

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

THURSDAY, JUNE 9, 2022

1:33 P.M.

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:

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APPEARANCES

BOARD MEMBERS

BETTY YEE
State Controller
(Chairperson of the Board)

ANTHONY EPOLITE
Deputy State Controller

MALIA COHEN
Chairperson
Board of Equalization

GAYLE MILLER
Representative for Keely Bosler, Director
Department of Finance

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STAFF

SELVI STANISLAUS
Executive Director

CRISTINA RUBALCAVA
Board Liaison

JOZEL L. BRUNETT
Chief Counsel

SHANE HOFELING
Deputy Chief Counsel

ELAINE ABDALLAH

MICHAEL BANUELOS

BILL GARDNER

DESIREE MACEDO

CANDIE MALONE

ROSITA MINDERMANN

MICHELLE SMITH

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APPEARANCES CONTINUED

PUBLIC PARTICIPANTS

FRANK CURCURO

DENISE MELLOR

YVETTE STOWERS

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SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 9, 2022, 1:33 P.M.

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CHAIRPERSON YEE: Good afternoon. The hour of 1:32 now having arrived, we will now convene this matter of the Franchise Tax Board.

Let me ask the Board Liaison to please call the roll to determine if a quorum is present.

MS. RUBALCAVA: Member Cohen.

MEMBER COHEN: Present.

MS. RUBALCAVA: Member Miller.

(No response.)

CHAIRPERSON YEE: I think she will be joining momentarily.

MS. RUBALCAVA: And Chair-Controller Betty T. Yee.

CHAIRPERSON YEE: Here.

Thank you.

MS. RUBALCAVA: You are welcome.

CHAIRPERSON YEE: At least two members who are personally present, there is a quorum, and the Franchise Tax Board is now in session.

If you are able, please stand and join me in the Pledge of Allegiance.

(Pledge of Allegiance was recited in unison.)

1 CHAIRPERSON YEE: Thank you.

2 Good afternoon to everyone, and it's really
3 wonderful to see everyone in person who is joining
4 here -- us here in the auditorium, and we do have others
5 who are joining virtually as well.

6 Welcome to the Franchise Tax Board's meeting.

7 The public does have the right to comment on each
8 agenda item before us today. And if there are any
9 members of the public wishing to speak on an item,
10 please come forward when that item is called and you
11 will have three minutes to address the Board.

12 For today's meeting, members of the public who
13 wish to comment via teleconference may call (844)
14 291-4185 -- again, (844) 291-4185 -- and enter the
15 access code of 6598443. Again, access code 6598443.

16 Please be aware that there is a short delay
17 between the Web livestream and the live event. And if
18 there are any members of the public wishing to speak on
19 an item and you are using a translator or a translator
20 service, you will have six minutes to address the Board.
21 All speakers will be asked to identify yourself for the
22 record.

23 So let me just welcome Member Cohen; and to our
24 Executive Officer Selvi Stanislaus; and our Chief
25 Counsel Jozel Brunett; and Shane Hofeling, our Deputy

1 Chief Counsel. Welcome.

2 I'm just so excited that we're here in person.
3 Kind of giddy, actually.

4 So, Members, we will take up the first item,
5 Member Cohen, and that is the approval of the minutes of
6 the March 22nd, 2022, Board meeting.

7 Any comments or questions on that?

8 MEMBER COHEN: No comments. No questions.

9 Make a motion.

10 CHAIRPERSON YEE: Okay. Very well.

11 Motion by Member Cohen to approve the minutes
12 from the March 22nd, 2022, Board meeting.

13 I will second that motion.

14 Let me see if there are any members of the public
15 who wish to speak on this item or on the teleconference
16 line.

17 We will take the members of the public on the
18 phone line and then call on any members of the public in
19 person here in the auditorium.

20 PHONE MODERATOR: Members of the public on the
21 phone lines, if you would like to place yourself in the
22 queue for public comment, as a reminder, you may press
23 1, then 0, at this time.

24 (No response.)

25 PHONE MODERATOR: No members of the public are

1 queuing up at this time.

2 Please continue.

3 CHAIRPERSON YEE: Okay. And then seeing no
4 members of the public here in person wishing to address
5 us on this item, let me ask for a roll call.

6 So let me welcome Member Miller to our meeting
7 this afternoon. Good afternoon.

8 MEMBER MILLER: Good afternoon.

9 CHAIRPERSON YEE: We are on Item 1, which is the
10 approval of the minutes from the March 22nd, 2022,
11 meeting.

12 MEMBER MILLER: Move approval.

13 CHAIRPERSON YEE: Okay. We have a motion by
14 Member Cohen, and I have seconded that motion; so we are
15 ready for roll call.

16 MS. RUBALCAVA: Member Cohen?

17 MEMBER COHEN: Aye.

18 MS. RUBALCAVA: Member Miller?

19 MEMBER MILLER: Aye.

20 MS. RUBALCAVA: And Chair-Controller Betty T.

21 Yee?

22 CHAIRPERSON YEE: Here. I mean -- here.

23 Aye.

24 Thank you.

25 All right. That motion carries.

1 And we will now move on to Item Number 2. And
2 this is the presentation of the 2021 awards. And we
3 have Candie Malone who will be presenting this item.

4 MS. MALONE: All right. Good afternoon, Madam
5 Chair, and Board Members.

6 My name is Candie Malone. I'm the Business and
7 Human Resources Bureau Director and the Co-chair of the
8 Franchise Tax Board's Organizational Development Action
9 Committee.

10 One of the most rewarding programs we manage in
11 this Bureau is employee recognition. FTB understands
12 that regardless of what's happening around us, we must
13 recognize those who go the extra mile to deliver
14 excellent products and services to our Department and
15 the citizens of California.

16 While FTB has informal recognition programs
17 throughout the year, like giving kudos or a postcard to
18 a teammate or others that went above and beyond, I am
19 here to talk about four of our formal Employee and
20 Supervisor Recognition programs that celebrate those who
21 bring their best.

22 The Superior and Sustained Superior
23 Accomplishment Awards recognize individuals and teams
24 who make significant contributions to state government
25 through exceptional job performance. The Supervisory

1 Bonus Award recognizes supervisors who demonstrate
2 outstanding job performance and leadership.

3 The Large Team Award recognizes the
4 accomplishments of large teams and project members and
5 their contributions to the Department's mission, goals,
6 and values.

7 In addition to contributing to the Department's
8 mission, goals, and values, the upcoming awards I will
9 be sharing with you support our Strategic Plan.

10 FTB's Strategic Plan presents our four goals as
11 well as affirms a set of principles that provide the
12 foundation on how we conduct business. These principles
13 support our mission and guide our work as we achieve our
14 goals and implement our strategies to serve the State of
15 California with continued excellence.

16 The individuals and teams you will see through
17 the following slides have directly contributed to that
18 excellence. They showed up, participated, and led FTB
19 to success, even as the world around them struggled with
20 change and adapting to an evolving landscape.

21 Without further ado, I present the recipients of
22 the 2021 awards.

23 (Video presentation.)

24 MS. MALONE: This concludes our presentation
25 today. Thank you, again, for allowing us to share our

1 accomplishments.

2 At this time we will be happy to answer any
3 questions you may have.

4 CHAIRPERSON YEE: Thank you, Candie, for the
5 presentation.

6 I understand that we have some of our award
7 recipients today in the auditorium audience, and I would
8 like to ask that you please stand so that we may
9 recognize you and thank you.

10 (Applause.)

11 CHAIRPERSON YEE: And we have many more who are
12 joining us virtually, but let me just first say a huge
13 thank you. I mean, this is the reason why this
14 organization continues to be one of the most well
15 regarded in State service. And for the exceptional
16 service during some very challenging circumstances, not
17 missing a beat, and always just having the mission at
18 top of mind.

19 I can't thank you enough for the continued hard
20 work and dedication to make just everything we do here
21 in the Franchise Tax Board so successful. But, more
22 importantly, to serve during a time when many
23 Californians are really in need of that service.

24 So thank you very, very much.

25 Let me ask my colleagues if there are any

1 comments they would like to offer.

2 MEMBER MILLER: It -- that was really phenomenal
3 to see so many folks -- it was really phenomenal to see
4 so many folks and all of the accomplishments. And I do
5 think -- and I say this every time at these Board
6 meetings -- but I think that the efforts and the success
7 and the way in which you work, I think, you just -- it's
8 like being a teacher, right? You never know the
9 long-term effects and the legacy you leave.

10 So please know that we see you and we notice you
11 and are incredibly grateful for your service. And I
12 stand with you that these were a really challenging two
13 years, but I think your level of commitment and how much
14 better you have made the State of California is really,
15 really noticed. And we're deeply grateful.

16 So thank you to each of you, and thank you for
17 the beautiful slideshow as well.

18 CHAIRPERSON YEE: Thank you, Member Miller.
19 Member Cohen?

20 MEMBER COHEN: Thank you, Madam Chair.

21 Good afternoon, ladies and gentlemen. It's nice
22 to be back with you and back serving with -- on the
23 Franchise Tax Board.

24 My name is Malia Cohen, and I am just reminded
25 that on the FTB website is the model that says

1 "California counts on all of us." And I feel like this
2 was a pictorial representation of exactly that motto.
3 It's the physical manifestation of those words. They
4 sometimes may seem flat on a screen but have actually
5 been brought to life by the team of folks that we are
6 acknowledging today.

7 So I applaud you. Thank you for your service.

8 CHAIRPERSON YEE: Thank you, Member Cohen.

9 Let me turn now to see if there are any members
10 of the public who wish to speak on this item in person
11 or on the teleconference line.

12 And we'll first take the members of the public on
13 the phone line and then call on any member of the public
14 here in person in the auditorium.

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

19 (No response.)

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

22 Please continue.

23 CHAIRPERSON YEE: Thank you very much.

24 And seeing no members of the public coming before
25 us on this item in the auditorium, again, I think this

1 deserves another round of applause. Just really, really
2 spectacular work.

3 Thank you.

4 (Applause.)

5 CHAIRPERSON YEE: Thank you, Members.

6 Thank you, Candie.

7 Our next item, Members, is Item Number 3. And
8 this is a presentation of the Filing Season and an
9 update.

10 We have Elaine Abdallah and Susan Marcale
11 presenting, and this is an informational item.

12 Good afternoon.

13 MS. ABDALLAH: Good afternoon. Good afternoon,
14 Madam Chair, and Board Members. My name is Elaine
15 Abdallah, and I'm the Director of the Filing Methods and
16 Budget Bureau in the Filing Division.

17 Today I'm with Susan Marcale from our Accounts
18 Receivable Management Division to share information
19 about the 2022 Filing Season.

20 Let me set the stage with a short introduction.
21 For the last two years, the Franchise Tax Board learned
22 how to tackle the filing season with social distancing
23 and remote working solutions for our staff. This year,
24 those arrangements were just part of our normal
25 operations. But unlike the last two years, the filing

1 due date remained as planned, which was April 18th.
2 However, we informed the public that tax payments could
3 be received through April 19th and be considered timely.

4 The reason for this was because we had a slight
5 challenge emerge on April 18th with the service
6 disruption to our Web Pay application. We rose to the
7 occasion and corrected the problem quickly.

8 Having this type of challenge on the last day to
9 timely pay taxes and postponing the due date by 24 hours
10 is an example of how well FTB lives up to its mission to
11 help our customers.

12 For today's update, we will focus on the
13 improvements and enhancements we made for the 2022
14 tax-filing experience. Our major points include
15 improvements we implemented to our essential services
16 that brought changes for both customers and staff,
17 review our planning efforts that helped us achieve a
18 successful filing season, and present our significant
19 achievements.

20 I will start off with our top improvements for
21 our customers. First, we enhanced our MyFTB account
22 registration process. The MyFTB application gives
23 individuals, business representatives, and tax
24 professionals, online account access to tax account
25 information and various online services, such as the

1 ability to securely chat with a customer service
2 representative, file a power of attorney, or protest a
3 Notice of Proposed Assessment.

4 This application was introduced as part of our
5 first phase of the Enterprise Data to Revenue Project
6 and has grown to a million users in the past six years.

7 Beginning in February 2022, individuals and tax
8 professionals could register for a MyFTB account in real
9 time if they choose. An account is created in a few
10 minutes after answering a set of personal questions
11 verified by a third-party credit agency.

12 This enhancement alleviated the waiting period
13 for a Personal Identification Number to be received in
14 the mail.

15 In just a few short months, we had over 70,000
16 new MyFTB accounts established, which is a
17 record-setting pace.

18 This enhancement was based on feedback from our
19 customers, and we are proud to now provide a
20 registration process that meets their needs.

21 For our second top improvement, we created the
22 Form 3893, the Pass-Through Entity Elective Tax Payment
23 voucher, and updated our Web Pay application to
24 accommodate the electronic payment of the new
25 Pass-Through Entity Elective tax. This tax can be paid

1 by certain partnerships, limited liability companies,
2 and S Corporations.

