

STATE OF CALIFORNIA  
FRANCHISE TAX BOARD

PUBLIC MEETING

TUESDAY, MARCH 22, 2022

1:30 P.M.

HELD VIA VIDEOCONFERENCE

AND

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:

KATHRYN S. SWANK

CSR NO. 13061, RPR

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APPEARANCES

BOARD MEMBERS

BETTY YEE

State Controller

(Chairperson of the Board)

YVETTE STOWERS

Deputy State Controller

MALIA COHEN

Chairperson

Board of Equalization

(Via videoconference)

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

MICHAEL BANUELOS

PATRICIA CARTE

MANDY FITHIAN

ROGER LACKEY

THI LUONG

SUSAN MAPLES

RICHARD SIEMERS

PUBLIC PARTICIPANTS

CHRISTINE GRAB

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SACRAMENTO, CALIFORNIA

TUESDAY, MARCH 22, 2022, 1:30 P.M.

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CHAIRPERSON YEE: Good afternoon. The hour of 1:30 having arrived on March 22nd, 2022, this is the scheduled time for the meeting of the Franchise Tax Board.

Would the Board Liaison please --

AUTOMATED VOICE: This conference is being recorded.

CHAIRPERSON YEE: Would the Board Liaison please call the roll to determine if a quorum is present?

MS. RUBALCAVA: Good afternoon.

Member Cohen?

(No response.)

MS. RUBALCAVA: Member Miller?

MEMBER COHEN: Present. Malia Cohen, present.

MS. RUBALCAVA: Thank you.

Member Miller?

(No response.)

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

CHAIRPERSON YEE: Here. Thank you very much.

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

Let me take a moment just to welcome back Member Cohen to the Franchise Tax Board. She is currently serving in the capacity of Chair of the Board of Equalization. And I want to just welcome her back as a member of this Board.

MEMBER COHEN: Thank you.

CHAIRPERSON YEE: At this time, I will ask those who are able to please stand and join me in the Pledge of Allegiance.

(Pledge of Allegiance recited in unison.)

CHAIRPERSON YEE: Thank you.

I'm just so happy to see everybody. I'm ecstatic.

We are all aware of the concerns surrounding COVID-19 and the importance of taking appropriate measures to protect public health. And in this regard, the Franchise Tax Board is following guidelines and the guidance of state and local authorities for social distancing measures in large public gatherings.

In line with that guidance, we have created social distancing space for those on the stage and the audience members in the auditorium, along with providing the public who wish to comment the ability to call -- to call in via our -- via our teleconference line.

So, again, good afternoon. Welcome to the Franchise Tax Board's Board meeting.

The public does have the right to comment on each Agenda Item. If there are any members of the public wishing to speak on an item, please come forward when that item is called, and you will have three minutes to address the Board.

For today's meeting, members of the public who wish to comment via teleconference, please call (844) 291-6362. Again, (844) 291-6362, and enter the access code 2666643. Again, 2666643. Please be aware there's a short delay between the web live stream and the live event. If there are any members of the public wishing to speak on an item, and you are using a translator or a translator service, you will have six minutes to address the Board. All speakers will be asked to identify yourself for the record.

So the first item, Members, is the approval of the minutes. We have the minutes of the December 2nd, 2021, Board meeting. And perhaps we will put this matter over till Member Miller --

(Member Miller joins the proceedings.)

CHAIRPERSON YEE: Welcome, Member Miller.

MEMBER MILLER: Thank you.

Move approval.

CHAIRPERSON YEE: Okay. We have a motion by Member Miller to approve the minutes of December 2nd, 2021.

I will second that motion.

Is there a member of the public who wishes to speak on this item, in person or on the teleconference line? We will first take members of the public on the phone line, and then call on any member of the public in person.

(No response.)

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much.

And seeing no members of the public in the auditorium who wish to speak on this item, we do have a motion and a second on this.

Without objection, Member Cohen, I would assume you are abstaining on this?

MEMBER COHEN: Yes. That would be correct.

CHAIRPERSON YEE: Okay. Very well.

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

Thank you.

