STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

FRIDAY, SEPTEMBER 18, 2020
1:30 P.M.

HELD VIA VIDEOCONFERENCE AND AT
GERALD GOLDBERG AUDITORIUM
9646 BUTTERFIELD WAY
SACRAMENTO, CALIFORNIA

REPORTED BY: KATHRYN S. SWANK
CSR NO. 13061

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**APPEARANCES**

(All participants appeared via videoconference.)

BOARD MEMBERS

BETTY YEE  
State Controller  
(Chairperson of the Board)

ANTONIO VAZQUEZ  
Chairperson  
Board of Equalization

JAY CHAMBERLAIN  
Representative for Keely Bosler, Director  
Department of Finance

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STAFF

SELVI STANISLAUS  
Executive Director

DAWN CASEY  
Board Liaison

JOZEL L. BRUNETT  
Chief Counsel

SHANE HOFELING  
Deputy Chief Counsel

CHRISY CASALE

YVONNE CRANKFIELD

FRANK CURCURO

JEANNE HARRIMAN

ANNETTE KUNZE

ANDREW LePAGE

TIM LEWIS
APPEARANCES CONTINUED

CATHY McCOLLUM

YVONNE OLSON

VICTORIA RAMIREZ

CHRISTINE SEXTON

ROBERT SILVEY

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SACRAMENTO, CALIFORNIA

FRIDAY, SEPTEMBER 18, 2020 1:30 P.M.

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CHAIRPERSON YEE: Please call the roll to
determine if a quorum is present.

MS. CASEY: Member Vasquez.

MEMBER VAZQUEZ: Present.

MS. CASEY: Member Chamberlain.

MEMBER CHAMBERLAIN: Present.

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

CHAIRPERSON YEE: Present.

At least two members or their designated
representatives being personally present, there is a
quorum, and the Franchise Tax Board is now in session.

Let me welcome Mr. Chamberlain, virtually, back
to the Franchise Tax Board. It's great to have you join
us this afternoon.

Would you mind just all -- please stand and join
me in the Pledge of Allegiance.

(Pledge of Allegiance was recited
in unison.)

CHAIRPERSON YEE: Thank you. Good afternoon.

Again, welcome to the Franchise Tax Board's
virtual Board meeting. As the FTB continues to follow
all appropriate federal, state, and local guidance for a
public gathering, I and my fellow board members are
attending the Board meeting remotely, and FTB staff are
following social distancing best practices.

The public has the right to comment on each
agenda item before us today. For today's meeting,
members of the public may either comment in person or
via telephone at (877) 226-8189; again, (877) 226-8189,
with the access code of 2319076. Again, the access
code, 2319076.

If there are any members of the public wishing to
speak on an item, you may speak when that item is
called, and you will have three minutes to address the
board. You will be asked to identify yourself for the
record.

The first item, Members, is the approval of the
minutes. We have before us the minutes of the June 4th,
2020, Board meeting.

Is there a member of the public wishing to speak
on this item? Let me see if we have any comments from
people who are in person at the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not
a member of the public here at Franchise Tax Board who
would like to speak on this item.

CHAIRPERSON YEE: Thank you.

Next, we will take any public comments from
people on the teleconference line.

Are there any persons wishing to comment on this item?

PHONE MODERATOR: Ladies and gentlemen on the phone line, if you wish to give public comment at this time, you may press 1, then 0.

(No response.)

PHONE MODERATOR: And there is no one queuing up at this time. Please continue.

CHAIRPERSON YEE: Great. Thank you very much.

Members, do I have a motion for approval of the minutes?

MEMBER VASQUEZ: So moved.

CHAIRPERSON YEE: Okay. Motion by Member Vasquez.

Is there a second?

MEMBER CHAMBERLAIN: Second that motion.

CHAIRPERSON YEE: Thank you.

A second by Member Chamberlain. It's been moved and seconded. Without objection, such will be the Board's order.

Let's move on to Item Number 2. It is a PowerPoint presentation on the 2019 awards. And this presentation will be made by Tim Lewis, and this is an informational item.
Good afternoon.

MR. LEWIS: Good afternoon. My name is Tim Lewis, and I'm a manager within the Business and Human Resources Bureau of the Administrative Services Division.

I would like to express my appreciation for the opportunity to present before you today.

Having worked in the Human Resources Bureau, I can't think of a greater honor than to present to you those employees who shined the brightest in 2019.

As you can see on the Parthenon, from the Parthenon on the screen, FTB takes its mission and goals seriously. This is something that particularly caught my attention and inspired me to serve two years on our Mission and Values Team early in my career here at FTB.

Every successful company, business, or agency must have a clear mission and a defined set of values that not only drive but also sustain their business if they are truly to become a strong organization.

FTB is no exception to that rule.

One of the key differentiators here, though, is the recognition of an enterprise-wide knowledge of and adherence to the mission of FTB and the values that we hold so dear.

Today, I will present a brief slide show to
recognize FTB staff who not only showed an exemplary
commitment to those values, but who also went above and
beyond to help us accomplish our mission and achieve our
goals in 2019.

You will have the opportunity to meet the
recipients of four different types of awards in 2019.
First will be the Superior and Sustained Superior
Accomplishment Awards. These are core teams or
individuals who make significant superior contributions
to state government by virtue of exceptional job
performance.

Next, you will meet the recipients of the
Supervisory Bonus Awards. These are supervisors who
have demonstrated outstanding job performance, have
exceeded the established standards, and consistently
exemplify our values, one of which is leading with
integrity and inspiration.

These supervisors are a very exclusive group and
represent the very best of FTB.

And, finally, the recipients of the Large Team
Awards. This award recognizes specific groups of FTB
employees for their hard work, dedication, and
successful contributions as part of teams, large and
small. These teams contributed significantly to the
Department's goals and mission in 2019.
A part of FTB's culture is to empower staff who think and operate from an enterprise-wide, innovative perspective. This has resulted in team effort and project successes.

The Large Team Award recipients are outstanding examples of how our employees at FTB exhibit our value of bringing our best.

Here at FTB, we firmly believe in the importance to appreciate and celebrate what has been accomplished by our great leaders and dedicated teams. In essence, this is how we continue to ignite the passion, perseverance, and fortitude to meet whatever challenges and opportunities present themselves head-on with dedication and determination.

So without further delay, please join me in recognizing the recipients of the 2019 Superior, Sustained Superior, Supervisory Bonus, and Team Awards.

(Video presentation.)

MS. LEWIS: Thank you for allowing us to present the slide slow to you today. We appreciate your continued support in celebrating our star employees from 2019.

CHAIRPERSON YEE: Thank you very much, Tim, for the presentation.

Just really brings abundant pride, I think from
all of us at the Franchise Tax Board, and
congratulations to all of our award recipients for
continuing to uphold our culture of excellence and
(unintelligible.)

Members, are there any comments or questions on
this item?

MEMBER VASQUEZ: Yes, Madam Chair.
CHAIRPERSON YEE: Yes. Member Vasquez, please.
MEMBER VASQUEZ: Yeah. I also would like to just
thank Mr. Lewis for your thoughtful and engaging
presentation.

First and foremost, I commend the men and women
of FTB on the job well done and congratulate them on
their award. You all deserve this recognition for your
tireless work and devotion in making FTB the best that
it can be in serving our customers, especially in these
uncertain times. You are even more important in keeping
services available for those in need of assistance.

Looking at the many faces and showing these
slides, the public do not have an opportunity to see all
of you or interact with you, but what you do see is an
agency that is committed in providing the best customer
service in a timely manner, and that could not be
possible without all of you.

I would like to thank all of you for your hard
work and dedication.

CHAIRPERSON YEE: Thank you, Member Vasquez.

Any other comments?

(No response.)

CHAIRPERSON YEE: Let me -- this is an informational item. What I would like to do is to see if there's any member of the public who wishes to speak on this item. We will first take public comments from people who are in person at the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not a member of the public here, at Franchise Tax Board, who would like to speak on this item.

CHAIRPERSON YEE: Thank you very much.

Let me just check and see if there are any public comments from those on our teleconference.

PHONE MODERATOR: As a reminder, if you are on the telephone conference line, you may queue up by pressing 1, then 0 at this time for public comment.

(No response.)

PHONE MODERATOR: And there is no one queuing up at this time. Please continue.

