off method. And FTB's VITA team and volunteers are
5 standing by to support the local free tax preparation
6 community in June and July.

7 As Rick Biagi discussed earlier, FTB plans to resume
8 compliance building activities in mid-July. With that said,
9 we want everyone to know that we recognize the difficult
10 financial situations many taxpayers are facing because of
11 COVID19.

12 We will be listening to our taxpayers and offering
13 solutions, including deferred payments to anyone that has a
14 difficulty paying. So it goes without saying, this season
15 has been one unlike any other. But our staff at FTB has
16 adapted nicely and continues to work hard to service
17 taxpayers. We look forward to sharing more details with you
18 at our next board meeting.

19 And, as always, we value the perspective and
20 experiences that our entire board brings to the table -- or
21 in this instance, to the screen -- especially of the
22 leadership of our Controller, the honorable Betty Yee. The
23 Controller has expertly guided FTB during these difficult
24 times.

25 In closing, I would like to personally thank each

1 and every one of the board members and attendees for joining
2 us today.

3 Thank you.

4 CHAIRPERSON YEE: Thank you, Selvi, very much and
5 for your sustained leadership, especially during these very
6 challenging times. But, as I said earlier, the culture of
7 this organization is really what carries it through when
8 it's demanded that people work closely together and continue
9 to carry out the critical mission of the organization. So
10 thank you very much.

11 Members, we're going to move to item Number 8, which
12 is board members' time. And I would like to open it up for
13 Members Miller and Vazquez for any comments.

14 MS. MILLER: No additional comments, Madam
15 Controller. I just want to say ditto to what you said about
16 the -- the culture and efficacy and -- of -- of the FTB and
17 how incredibly hard everyone works. We're really grateful,
18 and it's a true partnership.

19 So thank you for everything you're doing.

20 CHAIRPERSON YEE: Thank you, Gayle.

21 Member Vazquez?

22 MEMBER VAZQUEZ: Yes, Madam Chair. Just a quick
23 comment here. You know, when I read over the January 30th
24 news release where -- it has Jim quoted and his efforts --
25 but more people were qualified for state tax credits this

1 year and there are free tax assistance programs available,
2 and anyone online can learn about the free tax preparation
3 sites on e-file options.

4 So then I went on to the online FTB home page, and
5 there it is. Good information on how a person, a family
6 qualifies, and especially the section on what you will get.
7 And, you know, by inputting, you have a chart there that
8 basically breaks it down for those folks that do fill it
9 out. And it shows them how much they would receive from the
10 2019 tax return, which I thought was really good. I mean,
11 it's a good example. And I just wanted to give kudos to the
12 staff for setting that up.

13 But I have a question, though: Moving forward, I
14 know we moved -- even though, I guess, they moved the
15 maximum increase from 30,000 for the 2019, but that's still,
16 I thought, pretty low, you know, given -- especially a
17 worker with three or more dependents when you looked at the
18 cost of living, like, in Los Angeles, San Francisco, and
19 San Diego. And, on the flip side, you have the federal
20 EITC, which allows the same worker to go up to 50,000 if
21 they're single and 55,952 if they're married, filing
22 jointly. And I was wondering if there was any way for the
23 CalEITC to possibly -- you know, at least move up to what
24 the federal requirements are.

25 CHAIRPERSON YEE: Yeah, Member Vazquez, that's a

1 great question. And we know that when we actually do the
2 outreach for CalEITC, we always, almost in the same way,
3 talk about the federal EITC. But it would require statutory
4 change, and this is a program that actually has been
5 expanded over the years since its inception to include those
6 who are selfemployed and to individuals in a household as
7 well who meet the income requirements.

8 So it is a matter of statute, and the legislature's
9 prerogative and it -- and obviously the availability of
10 funding for the program. But I think, to your point, if we
11 could actually make the criteria consistent, we would
12 actually be more impactful for the eligible families and
13 households.

14 MEMBER VAZQUEZ: That would be great if there's any
15 way to do it.

16 And then my last question is, my office and I have
17 received numerous questions and concerns regarding AB5 and
18 its impact on independent contractors. And I noticed that
19 there was also, you know, a -- recent issues raised around
20 that issue, especially I'm thinking, you know, as it refers
21 to the gig economy for web pages and how they are subject.
22 And I was pleased to have another -- to have that also
23 listed in that information piece.