Item Number 2 is a presentation on the Franchise Tax Board's 2021 accomplishments. And this will be presented by Patricia Carte. This is an information item.

And, Patricia, good afternoon.

MS. CARTE: Good afternoon.

Good afternoon, Madam Chair, and Board Members.

My name is Patricia Carte, and I'm a Section Manager in the Administrative Services Division of the Franchise Tax Board.

I'm excited to be here today, as I have the pleasure of sharing with you the Department's accomplishments during 2021.

Much like 2020, last year continued to be challenging and unpredictable. During 2021, the pandemic gave us plenty of opportunities -- let me emphasize the "plenty" there -- to sharpen our problem-solving skills. We leveraged our expertise as we gained new perspectives to continue to improve our business processes, to adapt to our ever-evolving work environment.

This year's accomplishments: nothing short of amazing. We came together to deliver excellent products and services while bringing our best.

Before we get into the highlight reel, I would like to share a few of the tremendous efforts the Department has achieved during this unique year.

To start, we had a successful 2021 peak season, which included extending the filing due date because of the pandemic. That sounds like a quick change, but there's a lot of moving parts in that. Our team pulled it together, made it happen.

We implemented the Golden State Stimulus payments. This was a huge lift in a really short time frame. Lots of collaboration. But you will get to hear more about that later in the meeting.

We also implemented all of our IT functionality to allow us to process the first year of tax returns that included the health care mandate requirements.

We even created some new self-help tools, including the Enterprise Customer Service Dashboard and adding payment card kiosks in our Sacramento and Oakland field offices. Our team is committed to



FTB's mission of helping taxpayers file accurate and timely tax returns, all while ensuring minimal interruption to our wonderful customer service.

I'm very proud to be a part of the FTB family, that has met each obstacle head-on. We continue to adapt, respond, and find success. FTB, our staff, nothing short of remarkable.

2021 has been another historic year. I'm confident you too will be inspired by our hard-working employees, who exemplify our organizational values. Please sit back, relax, and enjoy our highlight reel.

(Video presentation.)

MS. CARTE: So many exciting things in there. Super exciting. Thank you so much for watching. I would be happy to answer any questions you may have.

CHAIRPERSON YEE: Thank you, Patricia, for the really wonderful presentation, and to the entire team here at the FTB for really continuing to go above and beyond during these challenging times.

Members, are there any questions or comments?

Member Miller, please.

MEMBER MILLER: Again, just to reemphasize your enthusiasm and excitement, that was really lovely, and shows the incredible amount of hard work. And it is no doubt that this has been a hard year for everyone and to do all of that with that many changes. And that much increase in response to your customers is really phenomenal.

So huge congratulations to the whole team. And I hope that serves as a testament to all of you and your families, that the work you did really makes a huge difference.

So thank you for sharing that.

MS. CARTE: Thank you.

CHAIRPERSON YEE: Member Cohen?

MEMBER COHEN: Thank you. Again, congratulations to an excellent -- to the FTB for an excellent presentation.

I wanted to know, how do -- how do we get to share this excitement and this good news with the larger public? Besides placing it on the -- on the website, do you have social media platforms? Do you have other ways to push out this information?

MS. CARTE: I'm going to throw it over to Shane. He's nodding his head.

MR. HOFELING: Yes. We will -- we will be posting this video on our website for the Board meeting, as well as we do have various -- or social media communication channels that we can look at posting this as well on those.

CHAIRPERSON YEE: And I think each of us can be an ambassador as well.

Okay. Great question, Member Cohen. That's, you know, kind of the unspoken, you know, just work that gets done, without a lot of fanfare, a lot of attention, but it has been a heavy lift and beyond.

So appreciate the question.

All right. Thank you.

Is there any member of the public wishing to speak on this item in person or on the teleconference line? We'll take first the members on the -- of the public on the phone line, and then call on any member of the public in person.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: All right. Thank you very much.

And I don't see any member of the public here in the auditorium.

So, again, Patricia, thank you for presentation. Appreciate it.