CHAIRPERSON YEE: Thank you very much.

Thank you, Mr. Lewis, for the presentation. And, again, congratulations to all of our award recipients.

We are now on Item Number 3, and this is a Filing
Season Update that will be presented by Yvonne Crankfield and Frank Curcuro. This also is an informational item. Yvonne and Frank, welcome.

Good afternoon, Chairperson Yee and Board Members.

MS. CRANKFIELD: My name is Yvonne Crankfield and I'm with the Franchise Tax Board's Filing Division.

Today I'm here, along with Frank Curcuro from our Accounts Receivable Management Division, to share with you what FTB has done to help taxpayers and support our employees during the COVID-19 pandemic and provide you with an update of the unique 2020 filing season.

The 2020 filing season was like no other. The COVID-19 pandemic and ensuing stay-at-home and shutdown orders spurred FTB into action to ensure our staff are safe and our taxpayers received the service and relief they needed.

In February and March of this year, we observed the growing trends with respect to the COVID-19 pandemic.

On March 19th, all five FTB Public Counter Field Offices were closed to ensure the safety of our employees and customers. There were a limited number of Volunteer Income Tax Assistance locations around the state open to service our customers.
FTB's 153 VITA volunteers worked over 1,000 hours assisting taxpayers at VITA locations and on a drop-off basis through July 15th. The VITA volunteers assisted with filing over 18,000 state and federal tax returns.

In order to prepare for possible impacts on California taxpayers, our Disaster Strike Force Team and our Filing Season Action Team identified that all Californians would be impacted, including individuals, business entities, and our nontax debt customers.

As a result, we acted quickly to extend tax filing and payment deadlines for California taxpayers to July 15th, 2020.

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

We also provided relief for nonresidents with nonwage withholding requirements.

Throughout the postponement period, FTB's approach was that California taxpayers should not have to contact us for relief, but that we should provide it to them proactively.

We provided communication on our website regarding the California Earned Income Tax Credit and the Young Child Tax Credit to assist anyone with annual
earnings less than $30,000 or families with at least one child under the age of 6 years old.

We worked with our Technology Services Division to make changes to our systems to accept tax returns and payments due during this postponement period as timely, provided they were filed and/or made by July 15th.

This proactive approach also included not assessing penalties or charging interest on current tax year liabilities during the postponement period.

We also assisted thousands of our customers that had already scheduled Electronic Fund Transfer payments to take place by April 15th, and later wanted to cancel their scheduled payment and establish a new payment date.

On March 12, 2020, we delayed key Audit and Filing Enforcement activities. During the postponement period, we kept our phone lines open to assist taxpayers and provided for alternative communications, such as live chat, and correspondence for taxpayers and their representatives when interacting with us.

We temporarily accepted electronic signatures on statute of limitations waivers, and, furthermore, we granted an extension of time for customers to respond to our document requests and delayed noticing and assessment of prior tax years on nonfilers.
FTB partnered with the Internal Revenue Service and provided a link on our COVID-19 webpage to the IRS Economic Impact Payment Information Center, which provided responses to frequently asked questions and information about the status of payments.

We also delayed collection action. We recognized that our customers who were working reduced hours, laid off, or forced to close their business would be focused on paying the bills and putting food on the table.

Our Technology Services Division was of great assistance as they expedited our requests to ensure our collection systems didn't automatically issue notices or levies.

We quickly suspended wage attachments, bank levies, liens, collection phone calls, and field calls.

We delayed suspension of business entities with the Secretary of State; delayed publications of our Top 500 List, including Occupational and Driver's License Suspensions.

We extended hardships for those unable to pay and allowed for skip payments for installment agreements through July 15, 2020.

We also suspended most new and existing offsets and established alternate methods for revivors and individual status letters.

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We published external communication for our customers, and in addition to publicizing our external FAQs, we ensured internal communication went out to our staff, informing them of our delays and encouraging staff to exercise their discretion in order to best assist customers during these unprecedented times.

In order to abide by the Governor's resiliency roadmap for reopening the state of California, and providing essential services to our customers, the five Public Counter Field Offices reopened on June 15 to provide assistance to customers by appointments only.

Our customers now have the ability to request field office appointments by contacting the field office directly by phone or via an e-mail link on our public website.

Customers coming into the Field Office Public Counters are expected to maintain current social distancing and safety protocols.

Feedback from our customers has been overwhelmingly positive, with over 3500 customers served since June 15th.

And now I will turn it over to Frank Curcuro from our Accounts Receivable Management Division for the Filing Season Update.

MR. CURCURO: Thank you, Yvonne. Good afternoon,
Chairperson Yee and Board Members. Thank you for allowing us to present this update today.

As Yvonne mentioned, FTB began planning ahead for this year's filing season in March of this year, in response to the Governor's state-at-home and shutdown orders. We also anticipated taxpayers would be struggling to pay their taxes and would have many questions as to when and how to file and pay.

At FTB, we frequently use the phrase "One FTB" to highlight teamwork. We collaborated as "One FTB" across several divisions to develop mitigation strategies to ensure we provide maximum level of access at our contact centers and provide an overall excellent customer service to all of our taxpayers throughout the shutdown and extended filing season. It was an enterprise-wide "One FTB" effort.

I'm proud to tell you that our efforts paid off, and this year's filing season was another success. Our website accommodated over 19 million visits with an increase of more than 3.6 million additional visits over last year, and we experienced a 5 percent increase in electronic payments over last year.

Every chance we get, we like to take the opportunity to champion the electronic services that we make available for taxpayers, whether it's e-file,
online payment options, or any of our other online self-service options.

    Electronic payments are the fastest, easiest, and most accurate way for taxpayers to remit payments to us, and we continue to see a shift away from paper checks to electronic payments. This is great news.

    We had a strong end to this year's extended filing season: We issued over 13.7 million refunds with an average refund of $1,100; we processed 3.7 million CalEITC claims for $713 million; we processed 20.2 million e-file and paper returns; and we processed 10 million payments.

    Beginning on July 16, 2020, FTB resumed sending notices. Since the notices are time-sensitive, it is imperative we send taxpayers their balance due notices. Staff are available to answer calls and are trained to listen to the customer and their individual situation to ensure an excellent customer experience.

    If customers experience a financial hardship and are unable to pay, our staff have the authority to delay, modify, or release levies and garnishments; establish installment agreement plans for repayment; allow the customer to skip installment agreement payments; delay collection on accounts as warranted; abate penalties when reasonable cause has been
demonstrated; provide relief for taxpayers experiencing
a financial hardship; allow for extensions to respond to
audit requests for information, with concurrence from
Audit; and make taxpayers aware of their current tax
year filing and payment delay status.

Another area where our efforts have significantly
paid off is our contact centers' level of access to
ensure our customers can reach us during this year's
extended filing season.

Our primary contact centers answered 800,000
calls this year, and the access rate was 66 percent. In
addition, our average wait time was just 6.5 minutes.
During the week of July 15th, we experienced an
81 percent level of access.

Customer service continues to be our top priority
during these challenging times, as we balance taxpayers'
needs with the health and safety of our employees.
Throughout the pandemic, FTB continues to process tax
returns, issue refunds, and provide phone and live chat
services to individuals and businesses needing
assistance.

As Yvonne mentioned earlier in this presentation,
all five FTB Field Office Public Counters were closed in
March of this year to ensure the safety of our staff and
our customers.
Just in time for the end of the extended filing season, we reopened our offices with appointments for our customers who are able to schedule them via e-mail or phone contact with us.

Since reopening with the appointment process, we have served over 3500 customers with field office appointments and received positive feedback from our customers and our staff.

We are currently working towards an automated, online appointment system that is designed to provide even better self-service options for our customers.

In conclusion, filing season is our prime time and every single person at FTB shares a collective sigh of relief at the end of that last day. We all feel the pressure to make sure we do our very best for California taxpayers.

I would like to thank you for allowing us this time to share what we have done and continue to do for the taxpayers of California and for our employees.

We appreciate your continued support. You make a big difference.

At this time, we would be happy to answer any questions or provide additional information.

CHAIRPERSON YEE: Thank you, Frank and Yvonne, for the great presentation on the filing season.
Let me just turn to the members to see if there are any comments or questions.

MEMBER VAZQUEZ: Madam Chair, just a comment.