3 This enhancement was implemented in
4 November 2021, in time for these business entities to
5 submit payments before the end of the calendar year.

6 And, third, on our public website, we expanded
7 our public Customer Service Wait Times Dashboard. This
8 dashboard allows our customers to view wait times for
9 our phone lines and chat services. We listed additional
10 phone numbers and chat services specifically for
11 taxpayers and businesses in the collection process.

12 Now, these customers can easily see where to call
13 and when is the best time. And, lastly, I want to let
14 you know about an enhancement we did for processing our
15 paper documents received by mail.

16 We have replaced six of our nine high-speed
17 scanners so far, which have been in use since 2003.
18 These new high-speed scanners increase the speed and
19 accuracy at which we capture taxpayer returns, payments,
20 and correspondence for internal and external customers.
21 We have had many more enhancements that made this a
22 successful Filing Season, in addition to the planning
23 efforts that will be covered next. I would like to
24 acknowledge that our dedication to teamwork made it all
25 possible. You have heard us say before that we are "One

1 FTB." It is truly an enterprise effort to prepare us
2 for a new tax year. A significant amount of preparation
3 occurs in advance of opening Filing Season in January,
4 and almost every area of our organization plays a role.

5 I'm going to turn over the presentation to Susan
6 Marcale, and she will explain our planning efforts and
7 present our achievements.

8 MS. MARCALE: Thank you, Elaine.

9 Good afternoon, Madam Chair, and esteemed Board
10 Members. Thank you for allowing us the opportunity to
11 present this update to you today.

12 My name is Susan Marcale, and I am an Assistant
13 Bureau Director in the Accounts Receivable Management
14 Division.

15 A tremendous amount of planning and coordination
16 goes into a well-orchestrated Filing Season. I would
17 like to take a few moments to share our Filing Season
18 preplanning accomplishments.

19 I will start off with our efforts for our
20 customers. To ensure our customers have the information
21 they need for Filing Season, we created tax forms and
22 related instructions for the new tax year. We published
23 these documents in an accessible format on the FTB
24 public website. We also updated many self-service Web
25 applications for our customers, including the Earned

1 Income Tax Credit (EITC) calculator, Check My Refund and
2 CalFile apps, and our Customer Service Wait Time
3 Dashboard.

4 Turning to our operations, we updated our
5 internal systems to efficiently process tax returns and
6 issue refunds for the new tax year.

7 Additionally, we coordinated updates and
8 enhancements with the tax software providers for our
9 e-filing systems process.

10 To ensure the success of our operations, we hired
11 and onboarded hundreds of new team members to assist
12 with the influx of work we received during Filing
13 Season.

14 Next, I will take a few minutes to share some
15 overall highlights of what we accomplished.

16 First is our website and self-service tools. At
17 FTB, we continue to take every opportunity to promote
18 and improve upon self-service tools, including
19 accessible and easy-to-understand information on the
20 Web. This includes our MyFTB and online payments
21 options to name a few.

22 As a result, taxpayers successfully visited our
23 website 13.7 million times; Web Pay had 1.5 million
24 visits; Check your Refund app, 3 million views; MyFTB,
25 2 million accesses, which is up from 1.5 million

1 accesses last year; and tax forms had 615,000 visits.

2 Now I will be sharing some outstanding return
3 processing highlights.

4 FTB continued to see an increased use of our
5 electronic filing options as taxpayers filed by the
6 April due date. 16.3 million personal income tax
7 returns were filed. 95 percent of them were filed
8 electronically.

9 10.7 million refunds were issued. 85 percent
10 issued by direct deposit.

11 6.9 million tax payments were received.
12 64 percent were received electronically compared to
13 56 percent last year.

14 Now I would like to share some of the fantastic
15 highlights from our contact center.

16 As an essential service to our customer, our
17 contact center provides an exceptional customer
18 experience. We have self-service channels available for
19 our customers who choose not to engage with our
20 self-service options. These include direct phone
21 numbers, a virtual callback option, and in-office
22 appointments. First, I would like to share the notable
23 results from our contact center.

24 We answered 274,000 phone calls, and our level of
25 access was 47 percent for the filing season.

1 For chats, 60,000 were answered.

2 Our average wait time was 15 minutes for phones
3 and 10 minutes for chat.

4 During the week of April 11th through April 15th,
5 our customer service level -- customer service line
6 level of access was 58 percent, while our Tax
7 Practitioner Hotline had a 74 percent level of access.

8 Next, I will be addressing the public counters.

9 Our public counters played a vital role in our
10 operations, and they also had successes this year. Now
11 I would like to share those accomplishments:

12 On Filing Day, our public counters assisted over
13 560 customers and have expertly assisted over 40,000
14 customers for this fiscal year.

15 Back on March 16th, 2021, QLess, an automated
16 solution, was deployed, allowing customers to schedule
17 an appointment through the FTB public website or with
18 the aid of a contact center agent. We continued to
19 serve customers by appointment throughout our offices
20 statewide using this tool and other options. We have
21 found this provided an improved customer experience and
22 minimized wait times. We are proud to say that we have
23 maintained a 94 percent approval rating from our public
24 counter customers.

25 These are some actual customer comments during

1 Filing Season:

2 "Great customer service, we need much more -- we
3 need more people like this in State Government - thank
4 you so much."

5 "Fast and courteous service - friendly people."

6 Now I will be moving on to programs benefiting
7 California.

8 As we progressed with Filing Season, we focused
9 on items that significantly assisted taxpayers. These
10 included the following programs:

11 Volunteer Income Tax Assistance (VITA). The VITA
12 program continued to operate and serve taxpayers in
13 their communities. Volunteer tax preparers help
14 taxpayers file federal and state returns and receive all
15 the benefits they are eligible for.

16 I would like to share some highlights from the
17 VITA program:

18 VITA staff trained over 2,000 volunteers and site
19 coordinators, which included 70 FTB employees. 12 of
20 these individuals were first-time volunteers.

21 Volunteers participated in over a hundred
22 in-person drop-off and virtual events. These volunteers
23 also prepared 4,000 federal and state tax returns for
24 FTB family and friends.

25 Moving on to our next program, the California

1 Earned Income Tax Credit, or CalEITC, provides a tax
2 credit for those earning 30,000 or less per year. We
3 had over 3 million returns filed this year claiming
4 EITC -- CalEITC, with 327,000 also qualifying for the
5 Young Child Tax Credit.

6 CalFile is another important application that
7 provides a free filing option for the California tax
8 return. This year, 110,000 returns were filed via
9 CalFile.

10 As we close another successful Filing Season, we
11 are slowly seeing our world begin to normalize after two
12 years of continuous change from the pandemic.

13 More of our FTB team members are starting to
14 return to the office to once again continue with our FTB
15 culture of collaboration to best assist and support the
16 taxpayers of California. We are grateful to our
17 dedicated team members. They have balanced the
18 pandemic's challenges in their personal lives while
19 staying focused on the important tasks here at the
20 Franchise Tax Board.

21 We are "One FTB," and we are proudly here to
22 serve the citizens of California.

23 On behalf of the Department, I would like to
24 thank you for providing us the time to share what we
25 have done and accomplished for the taxpayers of

1 California.

2 We appreciate your continued support and, at this
3 time, we would be happy to answer any questions you may
4 have.

5 CHAIRPERSON YEE: Great. Thank you both very
6 much for the Filing Season update. Just a tremendous
7 amount of work, but also so critical, as so many
8 Californians were relying on the benefits.

9 Let me turn to my -- the Members here to see if
10 there are any comments.

11 Member Cohen?

12 MEMBER COHEN: Yes. Thank you very much.

13 So let me begin by complimenting the Franchise
14 Tax Board and all of the men and women that have
15 participated in tax season. You are definitely doing an
16 excellent job. It's obvious that your work is essential
17 to making this very complex and essential agency work
18 for all Californians.

19 I do have a couple of questions: Regarding Slide
20 9, the customer service accomplishments page, I noticed
21 that the FTB staff answered 274,000 phone calls and that
22 the, quote, "Level of Access was 47 percent."

23 Could you describe to me and tell me, what does
24 "level of access" mean?

25 MS. ABDALLAH: Yes. I can answer that question

1 for you.

2 MEMBER COHEN: Thank you.

3 MS. ABDALLAH: So "level of access" is the
4 comparison of the phone calls we answered to total calls
5 we received.

6 MEMBER COHEN: Say that again and a little bit
7 louder.

8 MS. ABDALLAH: Sorry. It's the total of -- it's
9 the relationship of total calls answered to the total
10 calls received.

11 MEMBER COHEN: Thank you.

12 And then also on -- also on Slide 9, the customer
13 service accomplishment page, I noted that in addition to
14 the phone calls, 60 chats were answered and that the
15 average wait time was 15 minutes for a phone call and 10
16 minutes for a chat.

17 And my question is whether there are ways to
18 reduce that wait time for the customers?

19 MS. ABDALLAH: Thank you for that question.
20 We're going to have to take that back to our experts and
21 get a answer for you on that.

22 MEMBER COHEN: Yeah. Thank you.

23 And, again, there may be an answer or there may
24 not be an answer. But I just wanted to know, as we
25 continue to better our best, how we can reduce the --

1 that wait time.

2 Another question on Slide 14. This is related to
3 the Young Child Credit.

4 I noted that of the 327,000 taxpayers qualifying,
5 110 returns were filed. And I also know that I think in
6 the last -- we received a report at our last meeting on
7 the possible ways to address this gap through -- through
8 greater taxpayer outreach. Also through a participation
9 by nonprofit agencies.

10 And so now my question is, is there a plan to
11 pursue any of these suggestions to increase taxpayer
12 participation in the Young Child Tax Credit by
13 partnering with members of the Legislature to expand
14 outreach?

15 MS. ABDALLAH: Oh, currently there's several
16 proposals, I believe, on the table regarding EITC in the
17 Legislature. Nothing has been finalized, but we are
18 watching that language and waiting for any bills to be
19 passed for us to take any action.

20 MEMBER COHEN: All right. Got it. Happy to help
21 be a champion and push whatever bill you deem to be the
22 strongest forward.

23 Madam Chair, back to you.

24 CHAIRPERSON YEE: Member Cohen, your question
25 relates to not any new proposals but just with the

1 current program, what we're doing in terms involving the
2 Legislature and with outreach?

3 MEMBER COHEN: Can you say that one more -- I
4 didn't hear the first part of what you said.

5 CHAIRPERSON YEE: So I just want to be clear
6 about your question.

7 It wasn't necessarily anything related to any new
8 proposals related to CalEITC, but with the current
9 program, how we're involving our partners like the
10 Legislature to do outreach to get more of an uptake --

11 MEMBER COHEN: That's right.

12 CHAIRPERSON YEE: -- right?

13 Okay.

14 And I think -- I think each of us, and certainly
15 this agency, has been providing a lot of information for
16 legislators to be able to do that on a regular basis,
17 and it's been well challenged, I think, during COVID, in
18 terms of not being able to see people in person, but --

19 And then I know the -- the grants for our
20 community organizations through the Department of
21 Community Services and Development is still -- that
22 program is still active with regard to having some of
23 our partner organizations in the community also help
24 with the outreach. Although I've been asking for some
25 more robust metrics on that.

1 MEMBER COHEN: Thank you.

2 CHAIRPERSON YEE: Okay.

3 Member Miller, please.

4 MEMBER MILLER: Thank you. And thanks for that
5 great presentation.

6 In terms of CalFile, so I think as the IRS makes
7 some changes, hopefully we'll be able to make more
8 changes, have more folks come in. And obviously, as you
9 know, I'm very interested in auto population. I still
10 think you did a great report on that. It's worth
11 working on. And as we improve some of our efficacy
12 around public service and whatever information we do
13 have for taxpayers -- I know that is probably a little
14 ways off.

15 But how did this year's CalFile numbers compare
16 to previous years, and what are we doing to make sure
17 that people and taxpayers know that there is a
18 completely free, not kind of upselling option, on the
19 FTB's website versus the IRS? Although the IRS is --
20 can do the right thing too. So that's exciting.

21 MS. ABDALLAH: CalFile numbers are up a little
22 bit this year. So there are more users. And we
23 advertised it through our marketing efforts and our
24 website for use. But beyond that, there's not too much
25 other marketing that we've been doing. And we're just

1 monitoring to wait -- make sure we have different
2 improvements and different options in that system to
3 make sure it's available for as many users as possible.

4 MEMBER MILLER: Great. Thank you.

5 If we could get just, I think, on the website, if
6 some of the -- I was just thinking during your staff
7 awards what amazing videos those were -- if it were
8 possible on CalFile to do a really quick how-to video,
9 see if you can post it on your other platforms too.