Members, we'll now move to Item Number 3, and this is a presentation on the Golden State Stimulus Program. And it's an update. And we have Mandy Fithian and Roger Lackey who will be presenting.

Good afternoon to you both.

This is an informational item.

MS. FITHIAN: Good afternoon. My name is Mandy Fithian, and I'm the Analysis Bureau Director in the Technology Division. And I'm joined today by Roger Lackey, the Processing Services Bureau Director in the Filing Division.

And we are here today to talk about the Golden State Stimulus I and II programs.

Today we'll explain some of the program components and program results. We'll talk about the keys to our successful implementation; cover some of the technology and business processes; explore our communication and strategies we put in place; share our gratitude for the partnership and collaboration we experienced, both internally and externally; and, finally, we'll wrap up with recognition for the hard work of our teams and answer any questions that you may have.

In late 2020, FTB began early implementation plans for what became known as the Golden State Stimulus I, or GSS I, Program.

Senate Bill 88 was signed February 23rd, 2021, and amended later by Assembly Bill 88, signed March 17th, 2021, that enacted the first GSS program.

GSS I offered relief of \$600 to those who were allowed the California Earned Income Tax Credit, or EITC, for the 2020 tax year.

Relief of \$600 was also offered to individuals who filed their 2020 California tax return using a federal Individual Taxpayer Identification Number, or ITIN, in lieu of a Social Security number, and were allowed

California EITC if filed by July 15th, 2022. These one-time payments were not offset by any amounts, including delinquent child support.

In May of 2021, FTB began early implementation on the second stimulus program, or GSS II. This time, Senate Bill 139, which was signed July 12th, 2021, allowed for additional payments in three different categories.

The first: Expanded payments of \$600 to those low to middle income taxpayers with a California adjusted gross income of \$75,000 or less, but greater than zero.

The second category was for those taxpayers with a total California adjusted gross income of \$75,000 or less, but greater than zero, with a dependent on their tax return. These families received \$500.

The third category included additional payments to those who received GSS I, as I previously described, and had a dependent on their tax return.

These families received a second stimulus payment of \$500.

FTB, in partnership with the State Controller's Office, and in collaboration with our other partners, went live, delivering the first GSS I payment on April 16th, 2021. This was approximately eight weeks after the Governor signed Senate Bill 88.

We successfully delivered 99 percent of these GSS I payments by the end of August, or only four and a half months later. Delivery of these payments paced along with our peak filing season, as the delivery of these payments was dependent on the tax return being filed and completed processing.

In total, we have delivered 4.6 million payments, valued at \$2.8 billion, with approximately 50 percent of these individuals receiving payments electronically, and another 50 percent by paper check or warrant.

An important component of GSS Program was to also provide relief to ITIN filers. For GSS I, we delivered approximately 641,000 payments to ITIN recipients.

For GSS II, the program's purpose was to serve a larger group of individuals than the first program.

As a result, it also presented different challenges for us to overcome, but we are happy to report that we successfully met those challenges.

Our first GSS II payments were issued on August 27th, and included only electronic payments.

Our first paper warrants were issued the first week of October, and continually were distributed through the end of December.

In total, we have issued 8.3 million GSS II payments, with a total of \$6 billion. Approximately 45 percent of individuals received these payments electronically, with the other 55 percent by paper check.

Combined with our partners, as at the end of January '22, both -- for both programs, we have delivered approximately 12.9 million payments valued at \$8.8 billion.

And now I will turn it over to Roger, who will discuss the keys to our success and much more.

MR. LACKEY: Thank you, Mandy.

And thank you, Madam Chair, and Board Members, for your time today to present our success with the GSS programs.

I'm Roger Lackey, Director of Processing Service Bureau and a Co-Implementation Leader of the GSS programs.

As is apparent with what we shared so far, this was a significant effort, with the need for immediate delivery, and we accomplished that successfully.

Our keys to successful implementation are tried and true FTB best practices, or "One FTB." We relied on our experts in Technology and Business Processes, our excellent Communication and Public Service Teams, and we leveraged our strong partnership across the state to implement this first-of-its-kind program.