CHAIRPERSON YEE: Please. Member Vasquez.

MEMBER VAZQUEZ: Yes. Actually, thank you, Yvonne and Frank, for this informative presentation.

Again, I would like to just commend FTB for -- in not only ensuring that the continuity of government is in place, but, most importantly, keeping the essential services and resources for our FTB customers. I am particularly impressed by FTB's proactive approach and the foresight to implement policies to assist customers in need of payment modifications, abatement of penalties, and interest, and the suspensions of various collection actions.

So, once again, just thank you for all your hard work, because I know these are difficult times. Not only for you but also for the taxpayers.

CHAIRPERSON YEE: Thank you, Member Vasquez.

Any other comments?

MEMBER CHAMBERLAIN: No, Madam Chair.

CHAIRPERSON YEE: Yes. Member Chamberlain.

MEMBER CHAMBERLAIN: No. I have no further comments.

CHAIRPERSON YEE: All right. Thank you. I echo
Member Vasquez's comments.

I did have one question, and I want to be sure that we're receiving this figure right. But with respect to the contact center, when you speak about a 66 percent access rate, could you explain that a little bit further about what that number means, or what the access rate means?

MR. CURCURO: To my knowledge, Chairperson Yee, that is the number of callers who are able to get through to a representative at FTB on their first attempt.

CHAIRPERSON YEE: Okay. On the first -- got it. Great. I know that we approved as we -- (audio malfunction; unintelligible). Thank you.

All right. Let me just turn and see if there are any members of the public who wish to speak on this item. This is an informational item. We will first take public comments from any persons who are at the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not a member of the public here at Franchise Tax Board who would like to speak to this item.

CHAIRPERSON YEE: Thank you.

Next we'll take public comments from anyone on the teleconference line who wishes to speak on this
item.

PHONE MODERATOR: As a reminder, you may place
yourself into that audio queue by pressing 1 and 0 at
this time.

(No response.)

PHONE MODERATOR: And there is no one queuing up
at this time. Please continue.

CHAIRPERSON YEE: Great. Thank you very much.
Thank you very much for the presentation.

We'll now move on to Item Number 4, which is also
a PowerPoint presentation on the Earned Income Tax
Credit calculator and the Volunteer Income Tax
Assistance Locator. And this will be presented by
Andrew LePage and Robert Silvey. Yes. This is also an
informational item. Andrew and Robert, good afternoon.

MR. LePAGE: Hello everyone. Good afternoon,
Chairperson Yee and Board Members. I'm Andrew LePage
for the Public Affairs Office. And with me today is
Robert Silvey from Internet Applications Development at
FTB.

We're honored to be here and excited to showcase
some great additions to our external website concerning
the California Earned Income Tax Credit, or CalEITC, for
short, and the Volunteer Income Tax Assistance, or VITA
program.
I would like to congratulate everyone -- I would like to congratulate everyone involved with creating this program, the Accessible Technology Program, Digital Services Section, Internet Application Section, Public Affairs, Legal, and EITC and VITA experts at FTB.

First I will provide a brief overview of CalEITC and its recent expansion. And then Robert will walk you through using the EITC calculator and VITA locator.

CalEITC is a refundable tax credit for those 18 and over, who are earn less than $30,000 a year and meet other requirements. The credit, which was created five years ago, can reduce the tax owed or provide cash back. CalEITC can be worth hundreds or even thousands of dollars, depending on the taxpayer's income and number of children. The goal of the credit is to help lift lower income, working families out of poverty.

Last year, CalEITC expanded -- was expanded to include the Young Child Tax Credit to help families with young children. Taxpayers who qualify for CalEITC and have at least one qualifying child under the age of 6 can get up to a $1,000 Young Child Tax Credit. This year that credit has averaged about $900.

If you combine the Young Child Tax Credit and the federal -- the state EITC, the federal EITC, it can be worth more than $8,000 in credits.
Of the more than 3.7 million taxpayers who have received CalEITC credits through August this year, 420,000 also got the Young Child Tax Credit. The total number of CalEITC credits awarded was up 86 percent from the same eight-month period last year.

The Young Child Tax Credit accounted for about one-third of the nearly $1.1 billion the State issued for both credits combined. That's almost triple the value of the CalEITC credits issued during the same period last year.

The sharp rise in the number and value of the tax credits awarded this year reflects several changes to CalEITC last year, including the following:

The addition of the Young Child Tax Credit; an increase in the maximum qualifying income; and a larger credit for some taxpayers compared with the prior year.

To receive these credits, you must file your tax return, as we point out on the main CalEITC webpage on the FTB website.

The team that created the new FTB website tools had several goals:

First, provide a quick way for taxpayers to estimate any money back from CalEITC or the Young Child Tax Credit, providing an incentive to file their returns;
Second, give people a clear path to get their money by linking to CalFile and the new VITA locator; Third, ensure a good user experience by creating a simple interface and conducting usability testing to fine tune the applications.

The EITC calculator and VITA locator went live at the end of June this year. During July and August together, we had more than 4,400 visits to the two apps combined and about 17,400 visits to the main CalEITC and VITA webpages.

Now I will hand it over to Robert, who will explain more about these new online tools.

MR. SILVEY: Good afternoon. Thank you, Board Members, for giving this opportunity to showcase these two exciting new applications we have on our website, the CalEITC locator -- or calculator and the VITA locator.

We're going to start by showing you our webpage which demonstrates the information that encourages users to use our CalEITC calculator to find out what credits they may be entitled to under CalEITC, the Young Tax Child Credit, and the federal EITC. And as Andrew mentioned, this could be thousands in credits, so let's click on "Estimate My EITC" to continue.

The application was written to gather simple
entry from the user and provide estimates to --
estimated credits back to them. The first dynamic field
is a language field, and based on the language that they
select, the page will be retranslated into that
language. The language choices are English, Spanish,
Vietnamese, Mandarin, Korean, and Russian. And we will
continue our demonstration in English.

The next field asks for them to enter their
earned income they had in the prior year. For our
demonstration, we're going to use an amount of $10,000.

The next field gathers their filing status. It
could be single, filing joint, head of household, and
others, and we're going to use head of household.

The next field asks for their qualifying
children. Now, you may ask, and so might the user,
"What is a qualifying child?" Well, right underneath
the field, you can see a help file link that will define
that for them. And for our demonstration, we are going
to use two children.

The next field on the page asks them to enter any
other income they may have had, other than earned
income. And for our demonstration, we are going to use
$0.

Next, there are a series of check boxes, and
these are used to establish their U.S. citizenship,
California residency, and other filing status information. And we are going to check all the boxes on the page to see the maximum effect. So let's see the results by clicking on "Estimate My EITC."

Voila. Look at those credits. And imagine how beneficial they would be for a family who is struggling financially in these times. But these are just estimates and they are only what they could be if they were to apply for them. So we take the opportunity to show them how to get started and get their hands on those credits. And to do this, we put two launch buttons on the page.

Focusing on the second button first, a click on "File Online" will launch them into FTB's free filing application called CalFile. On this page, we encourage them to use CalFile, if they qualify, as a prefiling source. And this page gives them instructions on how they may continue to use CalFile.

Let's go back to the page for the results and let's look at the other option.

The first button -- focusing on that now -- a click on "Get Free Help" will launch us into the second application we're going to demonstrate, which is the VITA locator.

This powerful little application will allow the
user to find a location where they can get assistance
for tax filing and tax counseling for the elderly.

There are three criteria they can choose from:
City, ZIP, and County. For our demonstration, we are
going to select "County." Then we will enter a value
into the next field. And for our value, for the county,
we are going to use Los Angeles. Now, if the user were
to use a shorter version of that -- like "Los," or they
were to use the first three digits of a ZIP code -- then
they would get a broader search result set that they
could choose from.

The last field is optional and it is a language
choice, and this helps them to filter through the
language choice they might want to speak when they get
to that office. There are 16 spoken languages offered
and Sign Language as an alternative as well. And we are
going to leave the default as "English" for now, for our
search. And let's click on "Find Location."

You can see a search results that comes up. And
in this set of results, you can see several key pieces
of information: The first being that the dates the
location is open; their address with a map link; whether
or not an appointment is required; and their phone
number. And we're going to click on the map link, the
very first result, to see an interactive map come up.
This is an interactive Google map with a pin stuck in the location of the office that they have chosen. And if they are on a mobile device with location services enabled, they can get things like turn-by-turn directions to that location.