10 I think there's so much value in our CalFile
11 system, and I would just love to see more people being
12 able to take advantage of it, especially as we're going
13 into some of those really big federal changes that,
14 hopefully, the IRS will be able to execute as well.
15 Something to think about.

16 CHAIRPERSON YEE: Great suggestion, Member
17 Miller.

18 MEMBER MILLER: Thank you.

19 CHAIRPERSON YEE: And I really appreciate the
20 presentation. And perhaps for the next one we can -- we
21 have had enough experience now, and I am interested in
22 terms of the experience we have just had as compared to
23 kind of prepandemic years, and so maybe some trends
24 coming forward about just how we're doing.

25 But really appreciate just kind of all of the

1 resourcefulness in terms of being sure that we are
2 still, you know, serving our taxpayers as best we can.

3 Okay. Thank you.

4 Let me just now turn and see if there are any
5 members of the public who wish to speak on this item in
6 person or on the teleconference line.

7 We'll took -- first take members of the public
8 who are on the phone line and then call on any member of
9 the public here in the auditorium.

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

14 (No response.)

15 PHONE MODERATOR: No members of the public are
16 queuing up at this time.

17 Please continue.

18 CHAIRPERSON YEE: Thank you very much.

19 And seeing no members of the public coming
20 forward here in the auditorium, I think that concludes
21 this item.

22 Thank you both very much for the wonderful
23 report, and really a kudos to the Franchise Tax Board
24 for just another really successful, successful season.

25 Thank you.

1 Okay, Members. Our next item will be a
2 presentation, and it is a presentation on the future of
3 work and looking at the California Franchise and Income
4 Tax implications now that we have all had an experience
5 about work -- what work may look like in the near term
6 and maybe even over the long term.

7 I had asked the team to help us just take a look
8 at what some of the tax implications may be as we see
9 different arrangements of work being considered by
10 workers as well as employers.

11 And so this item is informational and will be
12 presented by Bill Gardner and Desiree Macedo.

13 Good afternoon.

14 MR. GARDNER: Good afternoon, Madam Chair, and
15 Board Members.

16 My name is Bill Gardner. I'm the Deputy Chief
17 Counsel of the Multistate and Business Entity Tax
18 Bureau. And joining me is Desiree Macedo, Tax Counsel
19 in the General Tax Law Bureau.

20 Today we are here to discuss some of the
21 franchise and income tax implications of remote work.
22 As noted in the title to this presentation, we're
23 discussing the future of work, but more specifically
24 we're discussing the evolving nature of how people work
25 and how that may or may not result in changes to how

1 they or their employer are subject to income tax in
2 California.

3 Our goal today is to explain general principles
4 of how businesses and individuals are subjected to tax,
5 how responses to the COVID pandemic impacted those
6 general principles, and how evolving trends in remote
7 employment are being addressed.

8 I will initially discuss how FTB responded to the
9 emergence of COVID in early 2020. I will put -- then
10 put those responses in context by discussing issues
11 typically confronting employers when their employees
12 telework from California.

13 And then Desiree will discuss the personal income
14 tax consequences to individuals, both residents and
15 nonresidents, who telework from California.

16 The emergence of COVID-19 in early 2020, and the
17 public health responses to such, altered how some
18 businesses conduct their affairs and how and where their
19 employees worked.

20 Specifically, on March 19th, 2020, Governor
21 Newsom issued Executive Order N-33-20 in response to the
22 COVID-19 pandemic. This public health directive
23 required residents to stay at home in order to prevent
24 the spread of a virus.

25 As a result, many individuals living in

1 California, who ordinarily did not telework from their
2 homes, began to do so. In some instances, the
3 individuals living in California who were now
4 teleworking from their homes were employed by businesses
5 that previously had no connections with California. In
6 other words, prior to the pandemic, they may have lived
7 here, but they didn't work here. And with the
8 stay-at-home order, they were now working here too.

9 Following the issue of the stay-at-home order,
10 FTB staff released a list of FAQs, or Frequently Asked
11 Questions, to provide guidance on the tax consequences
12 related to compliance with the order. The FAQs were
13 applicable only while the stay-at-home order was in
14 effect.

15 Before discussing the specific FAQs, it would
16 first help to understand how the -- what the general
17 rules are regarding how and when a taxpayer is subjected
18 to tax.

19 In general, if a business is "doing business" in
20 California, either it or its owners will be subject to
21 tax on California source income. The term "doing
22 business" is a defined term.

23 If a business is organized or commercially
24 domiciled in California, they are per se "doing
25 business" in California. When they are not, they may

1 still be "doing business" in California, depending upon
2 their activity within the state.

3 One such activity which can result in meeting the
4 definition of "doing business" is payment of
5 compensation above certain thresholds.

6 A business may employ residents or nonresidents
7 of California. Thus, sometimes who they employ and how
8 they employ can impact whether the business is found to
9 be "doing business" in California. It may also impact
10 whether the in-state activities of the business are
11 insulated from taxation by Public Law 86-272.

12 Public Law 86-272 is a federal law which shields
13 taxpayers from a net income tax of a state if the only
14 business activity of the taxpayer within the state
15 consists of the solicitation of orders for sales of
16 tangible personal property, which orders are to be sent
17 outside the state for acceptance or rejection; and then,
18 if accepted, are filled by shipment or delivery from a
19 point outside the state.

20 So if a teleworking employee's activities in
21 California are not related or ancillary to the
22 solicitation of sales, and are not de minimis nonsales
23 activities, the business may not be protected by Public
24 Law 86-272.

25 So within this context of "doing business" and

1 the federal protections of Public Law 86-272, we return
2 to our discussion of COVID-19 and FTB's responses to
3 such.

4 With the release of the stay-at-home order, some
5 concerns were raised by the public and addressed by FTB.
6 The concerns involved whether an employee teleworking
7 from California might alter whether a business was
8 "doing business" in California and also whether the
9 employee's activities in the state might impact the
10 business's protections under Public Law 86-272.

11 The FTB staff addressed these concerns by issuing
12 a number of FAQs including the following:

13 First, FTB would not consider compensation paid
14 to an employee teleworking in California pursuant to the
15 stay-at-home order for purposes of determining whether
16 the business was "doing business" in California.

17 And, second, the FTB would treat the presence of
18 an employee teleworking in California due to the
19 Governor's Executive Order as engaging in de minimis
20 activities for purposes of Public 80 -- Public Law
21 86-272 protection.

22 It is important to note that these responses were
23 in direct response to the Governor's stay-at-home order.
24 Thus, with the rescission of the stay-at-home order on
25 June 15th, 2021, FTB updated it -- its FAQs to note that

1 if a California-based employee continued to work from
2 home, the out-of-state corporation or business may meet
3 the definition of "doing business" in California because
4 of such work. And it may not be protected by Public Law
5 86-272, depending on the teleworking activities of the
6 employee.

7 Outside of the COVID environment, questions
8 continue to be asked about "doing business" and the
9 protections of Public Law 86-272.

10 Of note, the Multistate Tax Commission, or MTC,
11 revised its statement of information concerning Public
12 Law 86-272 in August of 2021. In this statement, the
13 MTC lists activities which exceed the protections of
14 Public Law 86-272, including:

15 Activities performed by an employee who
16 telecommutes on a regular basis from within the state
17 unless the activities constitute the solicitation of
18 orders for sales of tangible personal property or are
19 entirely ancillary to such solicitation.

20 The statement also addressed various other
21 activities conducted over the Internet and identified
22 some activities which exceeded the protections of Public
23 Law 86-272 and some which did not.

24 Earlier this year, FTB's legal staff issued a
25 Technical Advice Memorandum, or TAM, similarly

1 addressing such activities. The TAM reflects the
2 staff's concurrence with the positions taken by the MTC.

3 Now I will hand the discussion over to Desiree,
4 who will discuss issues related to personal income
5 taxpayers.

6 MS. MACEDO: Thank you, Bill.

7 Employees were also impacted by the stay-at-home
8 order. FTB received questions related to residency,
9 sourcing of income, and areas of relief for individuals
10 who were working and living in multiple jurisdictions
11 during the stay-at-home order.

12 To alleviate taxpayers' concerns, FTB provided
13 FAQs to help individuals understand the tax
14 implications.

15 I will first discuss the impact the stay-at-home
16 order had on residency.

17 California's definition of "resident" includes:

- 18 1. Every individual who is in this state for
19 other than a temporary or transitory purpose; and
- 20 2. Every individual domiciled in this state who
21 is outside of the state for a temporary or transitory
22 purpose.

23 The connections that a taxpayer maintains with
24 this state when compared with other states are important
25 indications of whether a person's presence in or absence

1 from California is temporary or transitory.

2 California did not create a bright line rule for
3 COVID-19.

4 As such, the actions an individual took related
5 to COVID-19 and Governor Newsom's Executive Order
6 N-33-20 would be another factor when evaluating whether
7 to file a California tax return.

8 Therefore, an individual's actions based on the
9 stay-at-home order may establish facts and circumstances
10 that support a determination of whether the individual
11 was inside of California for other than a temporary or
12 transitory purpose or outside of California for a
13 temporary or transitory purpose.

14 The amount of weight that should be attributed to
15 the individual's actions related to the stay-at-home
16 order may vary depending on other factors.

17 But the following five nonexhaustive factors
18 might be relevant:

- 19 1. When the individual entered California;
- 20 2. Whether the individual remained in California
21 throughout the period of March 19th, 2020, through
22 June 15th, 2021;
- 23 3. Whether the individual remained in California
24 after the Governor lifted the stay-at-home order on
25 June 15th, 2021; and, if so, for how long;

1 4. Whether the individual provided
2 COVID-19-related services in the California; and

3 5. Whether the individual cared for an at-risk
4 family member or friend.

5 To help illustrate this point, we have an example
6 of an employee who worked outside of California during
7 the stay-at-home order.

8 Employee A was a California resident prior to the
9 stay-at-home order. Employee A worked remotely outside
10 of California during the stay-at-home order. And while
11 she was outside of California, Employee A continued to
12 maintain all of her connections to California.

13 Since Employee A continued to retain all of her
14 significant connections to California, she would
15 continue to be a California resident, even if she was
16 temporarily absent from the state.

17 As such, she would be taxed on her entire net
18 income.

19 However, if Employee A was required to pay income
20 tax to the state where she was located during the
21 stay-at-home order, she might be able to claim the Other
22 State Tax Credit for taxes paid to that other state.
23 And I will discuss the Other State Tax Credit later on
24 in the presentation.

25 In addition to residency, another issue was a

1 sourcing of wages. I will now discuss the impact
2 COVID-19 had on the sourcing of income.

3 California sourcing rules remained the same
4 during the period of the stay-at-home order as they were
5 before the Executive Order and continued to remain the
6 same after the stay-at-home order was revoked.

7 California nonresidents only pay tax on taxable
8 income from a California source.

9 Income earned by California nonresidents based
10 upon their working in California would likely come from
11 three sources:

- 12 1. Wages from California employers;
- 13 2. Wages from out-of-state employers; and
- 14 3. Self-employment income for services where the
15 customer receives benefit in California.

16 Employees, whether they work for California
17 employers or out-of-state employers, have
18 California-source income if they perform services in
19 California.

20 If nonresident -- if a nonresident employee is
21 employed continuously in California for a definite
22 period of time, all compensation from that period would
23 be sourced to California.

24 On the other hand, if a nonresident employee is
25 working in California at intervals throughout the year,

1 their income would be determined using a work day ratio
2 or some other reasonable method.

3 To help illustrate this point, we have an example
4 of an employee who worked inside of California during
5 the stay-at-home order.

6 Employee B was domiciled outside of California
7 and was a California nonresident prior to the
8 stay-at-home order. But during the stay-at-home order,
9 Employee B worked inside of California.

10 Assuming Employee B was physically present in
11 California for more than nine months of the taxable
12 year, there's a presumption that Employee B is a
13 California resident.

14 However, if Employee B had been physically
15 present in California for less than nine months, there
16 would not be a presumption of nonresidency.

17 Employee B may rebut the presumption if he was
18 able to show that he was in California for a temporary
19 or transitory purpose.

20 Some of the factors that would be significant in
21 a residency determination would be:

22 1. Whether the Employee B was only physically
23 present in California when the stay-at-home order went
24 into effect;

25 2. If he followed safety guidelines;

1 3. If he stayed in temporary housing while in
2 California; and

3 4. If he left California as soon as the
4 stay-at-home order was lifted.

5 Even if Employee B was not considered a resident,
6 he may have earned California-sourced income.

7 And as I previously stated, there is relief for
8 taxpayers if they pay tax on the same income to another
9 jurisdiction.

10 To limit double taxation, taxpayers may qualify
11 for a credit for income taxes paid to another state when
12 the same income that is taxed by the other state is also
13 taxed by California.