While the basis of eligibility for the stimulus payments was based on the information provided on the taxpayer's tax return, these payments were not a tax refund, and required new technology processes and services to be developed to enable us and our partners the ability to deliver these stimulus payments.

We did this through leveraging our modernized return processing services and the expertise and creativity of our technology staff and business operations.

This enabled us to accurately confirm eligible recipients, utilize our exceptional fraud processes to prevent bad actors, enabled the end-to-end transparency of scheduling and delivery of payment for our public service staff, the ability to forecast volume in -- of -- and method of payments to be scheduled, and the ability to ensure strong fiscal controls were in place to reconcile the billions of dollars involved with this program.

Developing and integrating new processes under short time frames required creativity and dedication of our Technology and Business Teams within FTB and with our partners to be able to deliver these payments successfully.

Our teams stretched themselves and demonstrated an amazing ability to flex on a moment's notice to keep the program on track and payments on schedule. It's this type of dedication that allowed us together to successfully serve California.

In being the largest stimulus program ever implemented in California, interest in the program was enormous. Our Communication and Public Service Teams did a phenomenal job in responding to that interest.

Our Public Affairs Office collaborated with 70 different stakeholder groups, presenting in webinars and other forums, including working with the State Interagency Team, or SIT, for reducing poverty work group, multiple legislative offices, VITA, and numerous nonprofits, such as United Way of California.

They also provided approximately 300 interviews, in English and Spanish, sharing and explaining the GSS I and GSS II Programs.

Our web content, as you -- you've seen in the video, was critical in providing greatly needed information for individuals to serve themselves, in understanding qualification, and when to expect delivery of payment.

Interesting facts include eight million visits to our landing page for the GSS Programs. Five million individuals used our estimator self-service tool. We published detailing schedule of the delivery of checks and, most importantly, the detailed zip code scheduling across the state for those receiving paper checks.

And our GSS web content was translated in 13 different languages by Google Translate.

Our public service operations were also the connection for those individuals that needed more information about their payments.

In addition to serving over a million individuals during the 2021 filing season, our agents also assisted almost 300,000 people by telephone and another 81,000 by chat, including many more than visited our public counters.

Overall, GSS contacts represented 22 percent of all calls answered in 2021.

It should also be noted that calls offered, meaning individuals who called our 1-800 number, increased by 70 percent as compared to the previous calendar year.

At FTB, we have mantras. And one that is very important to us is "One FTB," which, at its core, is us working together for the common goal of serving the people of California.

With that same passion we experienced that from our partnership with our friends at the State Controller's Office, the State Treasurer's Office, FI\$Cal, the California Bankers Association, and the tax software industry, each supporting each other through open communication and collaboration with the goal to assist those Californians that needed it the most.

So in taking advantage of this opportunity, we wanted to say a big "thank-you" to all of those involved, including the close to 200 FTB staff who -- excuse me -- successfully implemented this program; our contact center and public service agents who are the face of FTB; and to sincerely thank our GSS implementation partners for a job well done, including a special callout to our friends at the State Controller's Office.

The SCO Audit Team ensured the State's fiduciary responsibilities were being accounted for in the delivery of payments; the SCO Disbursements Team, who kept each of our scheduled payments on track, including the printing and mailing of 6.6 million paper warrants.

And to the SCO admin area, who pushed through a rush procurement to ensure the special warrants stock was ready on time for the first Golden State II paper payments.

And, last, to our friends at the State Treasurer's Office and FI\$Cal, who did an excellent job with our cash management activities.

So to them, thank you. We really appreciate you.

And so on behalf of Mandy, the GSS Implementation Team, and FTB, we thank the Board for your support with these stimulus programs. And we're available to answer any questions you might have.

CHAIRPERSON YEE: Thank you very much, Roger and Mandy, for the update.

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

MEMBER MILLER: No questions.

But, again, congratulations. And agree, I like -- I like that "One FTB." I think, you know, with -- the whole state really came together. I appreciate the -- obviously, the huge amount of work that the State Controller's Office had to do to make this happen, and, again, to all the -- to all the folks that really have benefited so much from this program. It -- it's really phenomenal. And I think it's the type of work that we look back on and really appreciate the legacy you have all left by doing that.