And FTB is exploring another dynamic enhancement to this application, and that would be to add a fourth criteria to the search to allow them to search for an office that is closest to them, and it could give them in proximity to their location those VITA locations that are nearby.

This is an enhancement that we're looking at for a date yet to be determined.

In closing, we would like to thank you for time and allowing us to present these two exciting new tools that are located on FTB's website, and we would question -- we would welcome any questions you might have at this time.

CHAIRPERSON YEE: Great. Thank you very much, Robert and Andrew.

Let me just turn to the members and see if there are any questions or comments.

MEMBER VASQUEZ: Madam Chair.

CHAIRPERSON YEE: Yes, Member Vasquez.

MEMBER VASQUEZ: Yes. Actually, I have a comment
and then just one quick question.

First, I will just -- I will open up with my comment and thanking Andrew and Robert for this great presentation. This is a great addition to the website. Not enough people are taking advantage of this credit, and I hope this will motivate every qualifying individual and family to take advantage of this CalEITC -- I guess it's EITC as well as the Young Child Tax Credit, YCTC.

I like how the customer can now go directly to the FTB site and determine if they qualify for the CalEITC and the YCTC in realtime. In addition to that, it gives new information on a credit that a customer may not have been aware of or to a tax filing service that is free of charge for those that qualify.

I would like to commend the Development Team in adding this feature. Great job.

And my quick question is on the -- as in regards to the VITA, the V-I-T-A sites, which had been limited, the locations, you know, obviously due to COVID. And I'm just wondering, you know, moving forward, it doesn't look like we're going to get through this thing anytime soon. So I'm wondering, what, if any -- what this may look like in the upcoming 2021 filing season.

MR. SILVEY: Would your question be, are there --
will there be more offices available to be open as we move into the next tax filing season?

MEMBER VASQUEZ: Yes. Given COVID -- you know, if COVID continues the way it's been going so far.

CHAIRPERSON YEE: That relates to the VITA locations, right?

MEMBER VASQUEZ: Yes. Yes. I'm sorry.

MR. SILVEY: Yeah. I think there are quite a few locations that are currently closed due to the situation, as well as the end of the filing season, the mainstream filing season.

But as we go into the next filing season, more offices will be open and they will have to follow the same protocols as the ones that are currently open.

MEMBER VASQUEZ: Thank you.

CHAIRPERSON YEE: And perhaps during this time, since the filing season has ended, there could be some -- hopefully some assessment made about how to prepare should we still need to practice public health protocols, about how those locations can ensure the health and safety not only of the volunteers but certainly of the taxpayers as well. So we're hopeful --

(audio malfunction; unintelligible).

Any other comments or questions from the members?

(No response.)
CHAIRPERSON YEE: Then let me see if there are any members of the public who wish to speak on this agenda item. This is an informational item.

First, we will look to see if there's any member of the public who wishes to make public comment from the in-person location of the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not a member of the public here, at Franchise Tax Board, who would like to speak to this item.

CHAIRPERSON YEE: Very well. Thank you.

Next, we'll see if there are any public comments from people who are on the teleconference.

PHONE MODERATOR: As a reminder, to place yourself in the queue, you may do so by pressing 1, then 0 at this time on your telephone keypad.

(No response.)

PHONE MODERATOR: There is no one queuing up at this time.

Please continue.

CHAIRPERSON YEE: Thank you very much. Thank you very much for the presentation, both to Andrew and Robert.

And very excited about these tools, and I know they have been in development for quite some time. Just very happy that they are now featured on the Franchise
Members, we'll now move on to Item Number 5, which is -- relates to the FTB's 2021 to 2025 Draft Strategic Plan. This also is a PowerPoint presentation that will be presented by Chrissy Casale and Cathy McCollum. And Chrissy and Cathy, please take it away.

MS. CASALE: Good afternoon, Board Members. I'm Chrissy Casale, the Director of the Planning, Project Oversight, and Risk Management Bureau at Franchise Tax Board.

We are in the process of updating our strategic plan for 2021 through 2025 and are excited to share with you those changes today.

As we considered our current environment and trends, we worked through our Action Committees and Governance Council and felt that our mission and goals were still valid but made some modifications to our underlying strategies. As we put the final touches on our Strategic Plan 2021-2025, we look to you to ensure it meets the perspective of our Board members and look forward to your input at the end of this presentation.

I will now turn it over to Cathy McCollum, our Planning Specialist, who will present our changes.

Thank you.

MS. McCOLLUM: Good afternoon. I'm Cathy
McCollum. It's great to be with you here today.

Chrissy told you our objective. I'm going to walk you through the proposed changes to our current strategic plan. As Chrissy mentioned, the strategic plan will carry us all the way to 2025.

On the PowerPoint slides, you will see strike-out language, and that language will show you the edits made from the prior to the proposed plan. So as Chrissy mentioned, at the outset of this effort, we knew that our mission was solid and that it needed no changes to it, and we knew that our goals were still valid but likely only needed minor modifications.

So the first goal, Goal 1, we have changed from "Taxpayer-Centric Service" to "Exceptional Service."

This change was made with our customers in mind. FTB touches so many citizens in so many different capacities, and we felt it was important to reflect that.

We also changed the goal language to "strive to continuously enhance our customers' experience." The strategies remain relatively unchanged with a couple of small exceptions, so let me point out those exceptions to you.

In Strategy 1.1 we, changed the word "roadmap" to "solutions." This change reflects that we're well on
our way to an exceptional experience for our customers and driving towards the solutions.

Strategy 1.2 remained the same. We still want to enhance our culture and help our employees help our customers.

In Strategy 1.3, we have changed from "promote" to "educate," showing that there is likely always a need to educate our customers. And we changed "self-service tools" to "multichannel services." This not only reflects a change to current terminology but, more importantly, an expansion of the tools available to our customers.

So those are the changes to Goal 1.

Moving on to Goal 2, you might recall that five years ago, we changed the name of this goal from "Effective Enforcement" to "Effective Compliance." In that time, FTB softened its approach to enforcement, and the change to that goal name was a direct reflection of that change in approach.

Again, the goal language remained the same and relevant. So let me walk you through the changes to the strategies.

For the first strategy, 2.1, we blended the two former strategies into one and rechanged the word "approaches" to "campaigns." This change reflects
current terminology and also broadens the focus of that strategy.

For Strategy 2.2, improving data knowledge and sharing with you and our other partners is still critical, so we made no changes to that strategy.

Lastly, for Strategy 2.3, we also blended. We blended the former fourth and fifth strategies. This gave the strategy a broader scope. The duration of the prior strategic plan showed few projects pinpointing timeliness of compliance. Improving timeliness is typically an objective in all our program areas, projects, and efforts. So we felt comfortably blending those.

Goal 3 is our Strong Organization Goal. This name remains the same, but we modified the goal language a bit by adding the verb "value," recognizing the importance of our employees. And we added "enterprise view" to show the importance and the benefit of employees seeing the big picture.

In Strategy 3.1, we updated it to show continued effort on our talent management program. We also changed the verbs to "attract," "develop," and "engage." Those verbs mirror the language of our talent management program and services.

In Strategy 3.2, we updated the language to show
continued focus on engagement and job satisfaction. And we added diversity and inclusion to reflect the current environment and the administration's interest in this topic.

FTB has always valued these things, and it's really nice to see them formalized.

Strategy 3.3 we felt was still valid and relevant. We always want to support an environment of decision making regardless of level and based upon expertise and information.

And we created two additional strategies under our Strong Organization goal. The first: "Welcome, solicit, and value input and ideas from anyone in the organization." This strategy reflects our belief that good ideas can come from anywhere.

Second, the other new Strategy, 3.5, captures embracing and leveraging our state's rich diversity and promoting inclusion for the benefit of everyone.

Goal 4 is Operational Excellence. The goal name stayed the same, but we modified the language by adding "internal" and "external" as a qualifier to customers. Again, this reflects our recently expanded role.

For Strategy 4.1, we know how important it is, not to mention how challenging, to consider resources at the enterprise level and to use metrics to meet business
needs. So this strategy remained the same.