14 In some instances, California may require the
15 individual to claim this credit from the other state.
16 Additionally, taxpayers may be entitled to relief
17 through deductions and credits. Taxpayers may be
18 entitled to itemized deductions when moving inside or
19 outside of California for their job.

20 And although the 2017 Tax Cut and Jobs Act
21 changed the rules for itemized deductions,
22 job-related-expense deductions still exist for
23 California taxpayers.

24 For example, moving expenses and the home office
25 deduction are no longer deductible on the taxpayer's

1 federal return but are deductible on a taxpayer's
2 California return.

3 And the following is a list of resources for more
4 information on areas that impacted individuals during
5 COVID-19.

6 To summarize, we discussed some of the franchise
7 and income tax implications for remote work and how
8 those implications differed during the COVID-19
9 pandemic.

10 Bill discussed the corporate tax issues, and I
11 discussed the areas that impacted individuals during
12 COVID-19.

13 This concludes our presentation.

14 Thank you very much for your time and allowing us
15 to share this information with you. We would be happy
16 to answer any questions you may have.

17 CHAIRPERSON YEE: Thank you both very much for
18 that presentation. It was very, very informative.

19 Let me just ask our -- Member Miller or Member
20 Cohen, any comments?

21 MEMBER COHEN: Oh, yes. Yes. That was very good
22 and very informative.

23 So thank you for the presentation.

24 I think the one thing I take -- that I -- the
25 takeaway that I take -- the one takeaway that I walk

1 away from is that this is a dynamic area. And the
2 recent data from 2022 helps to illustrate that there are
3 a lot of changes that have occurred since the beginning
4 of COVID-19. And there are recent press reports that
5 indicate that there -- that there is a 24 percent -- my
6 bad. Wrong section. I will save that for the next
7 item.

8 Get back to my notes.

9 Can you re-refer to me?

10 CHAIRPERSON YEE: Sure.

11 Member Miller, any comments?

12 MEMBER MILLER: No. Just to -- that it was -- it
13 is incredibly helpful to understand the laws. And,
14 also, I do think the -- just the examples are super
15 helpful just in terms of the requirements of where you
16 are and when you are here. And really just to express
17 gratitude on our strong residency laws.

18 You know, we -- we've worked through a lot of
19 that. Legal especially has worked through a huge amount
20 of that. And I -- you know, I will acknowledge Legal in
21 a couple of ways later, but I do think that the
22 consistency with which Legal and our entire teams have
23 implemented the residency laws in California, it is a --
24 it is indeed a privilege, as we say in our Tax Code, to
25 do business in this state, to live in this state, to

1 work in this state, and I just appreciate your
2 implementation of those laws so effectively. And the
3 ability that we have had, even during COVID-19, as there
4 has been so much more remote work, to make sure that we
5 understand what that looks like and that, in fact,
6 that's a part of our tax system, and that's really how
7 we keep the integrity of our state so precisely
8 together.

9 And so I think just, again, extraordinary work
10 and really helpful to understand how that worked
11 because -- and thank you to the Chair for suggesting
12 this, because it has worried me a lot, just because this
13 was such a dynamic, changing time. So this was really
14 helpful to understand how well this was being
15 implemented.

16 So thank you for that.

17 CHAIRPERSON YEE: Thank you, Member Miller.

18 And then I echo that sentiment, that there's just
19 really a strong foundation as it relates to the
20 residency provisions of the tax law that have allowed us
21 to be able to put the FAQs together and to really
22 provide the proper responses to many of the inquiries
23 that we've been getting. So much appreciated.

24 Member Cohen?

25 MEMBER COHEN: Yes. Thank you. I actually was

1 in the right section, for the record.

2 (Laughter.)

3 MEMBER COHEN: A couple of questions though: How
4 did these new tax laws come about? How are they able to
5 be, you know, flexible to accommodate the changes that
6 are happening on the ground and in the work in the State
7 of California? Can you walk me through that process?

8 MS. MACEDO: Well, I think, unlike other states,
9 California did not create a bright line rule for
10 residency; so it does allow flexibility because it's
11 based on the facts and circumstances.

12 MEMBER COHEN: Thank you.

13 So there are -- there are reports that say that
14 there is an office vacancy rate in San Francisco as high
15 as 24 percent, and the office vacancy rate in Los
16 Angeles is at 22 percent. In San Diego it's at
17 24 percent. And right here in Sacramento it's at
18 17 percent.

19 And I wanted to get your take on this phenomenon.

20 What does this indicate about remote work?

21 Oh. I thought that was a soft one. I'm sorry.

22 We got the Chief Deputy Counsel weighing in.

23 MR. HOFELING: No problem at all.

24 So I think it really does show that remote --
25 that things have changed, and remote work is common, and

1 is only going to become more and more part of our
2 reality.

3 And as Desiree mentioned, the nice thing about
4 California's residency laws, since it is a
5 fact-and-circumstance test, it really gives us the
6 flexibility to be dynamic with this.

7 And so we'll continue -- new facts come up, new
8 types of working come up, and we bring that into the
9 factors when we do these tests, to make sure that, when
10 we are looking if somebody is a resident, that it really
11 reflects the realities today.

12 MEMBER COHEN: Yeah. Thank you.

13 And I think, not only is this agency applying the
14 law in a very fair and equitable way, but also even the
15 work that you have done to keep the Franchise Tax Board
16 meeting moving forward.

17 In the last meeting I was on, I was at home, and
18 able to still -- to still -- to come in and be present
19 and be a part of the conversations. And I think that
20 this is just a great example of how we need to be
21 flexible to accommodate people's work life, work-life
22 balance, family commitments, as well as honoring our
23 professional commitments.

24 Thank you for the presentation.

25 CHAIRPERSON YEE: Thank you, Member Cohen.

1 At this time, let me see if there are any members
2 of the public who wish to address the Board on this
3 item.

4 We will first take members of the public on the
5 phone line and then call on any members of the public
6 here in person.

7 PHONE MODERATOR: Members of the public on the
8 phone lines, if you would like to place yourself in the
9 queue for public comment, as a reminder, you may press
10 1, then 0, at this time.

11 (No response.)

12 PHONE MODERATOR: No members of the public are
13 queuing up at this time.

14 Please continue.

15 CHAIRPERSON YEE: Thank you.

16 And seeing no members of the public approaching
17 the podium, I believe that concludes this item.

18 Very much appreciate all this information being
19 compiled and the responses that we've been able to
20 provide to the public inquiries.

21 Thank you very much.

22 MEMBER COHEN: I actually -- I do have one
23 question.

24 CHAIRPERSON YEE: Yes, Member Cohen.

25 MEMBER COHEN: I'm not sure who to direct it to.

1 But this information that we have gathered about
2 work and California workers -- is it presented to the
3 Legislature? Particularly, I'm thinking about the Rev
4 and Tax Committee.

5 MR. HOFELING: So we do share -- if they do ask
6 for any advice or help, we do share with them, like, our
7 reading of the law, and it's -- I know it's a -- like
8 you said, it's a dynamic area, and so to the extent that
9 they do have questions, we are always happy to help them
10 to understand what the law currently reads and to
11 discuss with them -- if they have questions as far as
12 what's needed, we're always happy to discuss them as far
13 as what areas that we see that are maybe unaddressed.

14 And, as you know, the FTB -- without your Board's
15 approval, we don't support or oppose or take a position
16 on any legislation, but we continually try to help
17 those -- our partners in the legislation and in other
18 areas to help understand what the current state is, so
19 they can make those policy decisions.

20 MEMBER COHEN: Okay, Counsel.

21 Now, I know that you don't shape legislation, but
22 you make yourself available to -- so that the
23 legislators inform -- they are informed about the
24 legislation that they are -- that they are making.

25 However, through your analysis, did you find any

1 areas where -- that one could have introduced
2 legislation or one could begin to work in an area to
3 create legislation that would have a positive impact on
4 California workers?

5 MR. HOFELING: So, as you mentioned, since we do
6 not really take positions on that, what we do is,
7 through our different external events, like the Tax
8 Policy Conference, and other areas, we do listen to what
9 the community says and take it in and take that in so
10 when we are asked, as far as the current law, and if
11 there's any complications with our administration of
12 that, we're happy to share and kind of convey those
13 viewpoints as we see them as well.

14 MEMBER COHEN: Thank you.

15 Thank you very much, Madam Chair.

16 CHAIRPERSON YEE: Great. Thank you, Member
17 Cohen.

18 All right, Members.

19 So our next item is Item Number 5, and this
20 relates to FTB's leadership culture, and this is a
21 presentation by Michelle Smith.

22 Good afternoon.

23 MS. SMITH: Good afternoon, Madam Chair, and
24 Board Members.

25 My name is Michelle Smith, and I'm the Enterprise

1 Workforce Planner in FTB's Organizational Development
2 and Talent Management Bureau.

3 It is my pleasure to present to you the Franchise
4 Tax Board's leadership culture and how it has helped us
5 weather the pandemic's workforce challenges.

6 It's no secret the State of California is feeling
7 a talent pinch. The pandemic impacted the world's
8 workforce and talent pool in ways the government wasn't
9 prepared for. With climbing vacancies and reduced
10 response to open job postings, workforce behavior is
11 changing in unpredictable ways. FTB is no stranger to
12 this pandemic-influenced recruiting challenge. Today I
13 will share how FTB's leadership culture has cultivated
14 resilience and prepared us for this challenge.

15 FTB has always prioritized workforce development
16 as evidenced by the breadth and wealth of our Talent
17 Management Programs, which I will highlight today.
18 These programs help support our workforce planning
19 efforts, which are constantly evolving. Bringing
20 data-driven risk management helps us identify our
21 workforce development needs and allows us to work on
22 them proactively.

23 Above all, this focus has helped us grow a more
24 robust workforce bench. While our workforce planning
25 helps us identify our most critical needs, both now and

1 in the future, our leadership culture instills the
2 necessary character to ensure the workforce weathers
3 environmental pressures like the pandemic, budget
4 changes, or the future of work.

5 FTB's leadership culture is more than just
6 programs that help prepare staff for the next level. We
7 also offer programs to all staff to help them be leaders
8 at their desks, with their teams, personal lives, and
9 communities.

10 In a moment I will share how this supports the
11 retention of our workforce.

12 With the pandemic, budget-related impacts and
13 competitive private sector employment landscape, the
14 state has seen workforce behavior shift, similar to the
15 characteristics we experienced in 2008. There's a
16 global increase in retirements and general workforce
17 instability, and FTB also sees and feels this. While
18 FTB has other efforts that focus on employee retention,
19 we recognize that our leadership culture is a crucial
20 factor in that retention.

21 Turnover happens, and when we experience
22 recession or disasters, it impacts workforce behavior
23 similar to how we were and are being affected by the
24 pandemic.

25 Research shows that 50 to 70 percent of job

1 seekers consider an organization's culture before
2 applying, depending on their career level.

3 Our leadership culture is a key factor in
4 retention. Our recruitment strategies include a shift
5 of our focus from perks to driving applicants to our
6 opportunities' emphasis on purpose and our culture as a
7 value-add to their career.

8 So let's talk about what causes workplace
9 retention.

10 FTB's leadership culture focuses on building
11 experts at all levels. We see leadership as a quality
12 and not a status defined by a role, position, or
13 classification.

14 Studies show that greater than 55 percent of
15 workers are open to new job opportunities in the next
16 year. This increases to 71 percent of employees who are
17 not fulfilled by their job.

18 While there isn't a perfect correlation between
19 job dissatisfaction and turnover, especially in State
20 service, the reasons to stay increase when people like
21 what they do, know why, and for whom they do it.

22 We heard the quote, "People don't leave jobs;
23 they leave managers." This sentiment alludes to the
24 importance of workforce engagement. Healthy workforce
25 engagement is a clear indicator of a healthy culture.

1 Our culture is to build experts and leaders at all
2 levels, which resonates with our staff.

3 I will share how our efforts meet FTB's workforce
4 at their career level in a moment and how the formal
5 leadership programs listed here support staff
6 development throughout their career life cycle.

7 This program mix is offered through FTB's
8 Organizational Development and Talent Management Bureau.

9 For our FTB's Formal Leadership Programs, we have
10 Growing Leaders at All Levels, Enterprise Coaching and
11 Mentoring, Management Development Program, Management
12 Rotation Program, Training Leaders in Supervision, and
13 Executive Assessment and Development Program.

14 And here's a continuation of the formal
15 leadership programs that we have available. In addition
16 to Mentoring Programs, we also partner with Sacramento
17 State College of Continuing Education for Leadership for
18 the Government Executive and Leadership for the
19 Government Manager.

20 We also partner and offer opportunities with
21 California Innovation Playbook for Government Change
22 Agents, or Cal-IPGCA.

23 Along with our formal leadership programs, we
24 also have informal leadership programs such as our
25 Mission & Values Team, where participants have the

1 opportunity to gain leadership experience serving
2 through their community.