So to all 200 of you, I hope that you are all incredibly proud of yourselves.

Thank you very much.

MR. LACKEY: Thank you.

CHAIRPERSON YEE: Thank you, Member Miller.

Member Cohen?

MEMBER COHEN: Thank you. That was an excellent presentation, very thorough and humble.

I was wondering, did you draft some kind of a press release or a kind of -- is there a statement, a further public statement, to share with the larger public, about the success of the Stimulus Program?

MR. LACKEY: Yeah. There's been a number of media releases that -- working with the different media groups on a regular basis, our Public Affairs staff, are answering questions for the largest publications in the state and the nation with regard to our program. We --

MEMBER COHEN: Okay.

MR. LACKEY: -- are, I would say, kind of -- still kind of finalizing what our -- I will call it a -- a "closing report" on that. When it's complete, I think there's also a legislative report that's required by that as well, that I think will be published.

MEMBER COHEN: Okay.

So how did you reach people, particularly those with limited English and those that didn't have a computer or stable computer technology?

MR. LACKEY: Through the stakeholder groups that we were working with. And a lot of -- a lot of credit, again, goes to our Public Affairs staff that were working directly with those groups, as well as our VITA Program. That was another big stakeholder group that we worked with to get -- to get that message out.

And I would say that -- the other thing, just to kind of complement all of that, is that since it was the largest program, you know, implemented by a state, publications, media, were all over it; so there were -- actually, it was helpful that they were doing some of that work for us.

MEMBER COHEN: Thank you.

CHAIRPERSON YEE: Thank you, Member Cohen.

Again, I just want to echo the comments of both my colleagues about, really, how historic of an effort this was, particularly with respect to the collaborations. And I will say that I don't know anybody who is associated with the implementation of this who didn't come to work every day with a source of pride, that they were doing their part to help some of our most vulnerable neighbors throughout California.

So just really a job well done by everyone.

Just as a matter of context, I will just share with you, State Controller's Office issues about 49 million disbursements every year. And this was a 25 percent increase year over year. And the team who implemented this, essentially came to me to say, "We can get this done."

And the enthusiasm, Member Miller, that you mentioned, I mean, was just palpable throughout the entire Implementation Team. The print and mail shop came to me to say, "We want to work in shifts to be able to get these checks out." And the majority of them did go out before the holidays.

And so -- and to Member Cohen's comment about how do we get the word out there, I have a stack of "thank-you" letters, handwritten, by many of the recipients, that I will be sure gets shared with the entire Implementation Team, that it was really what kept so many of the team members going, because they knew that they were really providing the highest level of public service for the State of California to our neighbors throughout the state.

So, again, thank you for just a tremendous job well done, to everyone.

I want to just now turn to see if there are any members of the public wishing to speak on this item, in person or on the teleconference line; and, again, we will take, first, the members of the public on the phone line, and then call on any members of the public in person here in the auditorium.

PHONE MODERATOR: Okay. Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much. And seeing no members of the public here in the auditorium wish to speak on this item, we will move on to the next item.

Thank you, both, very much, for a wonderful update.

Appreciate that.

Members will now move to Item Number 4. This is a presentation on a legislative matter regarding the SB 1409 report. And this item is an informational item. And Susan Maples will be making the presentation.

Good afternoon, Susan.

MS. MAPLES: Good afternoon, Madam Chair, and Board Members.

My name is Susan Maples, and I'm the Director of the Economic Statistical Research Bureau.

Today I would like to give a brief walk-through of the report we recently submitted to the legislature, requiring FTB to study ways to increase the number of claims for the California and federal Earned Income Tax Credit.

Before I begin the overview, I would like to acknowledge our many partners in this effort, which included many community-based advocates as well as our peer State agencies. This report could not have been as comprehensive or complete without their input and support. And we are grateful for their partnership.

A full list of our study partners can be found in the Exhibit 2 of this report.

To provide a bit of background, this report was mandated by Senate Bill 1409, as the legislature intended for FTB to look for ways to remove tax-filing barriers of low- and very-low-income families, which could increase the number of CalEITC claims.