We kept our data strategy, Number 4.2, and modified it a bit. We expanded it to show that we intend to further our data use. We want to use it to make decisions and improve our operations, and we added "as authorized" to show our commitment to using data within our mandates.

There's a lot of data -- there's a lot of attention on data misuse, and we felt it was important to ensure our customers that we won't use data without the proper authority.

Strategy 4.3 remained the same. We simply broadened the language.

Next, Strategy 4.4 was modified to reflect that the current environment warrants a stronger information security presence. We changed from "maintain" to "protect" and changed the word "taxpayer" to "customer," because FTB wants to protect its employees and customers alike.

In Strategy 4.5, we added "modernize."

Standardization of our hardware and software was important five years ago, when EDR was just getting started. Now we want to make sure that our systems remain modernized and will carry us into 2025.

Lastly, Strategy 4.6 is a new strategy. FTB

KATHRYN S. SWANK, CSR (916) 390-7731
wants to ensure the physical security of its campus, its employees, and its systems.

So thank you all so much, Chairperson Yee and Members. It's been a pleasure presenting to you today.

Do you have any comments or questions, we would be glad to answer them now.

CHAIRPERSON YEE: Thank you, Cathy and Chrissy very much. Let me just turn to the members to see if there are any comments or questions.

Member Vasquez.

MEMBER VASQUEZ: Just a quick comment, Madam Chair.

CHAIRPERSON YEE: Please.

MEMBER VASQUEZ: Once again, I just wanted to thank Ms. Casale and Ms. McCollum for their thorough presentation.

It's worth noting that no matter how wonderful and top rate the FTB is on customer service, quality of life of its workers, and the efficiencies in its processes, FTB continues to improve on a platform that works. That is self-evident here.

One can see the strategic plan as perfect, or no substantial change is needed here, but FTB continues to have the foresight to determine the necessary word and language changes that positively impacts the direction.
of the agency and its workers. I see transparency. I see inclusivity. I see -- most importantly, I see the sensitivity of the need to adapt and the change in growing public scrutiny. Seeing that FTB is willing to adapt to the changing times is an indication that I hope will raise the public trust and sentiment in our government. And I just want to thank you for your presentation again.

MS. McCOLLUM: Our pleasure. Thank you for those kind words.

CHAIRPERSON YEE: Thank you, Member Vasquez.

Any other comment?

Let me just also add that I think the experience of the past six months for all state government agencies has certainly informed how we look at our strategies and goals going forward. I think this particular update really does capture all of that.

I particularly want to just applaud the emphasis on leveraging our -- and modernizing our IT systems and really having them be available and accessible to just optimize all of the operations of our organization.

And then, also, the idea that, particularly during times when we are seeing our team and employees, many teleworking, many in different locations. But there is really this spirit of trying to encourage
participation by our employees at all levels with respect to how we look that the -- using our operations (audio malfunction; unintelligible). So really appreciate the emphasis on just the inclusive workforce and inclusive workplace.

Seeing no other comments from Board members, let me see if there are any members of the public who wish to speak on this item. We will first take public comments from those in person at the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not a member of the public here at the Franchise Tax Board who would like to speak on this item.

CHAIRPERSON YEE: Thank you very much.

Next we will take any public comments from people who are on the teleconference.

PHONE MODERATOR: As a reminder, you may put yourself in the queue by pressing 1 and then 0 at this time.

(No response.)

PHONE MODERATOR: There is no one queuing up at this time. Please continue.

CHAIRPERSON YEE: Thank you very much.

Thank you again for the presentation. I very much appreciate it.
Members, next we will move on to Item Number 6. This is a Legislative Update, and this will be presented by Annette Kunze and also will include a PowerPoint presentation and this is an informational item.

Good afternoon, Annette.

MS. KUNZE: Good afternoon. Good afternoon, Madam Chair and Members. It's very nice to be with you today.

And over the next few minutes I would like to give a quick update on some legislative items. My name is Annette Kunze, and I'm the Legislative Director for the Franchise Tax Board.

The topics I will cover today include an overview of the legislative year and some differences we observed with COVID. I will also share highlights on bill activities, such as enrolled bills and other bills of interest, including Board-sponsored legislative proposals.

I will talk a little bit about the redesign of our annual conformity report and briefly share information on two upcoming legislative stakeholder meetings.

First, I would like to share what we observed with this legislative session. This was the second year of a two-year session, and during March, of course,
COVID-19 came into play, and like with many other things, COVID-19 also impacted the legislative process. Some items we observed this year were compressed sessions with fewer committee hearings, and bills were prioritized generally with the focus in relation to the budget, COVID relief, and homelessness.

There was a different format for testimony, either by telephone or in a separate room. For example, I provided testimony through the telephone while working remotely, a very different paradigm for an FTB Legislative Director. We also saw some unique ideas presented as the Legislature and many other leaders tried to address some unprecedented issues.

Now, turning to some specific bills of interest, several -- several bills have been enrolled for presentation to the Governor or actually have been signed as well. I will share further information on some of these below.

AB 107 would require that FTB, in consultation with the Treasurer and the Department of Finance, to develop a comprehensive plan or a tax voucher program to be considered by the Legislature.

AB 1577 and AB 276 have both been signed, and these bills enacted conformity to certain provisions of the federal CARES Act.
AB 1577 relates to loans under the Payment Protection Program and exclusion of that forgiveness income.

And AB 276 relates to retirement loans and distributions.

AB 1876, which was just signed today, proposes further expansion of CalEITC -- that was talked about earlier -- to taxpayers with individual taxpayer identification numbers, also known as ITINs, that otherwise meet EITC requirements. Earlier this year, an expansion was acted to those ITIN filers with at least one child under 6, so this further expands that.

AB 2257 and AB 323 relate to AB 5. AB 2257 has been signed. And these generally provide for exclusions for different occupations and industries such as newspaper carriers, photographers, writers, and others.

AB 2660 would allow a nonresident group return to be filed on behalf of electing nonresident aliens receiving California-sourced income.

SB 1409 relates to the completion of an EITC study to identify possible ways to increase participation in the EITC at the state and federal level. FTB would be required to report its analysis and plan to the Legislature by January 1, 2022.

SB 1447 has also been signed and enacts a new
hiring credit for small businesses where taxpayers apply to the California Department of Tax and Fee Administration to reserve a credit allocation, which can then be claimed against sales tax or income tax under an irrevocable election by the taxpayer.

We also saw some tax-related trailer bills enacted this past summer: AB 85 and AB 93. AB 85 did several things. Among other things, it provided a first-year exemption for the annual tax for limited partnerships, limited liability companies, and limited liability partnerships, similar to what corporations have today.

It also contained net operating loss suspension provisions for three years for certain taxpayers and enacted a $5 million credit limitation against tax liability.

AB 93 modified the Cal EITC to allow limited use of ITINS by eligible individuals for those having at least one qualifying child under 6 years old, which I briefly mentioned earlier, and now AB 1876 further expands that.

I'm happy to report that several of our Board-sponsored legislative proposals made it into bills this year and were enrolled, and one was even signed. Assembly Bill 3372, AB 2247, and Senate Bill 934.
AB 3372 was sponsored by the Committee on Revenue and Taxation and contains two Board-sponsored proposals, one relating to water's-edge taxpayers, and the other provides an option for electronic service of withholding orders.

AB 2247 provides a method for taxpayers entitled to claim the dependent exemption credit to continue to do so and that some ITINS are expiring -- are no longer being issued at the federal level. This bill would allow FTB to provide an alternative identification method for those taxpayers to use in these situations.

Senate Bill 934 was signed and will remove the exempt organization application and filing fees, resulting in a more streamlined process, which will assist both the department and exempt organizations.

Internally, we are also currently preparing new legislative proposals ideas for your consideration in the December Board meeting.

We thank you for your continued support on our ideas, which is an essential piece of our journey, and, of course, we thank all of the sponsoring authors who have introduced these ideas into bills.

Now, for a couple other items of interest I would like to share:

The first is an effort we have taken related to
our annual conformity report. Each year, FTB is
required to submit a report to the Legislature on
changes enacted into the Internal Revenue Code in the
prior year. To the extent possible, the report also
includes an estimate of the revenue effect of conforming
to these changes. The report is referred to as a
Summary of Federal Income Tax Changes. In addition to
providing it to the Legislature, we also post on our
public website for others to use and reference.