3 We also offer the Talent Management Service
4 Teams, where divisional representatives have an
5 opportunity to sit on a number of those service teams,
6 such as recruiting or hiring or workplace engagement as
7 subject matter experts.

8 They are joined by other divisional
9 representatives and act as a think tank to solve
10 enterprise challenges for those respective areas.

11 Now that I have shown the formal and informal
12 leadership programs here at FTB, I would like to show
13 you an example of the FTB employee life cycle.

14 As you can see, there are many opportunities for
15 staff at any level and how the program mix supports
16 leadership culture development at any stage in the
17 employee life cycle. Staff are empowered to develop the
18 leadership skills for what is meaningful for them at
19 their desk, team, work environment, community, and self.

20 We create leaders, not bosses, and foster a
21 growth mindset culture that promotes our retention with
22 these programs.

23 So how do we know the program is successful?
24 We've found a direct correlation between our leadership
25 culture and the organization's success. This design

1 promotes cross-training and immerses participants in
2 business knowledge outside of their core function. We
3 organically grow succession-ready leaders no matter
4 where they are in the organization.

5 More than 95 percent of our 66 Executive
6 Management staff participated in more than 70 percent of
7 the available programs in the past. Using programs that
8 promote retention through career development and
9 pathways, we have reduced siloed, conveyor belt
10 succession and instead promote a latticework of
11 succession management. This naturally grows a strong
12 and robust workforce bench.

13 To share why this is so important, roughly
14 30 percent of FTB's workforce is eligible in approaching
15 retirement risk thresholds.

16 In our Executive Management or Key Leadership
17 category of staff, this number increases over the next
18 five years. It is critical to continue to offer
19 programs that cultivate a leadership culture to ensure
20 we have the right talent in the right place at the right
21 time.

22 To quote some of our leadership program
23 participants: "The world is moving too fast to rely on
24 our past successes and knowledge alone. Management
25 rotations allow leaders to grow and obtain a broader

1 perspective of the services and information taxpayers
2 need to file accurate and timely tax returns. This
3 leadership opportunity provides new relationships,
4 allowing us to better serve our customers. It also
5 appreciates the talented people at FTB who work hard to
6 deliver these services and products to our customers."

7 From Susan Larson.

8 From our Enterprise Coaching and Mentoring
9 Program: "This was my second year participating as a
10 mentee. I've been benefited from this program in
11 networking, learning about other areas, and being
12 exposed to other management styles. I appreciate the
13 time Mary Yessen took to listen and provide valuable
14 feedback. It was great to have someone bounce ideas off
15 of and learn from another perspective. She also
16 educated me on her business area, and the tours she took
17 me on were especially interesting. I look forward to
18 participating in this program again as a mentor and hope
19 that I can pass on some of these benefits."

20 From Karyn McDaniel.

21 In summary, FTB's leadership culture keeps us
22 resilient with foundational programs that are well
23 attended and designed to support the organization now
24 and in the future. While our workforce continues to
25 stabilize in the wake of the pandemic, we are still

1 experiencing a 95 percent retention rate of permanent
2 staff. Because of our leadership programs, when we lose
3 experienced rank-and-file employees or leaders due to
4 separations, talent from our strong bench can seamlessly
5 step into those positions and continue the business
6 objectives.

7 This concludes our presentation today. We would
8 like to thank you for allowing us to have the
9 opportunity to share this information and, at this time,
10 we would be happy to answer any questions you may have.

11 CHAIRPERSON YEE: Thank you, Michelle, for the
12 presentation.

13 And just very uplifting and inspiring that we
14 continue to build on this culture here at the Franchise
15 Tax Board.

16 And I want to just give a shout-out and really
17 compliment your Executive Officer, Selvi Stanislaus, who
18 even, pandemic aside, has always been committed to this
19 type of culture building here at the Franchise Tax Board
20 and really centered on and grounded on innovation and
21 how we continue to do better in terms of serving our
22 taxpayer and carrying out our mission.

23 But overlay that with what you have just walked
24 us through, and it's really just --

25 I just want to say thank you, Selvi, for

1 continuing to promote such a healthy culture, but one
2 that is just so cognizant of the changing world around
3 us.

4 Members, any comments or questions?

5 MEMBER COHEN: Yes.

6 CHAIRPERSON YEE: Member Cohen?

7 MEMBER COHEN: I love, love, loved the
8 presentation.

9 MS. SMITH: Thank you.

10 MEMBER COHEN: Loved it, because it actually
11 reminded me, once upon a time in my life, before I was
12 elected, I worked at the San Francisco Federal Reserve
13 Bank. And they had similar structures where you were
14 able to partner with people, develop a mentor-mentee
15 relationship. And really they invested in you to grow
16 you in the bank and, most importantly, instilling in you
17 leadership qualities and also the culture of the
18 organization.

19 And, quite honestly, a lot of the things that I
20 have learned, particularly about management and about
21 leadership, you're -- I am able to apply, as an elected,
22 in running -- in running my offices and the teams that
23 I -- that I -- that I run.

24 And so these -- these traits -- sounds like the
25 courses that -- the skills that you learn and you

1 develop and that you are constantly developing -- that's
2 the part I like -- is that you've -- you are never --
3 you are never too old to learn. They are just
4 applicable in all walks of your life and that it
5 actually makes you a better, more well-rounded person.

6 So thank you.

7 CHAIRPERSON YEE: Thank you, Member Cohen.

8 Member Miller?

9 MEMBER MILLER: Thank you.

10 And thank you very much.

11 I do -- just in terms of the retirement risk,
12 this was the scariest slide to me. And I would love
13 just to sort of, in addition to the management rotations
14 and really trying to expose people to leadership, would
15 love, in the future, when we talk about this, and FTB's
16 leadership, to talk a little bit about succession
17 planning and what that looks like and what the plan is,
18 what the goals are, how we see people.

19 Thinking ahead a little bit, because -- because I
20 do think, you know, your -- even the Key Leadership is
21 almost 45 percent between, you know, the -- within five
22 years were already eligible.

23 So it's significant, and it would be great to
24 think a little bit around succession planning,
25 especially just because of, I think, some of the risks

1 to the state at large if we don't do this right.

2 CHAIRPERSON YEE: Absolutely.

3 MEMBER MILLER: Thank you.

4 CHAIRPERSON YEE: Great point, Member Miller.

5 And I think that probably is applicable just
6 statewide as well when we look at just so many of our
7 functions that are going to be affected.

8 Thank you.

9 Let's see if there are many -- any members of the
10 public who wish to address the Board on this item.

11 We will first take members of the public on the
12 phone line, followed by any member of the public here in
13 person.

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

18 (No response.)

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

21 Please continue.

22 CHAIRPERSON YEE: Thank you very much.

23 And seeing no member of the public coming before
24 the Board here in person, that concludes this item.

25 Michelle, thank you again, very much, for the

1 comprehensive presentation.

2 All right, Members.

3 Our next item is Item Number 6. This -- these --
4 this item relates to administrative matters.

5 We first will have Rosita Mindermann, who will
6 present the conceptual 2023-24 Budget Change proposals.
7 This is an informational item. Followed then by Michael
8 Banuelos, who will be presenting the contracts over a
9 million dollars for Board approval.

10 Good afternoon.

11 MS. MINDERMANN: Good afternoon, Madam Chair, and
12 Members of the Board.

13 My name is Rosita Mindermann, Budget Officer for
14 the Franchise Tax Board.

15 Today I am presenting the BCP concepts for
16 development for Fiscal Year 2023-24. If appropriate, we
17 will return to the September Board meeting with fully
18 developed proposals for your approval.

19 For Fiscal Year 23-24, FTB has identified ten
20 concepts for development:

21 Concept 1: In 2008, Franchise Tax Board began a
22 multiphase project to modernize processes, applications,
23 and systems. The first phase of the Enterprise Data to
24 Revenue, or EDR, Project, successfully laid a foundation
25 by delivering the infrastructure and software

1 architecture for a consolidated platform with common
2 business functions and services.

3 The current phase, EDR2, will build upon this
4 platform by delivering enterprise case management and
5 modeling services for audit, legal, filing enforcement,
6 and underpayment, as well as expand on the taxpayer
7 folder and contact center platform's functionality.

8 This concept will address the resources required
9 for the third year of planning, design, and consulting
10 and professional services that are critical to the
11 success of the EDR Project.

12 Concept 2: Providing exceptional service is one
13 of the department's main goals. FTB strives to
14 continuously enhance the customers' experience across
15 all service channels by developing and implementing
16 solutions to meet those needs. This concept is to
17 request resources to enable the department to
18 effectively serve taxpayers and tax practitioners in
19 meeting tax filing and payment obligations.

20 Concept 3: Filing enforcement workload growth
21 and correspondence. The Filing Enforcement Program
22 identifies, notifies, and secures returns from
23 individuals and businesses that do not file tax returns
24 that have a filing requirement. This proposal will
25 request resources to address additional nonfiler cases,

1 resulting in taxpayers meeting their filing obligations.

2 Concept 4: Executive and administrative support
3 workload growth. As the department has grown, demands
4 and expectations of staff who assist internal and
5 external stakeholders continue to change year over year
6 with additional and more complex work required in a
7 shorter time frame. This proposal is seeking resources
8 to address these ongoing administrative needs.

9 Concept 5: Technology Services Division workload
10 growth. Along with our employees, information
11 technology is a core component of the Franchise Tax
12 Board. And over the past several years, the IT
13 environment has evolved while the departmental needs
14 continue to grow.

15 This proposal seeks additional resources to
16 maintain, improve, and modify existing mission-critical
17 applications and technology services to meet those
18 internal and external requirements.

19 And as with all technology solutions, there comes
20 a time when the aging systems and software must be
21 replaced.

22 The next four concepts address these
23 replacements.

24 Concept 6: System access and service management
25 software modernization. FTB has continued to reevaluate

1 its technical back-office application tools used for
2 various workloads. As with -- as technology evolves,
3 staff evaluates if there's a better, more efficient, and
4 secure way to do FTB's business. So this proposal seeks
5 to replace current back-office solutions and
6 custom-coded programs with new enterprise-wide tools.
7 The tools include pre-built solution modules to simplify
8 the department's portfolio and better serve its needs.
9 This proposal also includes additional resources to
10 support the tools.

11 Concept 7: Enterprise videoconference management
12 system refresh. This proposal is seeking funding to
13 refresh the department's current videoconference system
14 that is reaching the end of support. This refresh will
15 also provide updated hardware and software components,
16 improved video performance, and mitigate against risks
17 of aging hardware.

18 Concept 8: Enterprise wireless refresh. Instant
19 connectivity is a service that we have all grown
20 accustomed to in today's technological world. Being
21 able to connect wirelessly to perform work has almost
22 become standard.

23 This proposal requests a funding augmentation to
24 refresh FTB's aging wireless access infrastructure to
25 continue providing wireless access connection for FTB's

1 staff, business partners, and taxpayers.

2 Concept 9: High-speed printer refresh. FTB
3 prints over 12 -- 20 million pieces of correspondence,
4 such as notices, inserts, bills, and other print
5 materials on an annual basis.

6 Due to the high volume, turnaround times,
7 security needs, FTB prints these materials in-house as
8 opposed to outsourcing.

9 This proposal requests a funding augmentation to
10 replace the department's two high-speed print systems
11 that are approaching end of life.

12 Concept 10: Software re-baseline. FTB relies on
13 a range of specialized customized software tools to
14 carry out its mission. And over the past five years,
15 FTB has seen several of these software products increase
16 in renewal fees or modification to the licensing
17 structure, resulting in an increased cost as well. This
18 proposal requests an augmentation to reset FTB's
19 critical software baseline.

20 This concludes my presentation, and I would be
21 happy to answer any questions that you may have.

22 CHAIRPERSON YEE: Thank you very much for
23 presenting the concepts. Let me just see -- and these
24 will be developed, coming back to us in September.

25 MS. MINDERMAN: Correct.

1 CHAIRPERSON YEE: Thank you.

2 Members, any questions or comments at this time?

3 MEMBER MILLER: I have no questions, Madam Chair.

4 But I will be abstaining from voting on any of
5 these.

6 CHAIRPERSON YEE: Great. Thank you, Member
7 Miller, for the reminder.

8 All right. Thank you very much.

9 Next we will move to Michael Banuelos, who will
10 present to us the contracts over a million dollars for
11 Board approval.

12 MR. BANUELOS: Good afternoon, Madam Chair, and
13 Board Members. It's nice to see all of you.

14 My name is Michael Banuelos, and I am the
15 Director of the Franchise Tax Board's Procurement
16 Bureau.

17 CHAIRPERSON YEE: Oh, excuse me, Michael. Before
18 we proceed, let me back up and just make sure we don't
19 have any members of the public who wish to speak on the
20 BCP concepts. We'll bifurcate the item here.