It was also important to develop methods of collaboration and coordination between State agencies which could increase government efficiency in our collective efforts to reach this population.

And now I would like to take a minute to cover some of California's history with this credit as well as some important statistics that are key to understanding possible program improvements.

Since its inception in 2015, the California Earned Income Tax Credit has seen a number of modifications to expand eligibility based on self-employment income; greater age ranges; expanded income levels; and, most recently, expanded eligibility to ITIN holders.

Of the more than 4.2 million CalEITC tax year 2020 returns we received, 75 percent had no dependents. In addition, 77 percent of those claiming CalEITC received \$200 or less.

Other key statistics include more than 90 percent of filers using software to e-file a return, 41 percent choosing to self-prepare their return, and just under 2 percent using VITA services.

Additionally, we also noted in years past that only a little over one third of claimants took the EITC two years in a row. However, that number increased, perhaps due to the pandemic, to just over half in 2020.

So now that we have covered some basics, let's talk a bit about what we have heard as to why taxpayers who are eligible may not be filing and claiming the credit. This list is not a "one size fits all," and, certainly, all barriers do not apply to every taxpayer.

Some of the more common ones, however, are that taxpayers don't file because tax preparation is complicated. And, unless you can find a VITA site or other free tax preparation, it can also be very expensive.

Other barriers can include not having the proper documentation needed, lack of internet access, or being unable to timely obtain a Tax Identification Number.

Finally, some taxpayers are afraid of making a mistake, distrust government, or may owe other liabilities that would offset any credit they might get.



These are just some of the barriers this report considered in exploring and evaluating concepts to help more taxpayers get the credit they deserve. This report also evaluates operational barriers facing State agencies in the administration of all the concepts studied.

Concepts for this report were developed after soliciting and evaluating the input of nearly 50 different nonprofit stakeholders, advocates, interested parties, and government entities. We were able to group similar ideas together and come up with eight concepts that covered many of the suggestions identified by our stakeholders.

It is important to note that there are purposely no recommendations into the report as to what concepts could or should be done. All concepts in this paper provide a history and description of the concepts, discuss benefits and risks, barriers addressed, and administrative items such as cost and time needed to implement, to help policy makers evaluate the idea.

In the interest of time, I will not be covering all eight concepts this afternoon, but would like to take the next several minutes to share with you some of the key observations of this report.

Concept A is a look at the development of a simplified filing portal. As our Board Members, you are probably already aware from past presentations about our online portal CalFile, where most, if not all, of those qualifying for CalEITC can use this free service to prepare their California return.

CalFile will also allow for pre-population of wage data, depending on when the taxpayer attempts to file a return and whether they register to use the application in concert with MyFTB.

Users of the CalFile service have provided excellent feedback over the years, highly rating the experience.

An important gap to understand about CalFile, however, is that it is unable to prepare or support the filing of a federal tax return. And the taxpayer needs the federal AGI to start the California return. The federal AGI is also one of the key pieces of information needed to determine eligibility for CalEITC.

In addition, a federal return is needed to claim federal incentives, which are often more valuable, which is why the best free tax-preparation service can prepare both the state and federal return. Additionally, it is possible that other existing free services may have a greater value to taxpayers by offering an advanced payment of the tax refund.

Another challenge for CalFile and pre-population of returns is data availability and the timing of when the data is available.

In fact, many of the concepts studied rely heavily on data being availability [sic], its reliability, and whether it represents the complete picture.

Concept B addresses pre-populating California State returns and using data from peer State agencies to enhance our ability to identify CalEITC eligible taxpayers.

For this study, FTB worked closely with the California Department of Social Services and the Department of Health Care Services to understand the data they have and how or if it could be linked to FTB data, not only to determine CalEITC eligibility of taxpayers, but also to compute an estimated credit amount or complete a return on behalf of the taxpayer.

As part of this effort, we looked at enrollees in CalFresh and Medi-Cal to see how their data could correlate or enhance FTB existing data sets. We also engaged multiple other peer State agencies in preliminary discussions on data they had that could potentially be useful.