The FTB has prepared the report for many years,
and over the years, it's expanded to several hundred
pages. As such, we found continuing the report in its
current format is not sustainable.

To address this, FTB has started a project to
redesign the conformity report to make sure the
information in the report is concise, accurate, and
helpful to our stakeholders. As part of this process,
we wanted to ensure our users are still able to get the
essential elements that they need while streamlining the
report process.

Recently, we had the opportunity to ask several
users and stakeholders for input. For example, we
asked, "Where do you go to get your conformity
information? What types of decisions do you make with
FTB's report? And which parts -- for example, sections,
headings, and exhibits -- do you reference or use the most?"

We then previewed a prototype that we've been building in partnership with our internal web experts, which did, in fact, seem to capture a lot of the thoughts that the group shared. So it seemed like we were on the right track.

Overall, the session was very productive, and we genuinely appreciated the users taking the time to share their thoughts.

Lastly, I also wanted to let you know, we are planning some stakeholder meetings for the fall, specifically in November. We're currently in the planning phases for our legislative proposal stakeholder meeting and our conformity stakeholder meeting. Both of these will be virtual meetings and our team is busy with those preparations and we will have more information to follow.

We also plan to share the newly redesigned conformity report at the November conformity stakeholder meeting.

Thank you for your time today and, at this point, I would be happy to take any questions.

CHAIRPERSON YEE: Thank you very much, Annette, for that comprehensive report.
Let me just turn to the members to see if there are any comments or questions.

MEMBER VASQUEZ: Yes, Madam Chair. Just a quick question: Actually more of a comment, really.

CHAIRPERSON YEE: Yes.

MEMBER VASQUEZ: First of all, thank you, Annette, for your presentation. And I'm just thinking, as we wind down, you know, for the later part of this year, I certainly hope that FTB and the Legislature continue to work to benefit the working families that count on us to be their voice in this difficult time.

When we come out of this pandemic, I hope we continue to see that Californians are vulnerable to homelessness and poverty more than ever and that we should be sensitive to their needs and be open to the opportunities for new legislation that can protect taxpayers' rights, not just in the present moment but in the years ahead. I hope and look forward to any legislation increasing the CalEITC maximum income requirement for working families in the high cost living cities like Los Angeles.

In the prior meeting, I brought out my concern that maximum income requirements to qualify for CalEITC is too low for families living in large cities. Even though the maximum increased to $30,000 for 2019, it's...
still for a worker with three or more independents
[sic], especially one trying to make ends meet in Los Angeles, San Francisco, or San Diego.

The federal EITC allows the same worker up to $50,000 for single and $55,000 for married filing jointly. In this case, CalEITC appears to favor workers living in areas with lower costs of living, holding down one job, when, in reality, a lot of working families out there need two or three jobs to make ends meet.

With this in mind, I hope the maximum you could qualify for the CalEITC can be made to match the maximum income required for the federal EITC.

I also hope and look forward -- look for increased participation in the VITA, the V-I-T-A, and CalEITC so that we can capture the maximum number of qualified individuals and families that can qualify for the service and credit that we offer.

Thank you.

CHAIRPERSON YEE: Thank you, Member Vasquez.

Very good points.

And let me just add that I know the administration has some focus on this. I have the honor of serving on the Governor's Future of Work Commission, and there's a lot of emphasis of the Earned Income Tax Credit in terms of the role that we can play with regard
to workers who are transitioning from job to job and also looking at maybe having the credit serve a greater purpose.

But you raise a point with respect to just the complexion of working poverty, really looking very, very different today in California, particularly in some of the high cost areas in the state, where working families are working very hard, multiple jobs, and still unable to meet some of their basic needs. So I appreciate the point.

Any other comments on this item?

I need --

MEMBER CHAMBERLAIN: Yes, ma'am.

CHAIRPERSON YEE: Oh, I'm sorry. Yes, please,

Member Chamberlain.

MEMBER CHAMBERLAIN: Yeah. I just want to take this moment to acknowledge that this has been a compressed legislative session. It's been both the limited time and the -- and the additional issues that have to be worked.

And so I want to thank Annette and her team as well as other staff at FTB and the economic research -- Economic Statistical Research Bureau and the Legal Division for providing just excellent service, really stepping up, working, really, around the clock to help
out in this -- in this unique situation. So I want to
tank you.

CHAIRPERSON YEE: Thank you, Member Chamberlain.

Really --

MS. KUNZE: Thank you very much.

CHAIRPERSON YEE: Thank you, Annette.

I was just going to do the same, and it really
was an all-enterprise effort, I have to say, when you
look at the breadth of the issues that came before the
Legislature in this session. So not only Annette's

team, but certainly members of our legal team. Jeanne
Harriman, I know, was called into a number of these
issues.

So very, very grateful for the staff team really
being available and providing, you know, just the
analysis.

And one thing I do want to say, with respect to
some of the legislation. I know that we are doing --
all of us are doing our best with respect to just trying
to handle the economic situation as a result of the
pandemic and also the pandemic recession. But I know
one of the things that I will be looking to, as we look
at these legislative proposals, is just being sure that
our core functions are not -- you know, our systems are
great. We have been able to leverage them. We have
been able to modernize them, but there are limits.

And I think when they start to impinge on the core functions of the Franchise Tax Board, I think it will be very hopeful about just expressing some of those concerns (audio malfunction; unintelligible). Can't find ourselves in that situation.

Annette, I did have a question with regard to one of the bills. If you don't have the answer, that's fine. But AB 107, which was one of the trailer bills, I believe.

MS. KUNZE: Yes.

CHAIRPERSON YEE: Okay. That creates a tax voucher program. Now -- or the Tax Voucher Act. It doesn't actually create a program; is that correct? It actually calls for a plan?

MS. KUNZE: Yes, that's correct. It calls for a plan in -- FTB, in consultation with the Treasurer and Department of Finance to prepare a plan to present to the Legislature by March of next year.

CHAIRPERSON YEE: Okay. All right. Very good. Thank you.

Appreciate the time for the thoughtfulness in terms of how a program like this can work.

So we'll definitely be engaged (audio malfunction; unintelligible).
Okay. Very well.

Seeing no other comments from members, let me see if there are any members of the public who wish to speak on this item. Again, this is an informational item, and we will first take public comments from those who are in person at the Franchise Tax Board.

MS. RAMIREZ: For this agenda item, there is not a member of the public here, at the Franchise Tax Board who would like to speak on this agenda item.

CHAIRPERSON YEE: Thank you.

Next we will take any public comments from those on our teleconference.

PHONE MODERATOR: As a reminder, you may place yourself in the queue for public comment by pressing 1, then 0, on your telephone keypad at this time.

(No response.)

PHONE MODERATOR: There is no one queuing up at this time. Please continue.

CHAIRPERSON YEE: Thank you very much.

Thank you very much again, Annette, for that really wonderful presentation.

MS. KUNZE: Thank you very much.

CHAIRPERSON YEE: Thank you.

We will now move on to Item Number 7. Item Number 7 is Administrative Matters.
We will have Jeanne Harriman present the 2021-2022 Budget Change Proposals. This is an action item for Board approval. Excuse me. And then Yvonne Olson will be presenting the contracts over $1 million also as an action item for Board approval.

And I believe, Member Chamberlain, you will not be participating in these.

Thank you.

MS. HARRIMAN: Good afternoon. My name is Jeanne Harriman. I am the Chief Financial Officer at Franchise Tax Board. Thank you for the time today, and I hope you are staying safe. I am here today to present the fiscal BCPs for 2021-22 for your approval.

We would like to note that while FTB is very much aware of these challenging economic times, we do believe it is important to ensure that you understand any resource constraints that we have, as well as take steps to ensure that we remain in compliance with state and federal requirements.

To this effect, we look forward to partnering with you to address these issues.

With your permission, I will provide a brief overview of each of these three proposals, and then we will be happy to answer any questions that you have.

The first proposal is an Enterprise Data to
Revenue Project, Phase 2, or most commonly known as EDR2. This proposal requests $73 million including 23 permanent and 13 limited-term positions.

To set the stage for this request, in 2008, FTB began a multiphase Tax System Modernization effort aimed at modernizing our systems. This effort was over a period of 30 years and broken into three distinct phases. EDR2 is, as you might guess, Phase 2, and is scheduled to start July 1st of 2021.