21 So are there members of the public who wish to
22 speak on the Item 6, the administrative matters -- or,
23 actually, the budget change proposal concepts -- before
24 we move on to the contracts?

25 And we will take those who wish to address the

1 Board, from the public, on the phone line first,
2 followed by those here in the auditorium.

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

7 (No response.)

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

10 Please continue.

11 CHAIRPERSON YEE: Thank you.

12 And seeing no member of the public here in the
13 auditorium approaching the Board on that item, we will
14 take that as presented.

15 Thank you.

16 Michael, I'm sorry. There were so many concepts,
17 I didn't want anybody who wanted to comment to have to
18 wait.

19 MR. BANUELOS: Not a problem, Madam Chair. I
20 will forgo the opening, but it is still there in good
21 will.

22 My name is Michael Banuelos, and I am the
23 Director of the Franchise Tax Board's Procurement
24 Bureau.

25 I am here today to present two proposed contracts

1 over \$1 million for your approval.

2 With your permission, I will explain the two
3 contracts and then would be happy to answer any
4 questions.

5 CHAIRPERSON YEE: Sure.

6 MR. BANUELOS: Our first request is seeking
7 permission to enter into a contract for Common
8 Business-Oriented Language, more commonly known as
9 COBOL, programming services. We request these services
10 to augment our Business Entity Development Team in order
11 to develop and maintain our COBOL applications.

12 Currently there is a backlog in that area. We
13 are find it -- finding it increasingly challenging to
14 deliver legislatively mandated changes on time.

15 During the last year we have had to increasingly
16 juggle resources to focus on the most critical workload,
17 which cannot be sustained. The contractors will provide
18 professional services associated with the Business
19 Entities Tax System COBOL application and may also be
20 used in our Personal Income Tax environments as needed.

21 This includes developing and maintaining of
22 critical applications as well as knowledge transfer,
23 training, documentation, and testing of existing and new
24 applications.

25 Unfortunately, hiring legacy COBOL developers has

1 been a challenge despite our best efforts. We have
2 advertised for these vacancies and have been
3 unsuccessful in finding a viable candidate pool.

4 We are currently backfilling positions from staff
5 that has retired. However, even when we fill the
6 vacancies, the training takes between six to nine months
7 before they can hit the ground running. The Business
8 Entities Tax System is complex and needs senior-level
9 developers with many years of COBOL experience, as well
10 as associated databases such as Natural and Db2.

11 The use of contracted staff will help us keep up
12 with existing and new workloads. The contractors will
13 also assist newly hired State staff to come up to speed
14 on these complex systems.

15 If we are unable to use contracted resources, it
16 will jeopardize other efforts as well as future
17 legislation related to business tax credits.

18 We intend to hire three full-time positions for a
19 period of three years. The initial estimated cost of
20 the contract is approximately \$2.8 million. However,
21 the cost may be adjusted once we begin discussions with
22 the service providers and finalize the solution. We
23 will notify the Board of any changes to the cost of the
24 contract.

25 And we also plan on using the recently released

1 Department of General Services Master Service Agreement
2 for technology, digital, and data consulting.

3 Our second request seeks approval to enter into
4 an Interagency Agreement with the Department of
5 Community Services and Development, also known as CSD,
6 for education and outreach related to the California
7 Earned Income Tax Program, or CalEITC.

8 California's Earned Income Tax Credit is a -- is
9 a refundable, cash-back credit for qualified low- to
10 moderate-income working Californians.

11 Annually, FTB partners with CSD to distribute the
12 education and outreach funds through their existing
13 grant processes to nonprofit organizations.

14 Currently, the Fiscal Year 22-23 budget proposes
15 \$10 million for outreach activities by nonprofit and
16 community-based organizations. Ongoing budget
17 discussions may result in the modification of the
18 existing grant award that was proposed in the January
19 budget. Advocates continue to note year-round and
20 increased funding levels are needed.

21 If the grant funding changes in the final enacted
22 budget, your approval today will also support
23 modifications to this contract consistent with any final
24 grant funds awarded in the 22-23 Fiscal Year budget.

25 Currently, the total estimated cost of the

1 agreement is \$10.6 million, which includes the
2 \$10 million to be distributed as well as reimbursement
3 for CSD's operational costs during the 22-23 Fiscal
4 Year.

5 These are the agreements I am requesting approval
6 for, and I would be glad to answer any questions you may
7 have.

8 CHAIRPERSON YEE: Great. Thank you very much for
9 presenting the two contracts.

10 Questions, Members?

11 MEMBER COHEN: Yes. Just one quick question
12 about the first contract for the three
13 full-time-equivalent positions.

14 Are these permanent positions? Are these
15 permanent positions?

16 MR. BANUELOS: As in permanent State positions,
17 or permanent, that they will be working full-time
18 permanently for three years.

19 MEMBER COHEN: Yes. You answered my question.

20 It was permanent, working for full -- for three
21 years?

22 MR. BANUELOS: My understanding is they will be
23 permanent, full-time, for three -- up to three years.

24 MEMBER COHEN: Thank you. That answers my
25 question.

1 Thank you.

2 CHAIRPERSON YEE: Thank you.

3 Member Miller, anything?

4 I did have a question. Actually, probably, more
5 of a statement. And this is something I continue to
6 have interest in.

7 And, Member Cohen, your question prompted it
8 again today.

9 And that is the Interagency Agreement with DCSD
10 for the outreach. And I think what I -- I'm -- I'm not
11 getting a sense that year after year -- I mean, we're
12 talking about an amount that we are actually awarding to
13 community-based organizations.

14 But what are we seeing, kind of year after year,
15 with respect to our -- broadening our reach to eligible
16 claimants, one?

17 Where are we broadening our reach to eligible
18 claimants?

19 And if this outreach money were not available in
20 the budget, what would happen?

21 So, in other words, are we helping them build, I
22 guess, either an infrastructure or a capacity for being
23 sure that eligible claimants are able to claim their
24 EITC or Young Child Tax Credit as -- as kind of looking
25 at it as building an infrastructure, rather than just

1 awarding these grants every year?

2 MR. BANUELOS: As in helping the grantees build
3 an infrastructure?

4 CHAIRPERSON YEE: I'm sorry?

5 MR. BANUELOS: Do you mean that in the sense of
6 the grantees that are receiving the money, building an
7 infrastructure?

8 CHAIRPERSON YEE: Yes. Yes. So that we're not
9 essentially repeating the same outreach every year but
10 that we're actually making improvements and that there's
11 something that is sustained and lasting with this money,
12 hopefully over the long term.

13 And I just don't know the answer to that
14 question. It seems to me there are some very
15 hard-to-reach communities and populations. Like, you
16 know, monolingual communities, I think, would be
17 challenging. There might be some remote parts of the
18 state that are also hard to reach geographically.

19 But I'm just concerned about what would happen if
20 this money weren't available in the budget and our
21 ability to be sure that those were eligible for claiming
22 the CalEITC and the Young Child Tax Credit.

23 MR. BANUELOS: I can give you what my thoughts
24 are. I'm not involved in measuring the performance of
25 the program.

1 CHAIRPERSON YEE: No, that's okay.

2 MR. BANUELOS: I would say we're in our
3 sixth year of partnering with CSD, and my understanding
4 is that every year we get a little bit better based on
5 what we learned.

6 The biggest challenges right now, I think, are
7 based -- that we would normally hear are the amount of
8 funding and also the timing of the funding from the
9 grantees.

10 We've -- I recall being in one meeting where it's
11 very difficult for the grantees to continue to do new
12 things and for us to ask them to do things when a lot of
13 their efforts are spent ramping up and ramping down the
14 program because of the time of year and the way the
15 budget process works.

16 But as far as the other -- those other items that
17 you are looking for, I would probably have to defer to
18 Shane or others that may know better than I do.

19 CHAIRPERSON YEE: And I'm not seeking,
20 necessarily, answers to them without more information.
21 But it does strike me that, as we are going to be
22 encountering budgetary constraints, if we have to reduce
23 this amount or hopefully not eliminate it, what would
24 happen?

25 And I would just like to think that with a

1 six-year track record, we will have built some sort of
2 an infrastructure to where we can still reach these
3 claimants. And hopefully these claimants are filing on
4 their own, after having been, you know, reached through
5 these programs.

6 So rhetorical probably, more so than not, but I
7 would like, actually, some more information about that.
8 And I know we're contracting with DCSD, but I would
9 really like the awardees to come back with some of that
10 information. I understand the capacity issue. That's
11 not -- it's not a knock on the awardees; but it is, I
12 think, just as a state, and as we're putting these
13 dollars forth, what are we -- what are we getting in
14 return?

15 MEMBER COHEN: Actually, Madam Chair, could I
16 follow up on that?

17 In terms of the outreach -- and this actually
18 isn't for you; this may be for you. But I do think that
19 the way we have done our outreach contract -- and this
20 is a function of State law. This isn't the Franchise
21 Tax Board.

22 But because they sort of restart every year,
23 another thing to look at, as we look at more efficacy
24 within our contracts, is whether or not we can actually
25 have kind of a continuous contract to the extent funds

1 are available. I mean, some of this is, the way we
2 appropriate dollars are one time.

3 But to the extent that funds remain available,
4 could we continue the contract and so that we don't
5 restart kind of the -- getting the volunteers together,
6 getting the outreach out there?

7 And that allows folks to get in there and have
8 relationships, go back to the same people every year.
9 So that's -- and, again, it would have to -- we would --
10 it wouldn't be an ongoing appropriation, but that may be
11 a way to get some of that consistency that the
12 Controller is speaking to.

13 CHAIRPERSON YEE: Yeah.

14 Well, we should look at that just in terms of --
15 I mean, I just get nervous that we will lose our ability
16 to do this outreach or have it be compromised as budgets
17 get tighter. So we can work with the Community Services
18 and Development to just get more information about the
19 grantees.

20 Okay. Let's see if there are any members of the
21 public who wish to address this item related to any of
22 the contracts.

23 We'll take members of the public on the phone
24 line first and then anyone here in the auditorium.

25 PHONE MODERATOR: Members of the public on the

1 phone lines, if you would like to place yourself in the
2 queue for public comment, as a reminder, you may press
3 1, then 0, at this time.

4 (No response.)

5 PHONE MODERATOR: No members of the public are
6 queuing up at this time.

7 Please continue.

8 CHAIRPERSON YEE: Thank you very much.

9 And not seeing anyone approaching the Board on
10 this item in person, we will look at a motion for
11 approval of the contracts.

12 MEMBER MILLER: And it's just the contracts?

13 CHAIRPERSON YEE: Just the contracts, yes.

14 MEMBER MILLER: I will move approval of the
15 contracts.

16 MEMBER COHEN: Second.

17 CHAIRPERSON YEE: Okay. Thank you.

18 We have a motion by Member Miller. Second by
19 Member Cohen.

20 Please call the roll.

21 MS. RUBALCAVA: Member Cohen?

22 MEMBER COHEN: Aye.

23 MS. RUBALCAVA: Member Miller?

24 MEMBER MILLER: Aye.

25 MS. RUBALCAVA: Chair-Controller Betty T. Yee?

1 CHAIRPERSON YEE: Aye.

2 Thank you. That motion passes.

3 Thank you very much for the presentations.

4 MR. BANUELOS: Thank you for your support.

5 CHAIRPERSON YEE: Okay, Members.

6 We will now move to Item Number 7, which is Board
7 Members' time. And we have several very special things
8 during this item.

9 First, let me, as a point of personal privilege,
10 introduce and welcome our new Deputy Controller for Tax
11 Policy, and that is Anthony Epolite, who is no stranger
12 to the Franchise Tax Board.

13 Anthony, will you please stand?

14 He also -- I think for many of us -- formerly
15 with the Board of Equalization and the Legal Department,
16 that we are happy to welcome him as our Deputy
17 Controller for Tax.

18 Thank you.

19 And then we have three very special resolutions
20 that the Board would like to present today.

21 And first let me just start with the Resolution
22 for Yvette Stowers, who was the former Deputy Controller
23 for Tax Policy in the State Controller's Office. And
24 Yvette recently was appointed to become the Executive
25 Director of the Board of Equalization.

1 And what I thought I would do, which I usually
2 don't, but just to get a feel for each of the three
3 individuals who we are recognizing this afternoon, I
4 will read the resolutions. I think it's important to
5 recognize their -- just record of dedicated service, but
6 also just some of their characteristics that really
7 speak to their commitment and dedication, as well as
8 some of their personal interests.

9 And so, Yvette, I am happy to see you here with
10 your sister Angela. And welcome. And let me just
11 proceed and read the Resolution.