24 But, I guess, my question is: What type of
25 information do you anticipate the FTBE or the FTB will be

1 adding to our new gig economy web page as we move forward.

2 CHAIRPERSON YEE: I may check in with staff on that.
3 Obviously, it's a fluid situation that the law -- (distorted
4 ZOOM audio) -- in California as it stands in the books. And
5 so it really is reaching out to those workers that have been
6 a part of that platform economy -- platform-based economy to
7 understand their new -- the new requirements and certainly
8 for the companies as well.

9 But let me maybe turn to Selvi or one of the members
10 of our Legal Department.

11 MR. HOFELING: You bet.

12 Member Vazquez, I would be happy to answer.
13 So, as you stated, we did recently update our gig economy
14 web page about a month ago. We made sure that at that point
15 we had the latest California income Franchise Tax
16 information as it relates to the gig economy as well as
17 information that would be relevant to gig worker.

18 So our next planned update that we're currently
19 working on will be released later this year, and it will
20 include the latest information and helpful tips and tricks
21 when it comes to preparing their returns. The end of the
22 year will be close to the time where people start to plan
23 and prepare to file their 2020 returns. So we will make
24 sure the information is geared towards how do you file and
25 what you file and helpful information that will be available

1 at that time.

2 MEMBER VAZQUEZ: Thank you. I appreciate that.

3 CHAIRPERSON YEE: All right. Thank you, Member
4 Vazquez, very much.

5 First, let me thank my colleagues for joining in
6 with us virtually. I also want to thank the staff who are
7 making it possible and a very successful meeting.

8 And I just want to maybe conclude this meeting by, first
9 recognizing, just, all of what our FTB team has to do to
10 really respond to this COVID19 pandemic. I mean, we heard
11 the initial report about all the things had to happen in
12 terms of being able to still serve our taxpayers while
13 protecting the health and safety of our employees.

14 But this is something that I don't think should be
15 taken lightly. It does cause anxiety and stress. And I
16 think for this particular organization where I just always
17 see the employees pulling together. You know, one of the
18 other data points of the achievements happened to be the
19 tons of food for the food drive. I mean, this is just a
20 generosity of spirit of this organization and just taking
21 care of each other and certainly the community.

22 But, certainly, these times of stress and anxiety,
23 and I think Member Miller mentioned this earlier, but I do
24 not want to have be forgot that we had a period of unrest
25 recently around, you know, the senseless killings of most

1 recently Mr. George Floyd, but also I want to just say the
2 names of Breonna Taylor and Ahmaud Arbery.

3 You know these are things that the country and the
4 state is grappling with. You know, a lot of people are
5 hurting. A lot of anxiety and stress and trauma. And what
6 I just want to say is that, you know, as our families and
7 our coworkers and certainly Californians are counting on us
8 more so than ever before with everything that's going on,
9 that I just want to ask each of us as we leave this meeting
10 to just take the time and encourage others to just check in
11 on our colleagues, check in on our neighbors, and if there's
12 any one who feels like they need to reach out to understand
13 where they can do so. And there are many resources
14 available for them to do so.

15 I do think this is going to be a period where we're
16 going to see a lot happening with people coming together,
17 and hopefully we'll help to facilitate some of that, begin
18 the healing process. And I know that FTB will be a leader
19 because of the culture and, certainly, the ethic of taking
20 care of one another.

21 And so, with that, let me just see if there are any
22 other comments or questions from members.

23 (No response.)

24 CHAIRPERSON YEE: Hearing none --

25 TAMI GRIMES: No public comment. Thank you,

1 Controller Yee.

2 CHAIRPERSON YEE: Thank you very much.

3 Hearing none, with that, this meeting is adjourned.

4 Thank you very much.

5 (Proceedings concluded at 3:02 P.M.)

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CERTIFICATE OF REPORTER

I, VERONICA A. GUERRERO, 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, VERONICA A. GUERRERO, 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 8th day of July 2019.

/s/ Veronica A. Guerrero
VERONICA A. GUERRERO, CSR
Certified Shorthand Reporter
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