FTB completed Phase 1 of EDR in June of 2016. That effort laid the foundation for centralizing technology solutions across key supporting functions within our organization. EDR2 builds on this platform and expands the enterprise case management and modeling services to our Audit, Filing Enforcement, and Account Receivable efforts, as well as expanding on customer service tools, including the taxpayer folder most commonly known as MyFTB.

This proposal includes resources that are necessary for the following activities to ensure the first year of the project is successful: Developing detailed requirements; engaging in organizational change management; ensuring our systems and processes are documented; allowing for the implementation activities to begin; and the funding of internal, as well as
external, consultants that might help us with this project for oversights and controls, and, of course, vendor compensation.

The second proposal that FTB is presenting today for your approval deals with our privacy and security assessments. This requests $1.7 million with 12 permanent positions and ongoing costs as relevant. These resources are required to perform new mandated workloads within FTB's Privacy and Security Divisions.

As a result of our work, you are well aware that FTB has an extensive amount of personal information that we hold near and dear to our heart and do everything we possibly can to ensure that this data is protected and Californians are otherwise not harmed with our access and ownership of this data.

These requirements -- excuse me. In the last 12 months, three significant new federal and state programs and mandates have been issued or adopted that have changed and enhanced security requirements for safeguarding this personal information.

These requirements include enhancements to our various programs that exist today, as well as the requirements of three new additional documents, these documents being called Privacy Threshold Assessments, Privacy Impact Assessments, and System Security Plans.
These workloads expand the existing framework that we have, and these resources are necessary to ensure that we can meet these important mandates.

The third proposal being presented for your approval deals with the Political Reform Audit Program that FTB conducts. We're requesting $2 million with 11 permanent and three three-year limited-term positions.

Over the years, the Political Reform Audit Program has continued to increase in both complexity, as additional disclosure and filing requirements are enacted, contribution limits are changed, and audit verification steps are adopted or mandated.

As a result of the increase in the size and complexity of these audits, FTB is currently unable to meet this mandate as far as audits performed. These resources requested will allow us to meet that mandate.

These are the three Budget Change Proposals we are presenting for your approval today. Thank you again very much for your time, and I'm happy to answer any questions that you may have.

CHAIRPERSON YEE: Thank you very much, Jeanne.

Let me just go ahead and -- I'm going to separate these two items, just to take questions from members about any -- on any of these BCPs first.

So any comments or questions? Member Vasquez,
MEMBER VASQUEZ: No. I mean, I was looking through it. But I mean, it's pretty intense. But at the end of the day, it looks like it was pretty well thought out, and I think we're okay. I mean, I'm comfortable with it, moving forward.

CHAIRPERSON YEE: Okay. Very well.

Jeanne, I just had one question, and that is on the privacy assessments. These are federally mandated assessments, right?

MS. HARRIMAN: They are a little bit of both.

CHAIRPERSON YEE: Okay.

MS. HARRIMAN: So the primary driver of this resource needs are, in fact, state mandates that were issued most recently by the Department of Technology.

CHAIRPERSON YEE: Got it.

MS. HARRIMAN: There is some -- 1075, which we're all near and dear and familiar with in regards to federal security requirements.


MS. HARRIMAN: Thank you.

CHAIRPERSON YEE: All right. So let me take action on this first; Member Chamberlain not participating in these matters.
Is there a motion on the three BCPs?

MEMBER VASQUEZ: So moved, Madam Chair.

CHAIRPERSON YEE: Okay. We have a motion by Member Vasquez. I will second that motion.

Without objection, noting Member Chamberlain not participating, such will be the order.

And then --

MS. HARRIMAN: Thank you very much.

CHAIRPERSON YEE: Thank you, Jeanne, very much --

MS. HARRIMAN: Thank you.

CHAIRPERSON YEE: -- for bringing this forward.

Next, Yvonne Olson, do you want to go ahead and present the contract? Yvonne, are you --

MS. OLSON: Good afternoon, Board Members.

CHAIRPERSON YEE: Great. Thank you.

MS. OLSON: It's a pleasure to be here today. My apologies.

My name is Yvonne Olson and I'm the Section Manager of the Franchise Tax Board Procurement Bureau, and I am here today to request the Board's approval to renew our subscription and support agreement for IBM software products.

We are requesting your approval because, without this agreement, several of our mission-critical applications, including our Accounts Receivable,
Collection, and Case Management Systems, would be unavailable, which would limit our ability to process tax returns and serve taxpayers.

The current agreement will expire on December 31st, 2020, and the estimated one-year renewal is $11 million. If approved, we will work with the Department of Technology on conducting the bid.

At this point, I would be happy to answer any questions you may have regarding the proposed contract.

CHAIRPERSON YEE: Thank you very much, Yvonne. Any members have questions or comments on this item?

MEMBER VASQUEZ: No questions here.

CHAIRPERSON YEE: Okay. Thank you. And I apologize. I neglected to ask for a public comment on the prior item, which were the three Budget Change Proposals.

Let me just go back to see if there were any public comments and we need to change any of our actions.

Let's see if there were -- are there any members of the public wishing to speak on the Budget Change Proposals among those in person at the Franchise Tax Board?

MS. RAMIREZ: No. For that agenda item, there
was no member of the public here at Franchise Tax Board wishing to speak.

CHAIRPERSON YEE: Great. Thank you.

And then, any members of the public on the teleconference line who wishes to speak on Item Number 7 regarding the three Budget Change Proposals?

PHONE MODERATOR: You may put yourself in queue for Item Number 7 by pressing 1, then 0 at this time.

(No response.)

PHONE MODERATOR: And there is no one queuing up at this time. Please continue.

CHAIRPERSON YEE: Okay. Great. Thank you very much.

We now are -- have before us the contract over a million dollars for the -- of the Software Subscription and Support Renewal. Let me see if there are any members of the public who wishes to speak on this item? At the Franchise Tax Board?

MS. RAMIREZ: No. No member of the public at the Franchise Tax Board wishes to speak on this item.

CHAIRPERSON YEE: Thank you.

How about for any of those on the teleconference line who wish to speak on this item?

PHONE MODERATOR: You may put yourself into queue by pressing 1, then 0, at this time.
PHONE MODERATOR: There is no one in the queue at this time.

CHAIRPERSON YEE: Thank you very much.

Is there a motion for approval of the contracts over a million dollars?

MEMBER VASQUEZ: So moved, Madam Chair.

CHAIRPERSON YEE: Okay. A motion by Member Vasquez.

MEMBER CHAMBERLAIN: Second that motion.

CHAIRPERSON YEE: Okay. Second by Member Chamberlain.

Without objection, such will be the order. That contract is approved. Thank you very much.

MS. OLSON: Thank you.

CHAIRPERSON YEE: Thank you.

Let's see. Our next item is Item Number 7 and this is the Executive Officer's Time.

And Selvi, I will turn it to you.

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

I first want to thank our staff who, once again, worked tirelessly to put this Board meeting together. They worked countless hours to ensure this virtual board meeting is a success.
For my time today, I would like to give kudos to my FTB family and recognize the great service they continue to provide our customers during these challenging times.

As you know, many Californians have been affected by the ongoing wildfire spread across the state. As a result of the fires, Cal OES requested agency partners to provide help at Local Assistance Centers. These centers provide critical government services for residents who have been impacted by the fires.

Volunteers from FTB completed the required Wildfire Smoke Protection Training in order to provide assistance to wildfire survivors. I'm extremely proud of our FTB volunteers who assisted a total of 358 survivors in person, thus far, at Local Assistance Centers.

In addition, we also sent requested disaster relief materials to virtual Local Assistance Centers across the state. Wildfire survivors shared how truly grateful they were for the support and resources that FTB provided at these sites.

Also, in an effort to provide relief to our taxpayers, FTB implemented a 30-day suspension of bills and notices for the counties affected by the Governor-declared state of emergency spurred by the
fires.

So now, when I think about my FTB family and all we have had to endure this year, there's one word that comes to mind: Resilient. Given the many challenges brought on by the pandemic, our employees have had to quickly adapt to a new lifestyle and a new way of thinking: A new lifestyle of wearing masks, social distancing, ever-changing safety protocols, and virtual meetings and discussions, just like this one. None of this has been easy. On top of that, many employees also have children at home who are now beginning social and distance learning.