12 "WHEREAS, Ms. Yvette Stowers, after 25 years,
13 faithfully continues to serve the People of the State of
14 California, most recently as Deputy State Controller for
15 Taxation for the State Controller's Office; and

16 "WHEREAS, Ms. Yvette Stowers began learning
17 financial best practices, where else, but with the
18 Franchise Tax Board in 1987. After serving the State of
19 California as Auditor, Audit Supervisor, and Program
20 Specialist with the Franchise Tax Board, Yvette
21 transferred to the Board of Equalization in 2008, where
22 she continued her service to the people of California
23 and the tax community as a Tax Consultant Expert II to
24 then Board Member Betty T. Yee; and

25 "WHEREAS, Ms. Yvette Stowers, in 2015, served as

1 Deputy State Controller for Taxation to State Controller
2 Betty T. Yee, continuing her advocacy for fair tax
3 administration; and

4 "WHEREAS, Ms. Yvette Stowers is devoted to doing
5 the right thing, regardless of how hard it is, and is
6 always looking out for taxpayers' best interests; and

7 "WHEREAS, Ms. Stowers handled issues and
8 questions from taxpayers, small businesses, and
9 multinational corporations, with grace and
10 professionalism; and

11 "WHEREAS, Ms. Yvette Stowers frequently served as
12 the Controller's representative in our Board meetings,
13 we thank her for her dedicated service, work ethic, and
14 good humor; and

15 "WHEREAS, Ms. Yvette Stowers now embarks on new
16 adventures, and we look forward to her journey, all the
17 while remaining part of the extended FTB family.

18 "NOW, THEREFORE, LET IT BE RESOLVED, this 9th day
19 of June 2022, by the Franchise Tax Board, that we
20 recognize and thank Ms. Yvette Stowers for her
21 professional and personal dedication to the Franchise
22 Tax Board and, most importantly, to the People of the
23 State of California."

24 And let me just add, if I may, personally, it's
25 been a wonderfully rewarding, and I will say loving,

1 14-year relationship with you.

2 And I don't know how I even thank you. We -- I
3 can count over the years -- I think it's literally
4 hundreds -- hundreds -- of constituent cases that you
5 have worked through on behalf of our office.

6 And for that, and just the tremendous, tremendous
7 dedication that you have brought to our team at the
8 Board of Equalization and now to the State Controller's
9 Office, and you will continue on with the Board of
10 Equalization. My deepest gratitude and affection.

11 Congratulations.

12 (Applause.)

13 CHAIRPERSON YEE: We do have the resolution here,
14 and I would invite you and Angela to come forward, and
15 we would love to have the Board Members just come and
16 present that to you.

17 (Applause.)

18 MS. STOWERS: Thank you, Controller Yee.

19 My big sister. My big sister. Yeah. My big
20 sister.

21 You know, guys, this is family. We're a family
22 here. Who would have thought in 1987, when I became the
23 new auditor, 90 days in the summer, when we did the
24 classroom training, that this would be my job, my
25 career?

1 Leadership. You guys definitely train and
2 developed leaders. A lot of programs that you talked
3 about, I remember doing the mentorship. The -- I'm
4 drawing a blank.

5 Management Development. My project with
6 Management Development was mentoring. And I believe it
7 has served me well.

8 Working with Controller Yee as her Tax Consultant
9 with BOE and going through all of those various tax
10 cases with the bills, coming back over here to Legal and
11 getting advice and them keeping me out of trouble.

12 Thank you very much.

13 Anthony, you've got a lot of work to do.

14 And I'm sure you guys are probably saying, "At
15 least Yvette won't be calling me come next tax season,
16 asking to suspend the program."

17 Thank you very much.

18 And I'm just down the street. See you guys at
19 the next Tax Policy Conference.

20 (Applause.)

21 CHAIRPERSON YEE: Thank you very much, Yvette.

22 Congratulations.

23 Next, we would like to present our Resolution to
24 Frank Curcuro, who is our Assistant Director of Field
25 Operations in the Accounts Receivable Management

1 Division.

2 And we have here with Frank, during this day of
3 honor, is his wife, Cynthia. His mother, Rosanne, has
4 joined us as well. And I believe one of your sons is
5 here, Dominic is here, and that we welcome all of you.

6 Frank is another dedicated member of the FTB
7 team, and just, I think, has been widely recognized just
8 for his tremendous work ethic, and someone who I know
9 his peers will dearly miss.

10 But let me proceed to read the resolution for
11 Frank.

12 "WHEREAS, Mr. Frank Curcuro first crossed the
13 Franchise Tax Board's threshold in 1991 and quickly
14 displayed his strong work ethic, dedication, and passion
15 for his work. Frank established himself in our field
16 offices, where his career encompassed a wide range of
17 experiences; and

18 "WHEREAS, Mr. Frank Curcuro via his leadership
19 and results-oriented work ethic improved the field
20 office's services, workflows, and organizational
21 structure, as well as having participated in the
22 Cannabis Business Team and All State Agencies Cannabis
23 Business Team, Federal-State Steering Committee, serving
24 as the original Marijuana Business Team Leader;

25 "WHEREAS, Mr. Frank Curcuro was instrumental in

1 establishing the vision for Field Operations of the
2 Future, and is devoted to doing the right thing, looking
3 out for FTB's best interests and meeting the needs of
4 customers, and he always considered FTB a big family;
5 and

6 "WHEREAS, Mr. Frank Curcuro spent 31 years at FTB
7 and rose through the ranks from Field Collector, to
8 lead, to Field Supervisor, Field Manager, and Assistant
9 Bureau Director; and

10 "WHEREAS, Mr. Frank Curcuro now embarks on new
11 adventures with his wife, Cynthia; and sons, Dominique
12 and Tony; traveling, pursuing home-improvement
13 projects" -- oh, yes, get that honey-do list done --
14 "expanding his guitar collection, and watching his
15 favorite movie, 'Caddyshack'; and

16 "NOW, THEREFORE, LET IT BE RESOLVED, this 9th day
17 of June 2022, by the Franchise Tax Board, that we
18 recognize and thank Mr. Frank Curcuro, on the occasion
19 of his retirement, for his professional and personal
20 dedication to the Franchise Tax Board and, most
21 importantly, to the People of the State of California.
22 Congratulations, and we wish you all the best as you
23 embark on your next chapter."

24 And, again, just a model of operational
25 excellence, not just with respect to the work that you

1 came in to do every day, but leaving a lasting legacy
2 with respect to how this operation is going to look in
3 the future.

4 So congratulations to you.

5 And, please, I invite you and your family to come
6 forward and accept the Resolution on behalf of the
7 Board.

8 Congratulations.

9 (Applause.)

10 MR. CURCURO: If I might, I have a few words I
11 would like to say.

12 Thank you, Madam Chair, and honorable Board
13 Members.

14 31 years ago I left Chico and took a job in
15 Oakland, which I thought would be for a few months. And
16 here I am 31 years later. And it looks -- it's just a
17 flash in the pan. It happened so quickly.

18 I would like to just take a moment to thank the
19 Board and Members for your ongoing support and guidance
20 of FTB. I would like to thank Selvi and our FTB
21 Leadership Team for their guidance and support,
22 mentoring, and patience.

23 I would like to thank FTB staff, all of them, for
24 their hard work and dedication. And I would like to
25 thank the People of the State of California for all that

1 they do.

2 I believe that public service is the highest
3 calling, and it has been an honor for me to serve.

4 Thank you.

5 CHAIRPERSON YEE: Thank you.

6 (Applause.)

7 CHAIRPERSON YEE: And our third resolution we
8 will be presenting to someone who we really have had the
9 pleasure of working with over all these years. And that
10 is to Denise Mellor, with the Administrative Services
11 Division. She is the chief of that division. And we
12 are very pleased to just recognize her this afternoon as
13 well.

14 And with her here today are several members of
15 her family. Her father, Tom. Welcome. Her mother,
16 Liz, who, unfortunately, could not be here today. Her
17 husband, Ron. Her son, Erik; and Erik's girlfriend,
18 Cassidy. I believe your daughter, Melissa, is joining
19 via livestream today, and so we will welcome her as
20 well. And then your brothers, Mark and Matt, are here;
21 as well as your sister-in-law, Kim.

22 Welcome, to all of you.

23 (Applause.)

24 CHAIRPERSON YEE: And let me proceed to read the
25 Resolution. And these Resolutions don't really do

1 justice. I mean, we just know you.

2 "WHEREAS, Ms. Denise Mellor began her Franchise
3 Tax Board journey in 1985 as a student assistant
4 displaying her well-known sense of responsibility,
5 excellence, and commitment.

6 "WHEREAS, Ms. Denise Mellor continued with
7 experiences and achievements, including rising through
8 the Audit Division, being instrumental in the opening of
9 the Phase I and Phase III building expansions, and
10 assisting in the creation of the 540EZ; and

11 "WHEREAS, Ms. Denise Mellor shared her energy,
12 expertise, and commitment as an advisor to the
13 Management Development Program and Mission & Values
14 teams, where her ability to mentor others has made
15 participants better leaders with a broader
16 organizational perspective;

17 "WHEREAS, Ms. Denise Mellor demonstrated her
18 thoughtfulness, fearlessness, and integrity in
19 implementing FTB's first Security Operations Center; and

20 "WHEREAS, Ms. Denise Mellor, as Administrative
21 Services Division Chief, commitment to data security,
22 protecting taxpayer information, and calm leadership
23 during the uncertain times of the pandemic, has provided
24 excellent leadership which will serve FTB well for years
25 to come; and

1 "WHEREAS, Ms. Denise Mellor earned the admiration
2 and respect of her FTB staff and colleagues, and will be
3 remembered for her 'Desserts with Denise'; and

4 "WHEREAS, Ms. Denise Mellor is set to embark on
5 new adventures, including trips across the country and
6 Europe; volunteering at 'Care a Van,' driving folks to
7 appointments; or home baking and crafting;

8 "NOW, THEREFORE, LET IT BE RESOLVED, this 9th day
9 of June 2022, by the Franchise Tax Board, that we
10 recognize and thank Ms. Denise Mellor, on the occasion
11 of her retirement, for her professional and personal
12 dedication for almost 34 years to the Franchise Tax
13 Board and, most importantly, to the People of the State
14 of California. Congratulations, and we wish you all the
15 best as you embark on your next chapter."

16 Congratulations, Denise.

17 (Applause.)

18 MS. MELLOR: Thank you, Madam Chair, Board
19 Members, and Selvi for that wonderful Resolution.

20 It has really been my honor to be part of the
21 FTB. Who knew that a chance encounter, when I was at
22 Sacramento State University, with Brenda Voet, who is
23 now our Taxpayer Rights Advocate -- when she shared with
24 me that the Franchise Tax Board was looking for student
25 assistants, she says, "Here's a flyer. You should

1 apply." Who knew that would lead to this 33-plus-year
2 career. And what career it's been.

3 You see, while I was here for a year as a
4 student, I did leave. I took a job in public
5 accounting. Thought it was a good opportunity to try
6 it. And, you know, I loved it. I met a lot of great
7 people. Had a lot of great experience. But I didn't
8 love living in a suitcase.

9 So when I knew it was time to make a change, I
10 knew where I wanted to go. And, thankfully, FTB
11 welcomed me back with open arms.

12 While here, I got to try so many different
13 things. This is such an incredible organization.
14 There's so many different opportunities to do something
15 different and to be challenged.

16 I got to do audit. I got to learn about
17 information security. I can remember saying, "Me?
18 Information security? What's this about that?"

19 And I got to work on incredible projects, some of
20 the things that were listed in the Resolution. Another
21 highlight is being here when we went live with MyFTB.
22 What a -- what a momentous occasion when you get to
23 access your own taxpayer account. That was January of
24 2016, by the way. I will never forget.

25 I have loved every role I have had, and I'm proud

1 of everything that we have accomplished.

2 FTB gave me a place where I could be challenged
3 and have an incredibly challenging career. And some of
4 you challenged me maybe a little bit more than others.
5 But I also got to start and raise my family here.

6 You see, we worked hard. Sometimes really late.
7 But I also got to attend school functions, sporting
8 activities, and be there when my kids needed me. And,
9 to me, that's priceless. The best of both worlds.

10 I have been fortunate to be supported and
11 mentored by some incredible people at all levels of this
12 organization. There's too many, really, to name names.
13 But I do want to give some thanks.

14 So, again, thank you to the Board. Your support
15 of FTB allows us to have a thriving workplace and to
16 serve the taxpayers.

17 So thank you.

18 Selvi, thank you for your confidence in me and
19 especially for your support in a crisis. Your check-in
20 calls have meant the world to me. And she knows what
21 those "crises" are.

22 To my Governance Council peers, thank you for
23 trusting me, especially over the last two years. It's
24 probably the hardest two years of my career, figuring
25 out what to do to make sure our employees stay safe but

1 yet we still accomplish our mission. It was important.
2 I think we did the best that we could, and I'm really
3 proud of our efforts.

4 To Linda -- I don't know if she's listening --
5 but thank you for being my right hand and sometimes my
6 left. I think she's here. I couldn't do it without
7 her. I don't know what I did before I had Linda in my
8 life.