What has amazed me is the ability for our nearly 6,000 employees to be ready for anything that comes their way and adapt to work and lifestyle changes. And what's even more impressive is that they have done this all, without missing a beat, during these unprecedented times.

Despite the many challenges they have faced, whether wildfires or the ongoing pandemic, our employees continue to provide our customers throughout the state with the best possible excellent customer service care. I can honestly say that I have never been more -- I have never seen a more dedicated group, a more resilient group in all of my governmental experience.
So as always, we value the perspective and experiences that our entire Board brings to the table. FTB's success, despite countless obstacles this year, is due largely to the outstanding leadership that each of you, our Board, has provided.

I especially want to thank our Chair, the Honorable Betty Yee. The Controller has been instrumental in guiding FTB during these difficult times. So whether it's your valued input on a key issue or just a simple phone call or e-mail to see how everything is going, Board Members, your continued support during these challenging times has been invaluable, not only to me, but to all of FTB. And I just want to express how much your support and leadership means to us.

In closing, I want to personally thank each and every one of the Board members and all of the attendees for joining us today.

Thank you for your time.

CHAIRPERSON YEE: Thank you very much, Selvi. And definitely want to just add on my thanks to the FTB team members who really have -- truly have not missed a beat. And I know we have had to just follow a lot of things that have been beyond our control, including the potential movement of the filing and payment deadline.
And so just having to be nimble and flexible at every turn. Just so, so appreciative, and at the same time, and always keeping the health and safety of our employees paramount.

Thank you.

Let me just see if there are any members of the public who wish to speak during this time. Let me see if there are any in person at the Franchise Tax Board who wish to speak on this item?

MS. RAMIREZ: For this agenda item, there is no member of the public here at Franchise Tax Board who would like to speak on this item.

CHAIRPERSON YEE: Thank you.

How about public comments from those on the teleconference line?

PHONE MODERATOR: Once again, it's 1, then 0, to place yourself in the queue.

(No response.)

PHONE MODERATOR: There is no one queuing up at this time.

CHAIRPERSON YEE: Thank you very much.

Thank you very much, Selvi, for the report.

Members, we'll now move to Item Number 8, and this is Board Members' Time.

And the highlight of our time this afternoon is
another bittersweet moment when we have the privilege of
presenting a resolution to Christine Sexton on the
occasion of her retirement. And I say "bittersweet"
because we know that these are just beloved members of
our team who have just dedicated just so much of their
career to serving the people of the state of California.

Christine is the Bureau Director of our Filing
Division, who has really served with distinction in
terms of her tenure with the State of California for
more than 31 years.

She began her dedicated service to taxpayers in
1992, back when Bill Clinton was elected President; when
Microsoft launched Windows 3.1; and when Jay Leno
debuted as host of "The Tonight Show." So just a walk
down memory lane. A lot has changed since we started.

But what really hasn't changed, and what I know
everyone acknowledges about Christine at the Franchise
Tax Board is her vigor and her tenacity to ignite
change. And so this is someone who has probably
reengineered almost every business activity at the FTB.
She is someone who is just unflappable; doesn't allow
her feathers to get ruffled.

And we know part -- that probably comes from
being a very avid birdwatcher and a bird lover. So we
hope that she has the opportunity to do more of that,
and certainly her participation and leadership with Capitol City Bird Society.

But what I want to say about Christine is, you know, these are the public servants who really lead organizations like the Franchise Tax Board to be able to do and continue to serve the people of the State of California during the best of times and, certainly, in the most unpleasant of times.

And, you know, during this time especially, Christine, I just want to say congratulations on your retirement, but also just being a great example and model of what a leader looks like; and is always someone who is looking to make improvements, someone who does it with just such grace, and certainly someone who also just leads by example with everything that you do.

So on behalf of the Board on this 18th day of September 2020, we recognize and thank you, on the occasion of your retirement, for your professional and personal dedication to the Franchise Tax Board and, most importantly, to the people of the State of California. Congratulations.

MS. SEXTON: Thank you. Good afternoon, Madam Chair and Board Members. Thank you very much for your leadership, especially during these unprecedented times.

It has been a great honor to serve the State of
California over the years and a privilege to spend the
majority of my career here at FTB.

I would like to thank Selvi and the Executive
Team for making FTB the employer of choice.

I have seen many changes over the years, but one
thing that has stood the test of time is FTB's culture.
I have learned that regardless of the challenges that
came our way, we always tackled them together to achieve
the results that we can all be proud of.

Thank you for allowing me to be part of this
journey. Thank you to my wonderful colleagues and staff
that I have worked with over the years. You are all
truly extraordinary people. Keep up the world-class
work that you are doing, and I'm sure that you will.

And lastly, I wish you all the very best and
continued success for this great state.

Thank you so much.

CHAIRPERSON YEE: Thank you, Christine, very
much.

MS. SEXTON: Thank you.

CHAIRPERSON YEE: Let me turn it to Members of
the Board for any comment.

MEMBER VASQUEZ: Yeah. Just -- I -- you know, I
didn't really get a chance to interact much with you,
Christine. But I have heard a lot of good things about
you, and Selvi is always talking very highly of you. And it sounds like you must have started at a very early age with us, because you still look very young.

MS. SEXTON: Well, thank you.

MEMBER VASQUEZ: Thank you, Member Vasquez.

Any other comments?

CHAIRPERSON YEE: Christine, best wishes for a healthy and robust retirement.

MS. SEXTON: Thank you very much. Thank you.

CHAIRPERSON YEE: Members, are there any other items that you wish to bring forward during Board Members' Time? Comments?

MEMBER VASQUEZ: No, Madam Chair.

CHAIRPERSON YEE: Thank you.

Let me just say, again, thank you to the Franchise Tax Board team.

I also want to pay tribute to those on the front lines that are doing just everything within their -- within their power to just battle these wildfires. It looks like we are getting some relief in some areas.

But this is a time that we have all been stepping up to support them, and just can't say enough about their sheer will and determination and stamina to just keep us all safe and our properties safe as well. And of course our hearts go out to those who have lost loved
ones and homes during this really difficult time.

Let me see if there are any members of the public
who wish to speak on this item. Let me see. Anyone on
site at the Franchise Tax Board, to speak during Board
Member Time?

MS. RAMIREZ: There is no member of the public
here at the Franchise Tax Board who would like to speak
at this time.

CHAIRPERSON YEE: Okay. Are there any members of
the public on the teleconference line who wishes to
speak?

PHONE MODERATOR: You may put yourself in the
queue by pressing 1 and then 0 at this time.

(No response.)

PHONE MODERATOR: There is no one in queue at
this time.

CHAIRPERSON YEE: Thank you very much.

All right. Any other matters to come before the
Board?

Yes. Member Vasquez, please.

MEMBER VASQUEZ: Yes, just Madam Chair. I was
just wondering -- I know you have acknowledged, you
know, obviously the lives that we've been losing, not
only to COVID, but to the wildfires.

But I was wondering if would be also appropriate
to just kind of commemorate the lives lost, you know, at 9/11. I know it's a little bit off, but it just happened last week, the -- I guess it's the 19th year. I didn't realize it's been 19 years.

CHAIRPERSON YEE: Yes. Yes.

MEMBER VASQUEZ: And all the folks that we lost, you know, in this tragic devastation that took place back in -- well, 9/11. But, you know, especially those that were in the air -- the airlines, the flight. I guess it was Flight 175, Flight 98, Flight 11, and Flight 77. And I just wanted to remind people of that. You know, it's -- while it's almost been 20 years, it seems like it was just yesterday.

CHAIRPERSON YEE: Thank you, Member Vasquez. And thank you for bringing that forward. Of course never to be forgotten and always (audio malfunction; unintelligible) their honor.

Any other matters to come before the Board?

(No response.)

CHAIRPERSON YEE: Hearing none, this meeting is adjourned. Thank you, Members, very much, and stay safe, everyone.

MEMBER VASQUEZ: Thank you, Madam Chair.

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CHAIRPERSON YEE: Thank you.

EXECUTIVE OFFICER STANISLAUS: Thank you.

(Proceedings concluded at 3:02 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 2nd day of October 2020.

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

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