9 To my Bureau Director Team, you are a dream team.
10 You keep the lights on so I can do what I need to do.

11 And to the ASD, Administrative Services Division,
12 staff, and all of the rest of the FTB employees, I see
13 the work that you do every day, and I appreciate you.
14 We appreciate what you do.

15 Lastly, I want to thank my family: my parents,
16 Tom; my mom, Liz, unfortunately couldn't be here today,
17 but I know she's -- she's been texting me, saying she's
18 with me in spirit. But they shaped my core values and
19 my work ethic. And they set such a great example for
20 doing the right thing. So thank you to them.

21 My brothers, Mark and Matt, who, frankly, put up
22 with a bossy older sister.

23 To my husband, Ron; and my kids, Melissa and
24 Erik, thank you for putting up with all the long hours,
25 late nights, the "Just one more email and I will be

1 ready," or the "Few more minutes on this phone call." I
2 love you all.

3 It's been an incredible ride. I love FTB, and
4 I'm going to miss being part of all the incredible work
5 that we do and that I know that they are going to
6 continue to do. I have a rule: no crying at work.
7 So I'm a rule follower; so I'm going to get myself
8 together here.

9 But I know that FTB is in really good hands. So
10 take care of my baby for me. Okay?

11 Thank you.

12 (Applause.)

13 CHAIRPERSON YEE: Denise, let me invite you and
14 your family to join us on the stage so we may present
15 the resolution to you.

16 (Applause.)

17 CHAIRPERSON YEE: I think, if we have
18 demonstrated anything, it is truly FTB -- actually, I
19 was struck by a couple of things.

20 One, so many careers here begin with just that
21 chance encounter and -- but more importantly, how so
22 many of -- most everyone on this team really embodies
23 and demonstrates how public service truly is the highest
24 honor, serving the People of the State of California.

25 So congratulations to each of our individuals who

1 we have recognized this afternoon, and all best wishes
2 for continued health and success in your life.

3 Members, I'm going to ask you -- Member Cohen
4 just stepped aside.

5 But, Member Miller, anything you would like to
6 add on during Board Member time?

7 MEMBER MILLER: Just two quick things, in
8 addition to echoing your thoughts about the
9 extraordinary commitment and that -- I did -- of the --
10 I'm -- that was just so lovely and uplifting, and just
11 reminds you of all the goodness in the world, and we all
12 need that.

13 So just two really brief stories: One about
14 Yvette -- and I'm sorry, Richard [sic], I didn't get to
15 work directly with you -- one about Denise.

16 Yvette, the best thing that I remember about you
17 is how excited you were to be a VITA volunteer. I mean,
18 all of these great accomplishments; but, like, being
19 there on the ground, helping people fill in their tax
20 returns -- like, to me, that is -- in Yiddish, we'd say,
21 like, what a "mensch" you are, what a -- like, great,
22 incredible person.

23 And going out there, over the weekends, just
24 because it made a difference, was really special. And I
25 feel like with, you know -- when we were -- we went

1 through the trenches on filing and the -- nobody in the
2 world -- really kind of everybody in the world was
3 against making tax filing easier. And you led the way.

4 So when I talk about the legacy and really having
5 people here in other countries, with the IRS standing on
6 your shoulders in terms of that commitment to making
7 life a little bit easier so that we can get on with the
8 things that matter -- like, you know, getting to dinner
9 with your family, I think, is phenomenal.

10 So thank you both sincerely. It's an honor for
11 me and a -- and a true privilege.

12 And, then, to the FTB, I do want to do just two
13 things. I think being here in person and hearing about
14 your leadership is such a testament to what it means to
15 have an in-person culture, and I know it's been hard for
16 all of us in State government to figure that out. And
17 to make the transition. Change is hard, and we've all
18 had to go through so much of it.

19 But having some presence and some of this
20 mentoring and this connection feels -- I feel so filled
21 with pride of what you have managed to accomplish. So I
22 want to recognize the leadership here of the tough
23 decisions to bring folks back to be here, to be in
24 person. And what it really means to the long-term
25 health of the department.

1 And then, Jozel, to you and your team on
2 Metropoulos versus the FTB, on the Court of Appeal
3 ruling on both counts in your favor, it's another legal
4 win that really does show how well you implement and
5 execute on the laws and how much respect you have by --
6 and this is an Appeals Court decision. It's a big deal.

7 So congratulations to you and your team.

8 MS. BRUNETT: Thank you very much. I have a
9 great team.

10 MEMBER MILLER: Yes. Indeed.

11 Thank you very much.

12 CHAIRPERSON YEE: No. Thank you, Member Miller.

13 And, yes, this is -- what we have experienced
14 this afternoon definitely is enterprise-wide. And it is
15 not just the dedication with respect to the work just in
16 front of us, but it is just all the way around in terms
17 of service. And so just very, very grateful that we're
18 part of this great, great organization.

19 Thank you.

20 I know Member Cohen just stepped aside, but why
21 don't we move on to the Executive Officer's time at this
22 moment, and we can return to her if she has any
23 comments.

24 So Selvi?

25 EXECUTIVE OFFICER STANISLAUS: Thank you very

1 much.

2 Good afternoon, everyone. I want to start by
3 thanking our Board and my FTB family for the great work,
4 guidance, and partnerships that have made this tax
5 season successful.

6 I would like to recognize Finance Director Keely
7 Bosler for her service and dedication, as this may be
8 her last meeting as a member of FTB's Board. I greatly
9 appreciate Member Bosler's service to the California
10 taxpayers as a member of our Board. Her experience, her
11 insight, her counsel to me, and guidance will be missed.

12 On behalf of FTB, we wish you the best in the
13 next phase of your career.

14 So as we close out this meeting, I want to use my
15 time today to echo the sentiments shared by our Madam
16 Chair and the Members of our Board and, once again,
17 acknowledge these three individuals who have meant so
18 much to FTB and the taxpayer community over the past
19 three decades.

20 So, Yvette, you started your career here, at FTB,
21 as you heard, 25 years ago.

22 Since then, you have gone on to make a remarkable
23 career with the Board of Equalization and the State
24 Controller's Office. Throughout that time, you have
25 remained a wonderful friend to me and a great resource

1 to both FTB and the taxpayers.

2 I couldn't be more excited for you, and wish you
3 the very best in your new role as Executive Director of
4 BOE.

5 And, at the same time, I want to also welcome
6 Anthony Epolite with a warm FTB welcome. He's no
7 stranger. He came from FTB, and we're happy to have you
8 back at FTB at a different role.

9 So today we heard Michelle Smith give a fantastic
10 presentation about the Franchise Tax Board's leadership
11 culture. There could be no better examples of
12 individuals who have exemplified FTB's leadership
13 culture than Frank and Denise.

14 So, Frank, you started your career here at FTB,
15 as we all heard, 31 years ago, as a Field Collector.
16 You took full advantage of FTB's Leadership Development
17 Programs. And along with your drive, your dedication,
18 and hard work, you made a big difference, not just to
19 your teams, but to all of FTB.

20 You should be very proud of your career, as I am.
21 And I congratulate you and your family on your
22 retirement.

23 Thank you, Frank, for all you have done for FTB.

24 And, Denise, 34 years ago you began your FTB
25 journey as a student assistant. Your career is a

1 shining example of what can be achieved through sheer
2 dedication, determination, and hard work.

3 Your retirement will leave a huge void for FTB to
4 fill. But for me, the biggest void will be losing you
5 as a friend and colleague. It has been my absolute
6 pleasure working alongside you. You literally carried
7 FTB and me through the early times of the pandemic and
8 kept us all together and moving forward during perhaps
9 the -- our most challenging times in the history of FTB.

10 I know you didn't do it for the "thank-yous" or
11 the accolades, but I sincerely cannot thank you enough
12 for what you meant to FTB during this time.

13 Denise, you have earned this moment, and I
14 congratulate you and your family on your retirement.

15 Thank you, Denise.

16 So the retirements of Frank and Denise will
17 definitely be felt at FTB. Replacing a combined 65
18 years of experience will not be easy.

19 But, through our Leadership Development Programs
20 and the culture we build, I'm hopeful and very excited
21 for the next generation of leaders.

22 So, once again, I sincerely thank you,
23 Controller, Member Cohen, and Member Miller, for your
24 valued perspectives. You are always there to ask
25 critical questions, to see the big picture, to guide me,

1 guide FTB. Your guidance and critical insight are
2 crucial to our success.

3 And then one last thank-you to our FTB staff for
4 the hard work and long hours you have put in during this
5 tax season and even beyond.

6 You know, when we all pull together and roll
7 forward as a team, we are greater than the sum of our
8 parts. And that's what I see here at FTB and thank you
9 all.

10 Thank you, Members.

11 (Applause.)

12 CHAIRPERSON YEE: Thank you, Selvi. Thank you,
13 Selvi. Very much just really apt words. And let me add
14 my deepest gratitude and recognition and just
15 appreciation and respect for the service of Keely Bosler
16 as our Director of Finance.

17 I don't think anyone signs up to do this work
18 during one of the most challenging times in our state's
19 history. And it truly has been a sacrifice. You do
20 this as a sacrifice in normal times. But to just be
21 always accessible, available, to not know what's going
22 to happen from one moment to the next, it seems like
23 this period of time has just been crisis after crisis.

24 But I have personally very much appreciated the
25 working relationship I have shared with her, and I think

1 the people of California just really owe her a
2 tremendous debt of gratitude for just being there for
3 the state, at every moment; every turn; during,
4 particularly, these past over two years.

5 So just really all best wishes to her. I hope
6 she can get some of this time back for her and her
7 family. And just, again, another example of, you know,
8 public service, and knowing that, when duty calls, that
9 she is always there.

10 So congratulations for just a remarkable,
11 remarkable period of time that she has just served all
12 of us.

13 MEMBER MILLER: Madam Chair, can I follow on?

14 CHAIRPERSON YEE: Yes. Please. Please.

15 MEMBER MILLER: So I also don't cry at work, but
16 I think the way you said it is beautiful. She is
17 accessible and available. She has worked for nine
18 years, for two Governors, and sincerely is the most
19 professional, down-to-earth, smartest, kindest person I
20 have ever worked with. And I have worked with
21 phenomenal humans.

22 It's been such a privilege and an honor and -- to
23 get to do this for Keely in this role, to represent her
24 at these Boards. I have learned more than I can say.
25 And it's really -- I'm so, so happy you chose to

1 acknowledge her. And I hope that we continue to do that
2 because the service of the role.

3 And, Frank, to your point about no higher calling
4 than public service, Keely really does embody that. You
5 said it beautifully. And so I sincerely appreciate the
6 opportunity.

7 And I know if Keely were here, she would -- she
8 would be overwhelmed, because she's never also done any
9 of this for the accolades or the acknowledgment. But I
10 sincerely appreciate it, and I will -- and I will share
11 with her. I have been furiously texting her all the
12 things people have said.

13 So thank you very, very much.

14 CHAIRPERSON YEE: Thank you. Thank you, Member
15 Miller.

16 Let me just now take a moment, and I will do this
17 for both Items 7 and 9 on the agenda, to see if there
18 are any members of the public who wish to address the
19 Board on the issues brought up during Board Member time
20 as well as the Executive Officer's time.

21 We will take members from the public who are on
22 the phone line first, followed by those here in the
23 auditorium.

24 PHONE MODERATOR: Members of the public on the
25 phone line, if you would like to place yourself in queue

1 for public comment, as a reminder, you may press 1, then
2 0, at this time.

3 (No response.)

4 PHONE MODERATOR: No members of the public are
5 queuing up at this time.

6 Please continue.

7 CHAIRPERSON YEE: Thank you very much.

8 And seeing no members of the public approaching
9 the Board on those items, we will move to the next order
10 of business.

11 And I believe we don't have a closed session
12 today.

13 So, thank you, Member Miller. And I know Member
14 Cohen had to leave a little bit early.

15 But this, I believe, concludes the Franchise Tax
16 Board meeting for today. What a wonderful meeting. And
17 just a wonderful tribute to this great organization
18 embodied by the three individuals we recognized this
19 afternoon.

20 But, more importantly, how wonderful it is just
21 to be back in person again.

22 And, please, everyone, stay healthy and safe.

23 Our meeting is adjourned.

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Thank you.

(Proceedings concluded at 3:42 p.m.)

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1 CERTIFICATE OF REPORTER

2
3 I, KATHRYN S. SWANK, a Certified Shorthand Reporter
4 of the State of California, do hereby certify:

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

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

14 IN WITNESS WHEREOF, I have hereunto set my hand
15 this 23rd day of June 2022.

16
17
18
19
20 /s/ Kathryn S. Swank
21 KATHRYN S. SWANK, CSR
22 Certified Shorthand Reporter
23 License No. 13061
24
25