While we did find the data sets owned by our peer State agencies to have value to identify who is who, unfortunately, FTB was not able to identify a mechanism to bridge the definitional or data gaps associated with household units applicable to public assistance programs and the tax filing unit applicable for filing a tax return.

The definition of a "household unit" for public assistance programs is generally defined as those that live and prepare food together.

And while it's helpful to understand the household individuals, sufficient data is not available to understand the relationship of these individuals. For example, whether two adults are married, or who might be able to claim any children in the household as their dependents.

This information would be critical if FTB wanted to determine a potential tax filing unit and/or reliably estimate any amount of the credit, as these pieces of information can greatly affect the amount of CalEITC credit received.

To further understand these gaps, we used CalFresh participant data received from CDSS and compared those household relationships to the actual returns filed by program participants.

Here we found that the entire program household was only included as part of the tax return and tax unit only 62 percent of the time. And only 57 percent of the time do dependents claimed on the tax return match the dependents in the CDSS program household.

In addition to the tax unit, we also looked at income and how our data, combined with CDSS data, might help us to estimate income and, therefore, a potential CalEITC credit amount.

In this case, only 37 percent of the time, using CDSS and EDD data, was FTB able to accurately estimate the amount of CalEITC credit reported on the tax return.

However, 68 percent of the time, FTB could accurately estimate the credit within, plus or minus, \$100.

Turning our focus to program participants that were non-filers, we found roughly 3 million individuals enrolled in a CDSS program that did not appear on a filed tax return.

After removing anyone under the age of 18, multi-adult households where we could not credibly associate adults into a tax unit such as married filing joint, and those whose wages appeared to exceed qualification limits for CalEITC, we had approximately 270,000 tax units with wages recorded, based on FTB data, that may have been eligible for the credit. This information is without regard to self-employment income which cannot be obtained prior to filing a tax return.

Of the 270,000 potential eligible recipients identified, 215,000 would likely receive a credit of \$200 or less.

So to summarize our research into data sharing with other agencies to determine eligibility and credit amount for those who may have missed the credit, we came to understand that there is definitely value

in using these combined data sets, but there were still significant gaps existing for both filers and non-filers, as far as being able to reliably estimate any credit amount.

As a result, any solutions implemented should consider that making erroneous assumptions can lead to both understating the CalEITC payment so that the taxpayer may not get the full amount owed, or an overstatement of the credit which could put the taxpayer in a position to have to pay it back.

Additional information on pre-populating returns and our work with CDSS data are located in Concept B and Exhibit 3 at the back of the report.

Concept C discusses the feasibility of using government staff that can assist taxpayers with preparing and filing a tax return or otherwise providing the taxpayer with a "warm handoff" to a VITA site.

It is likely further study and legal analysis would be needed on this concept, as a legal concern could arise if government staff are paid during the time they are assisting the taxpayer in preparing a tax return.

A lack of VITA volunteers could also be a barrier difficult to overcome if a decision were made to pursue this concept.

In evaluating Concept D, we looked at opportunities for education and outreach by both our peer State agencies administering public assistance programs and FTB directly.

One of the important keys in any education outreach effort is the understanding that there is a significant overlap of clientele amongst the various public assistance programs and, undoubtedly, any taxpayers that FTB might reach out to.

Therefore, it was noted in the risk and benefits section, that any outreach done for purposes of increasing the uptake of the credit be coordinated amongst State agencies in order to avoid taxpayer confusion, oversaturation, allow for efficient use of State resources, and ensure a consistent message to taxpayers about any actions they should take.

In addition, timing of the outreach as well as data will also play a key role. For example, to be most effective, pre-filing outreach should occur in early January. However, FTB doesn't have previous return filing history available or current income information to determine who might qualify until the tax season is well underway.

Information to identify potential eligible CalEITC recipients that are non-filers would not be readily available until about 12 months after the original due date of the return.

For example, if a 2020 tax year return is due April 15th of 2021, we would just now be approaching the time frame where best data is available to conduct outreach.

And while outreach could be conducted earlier, there is the risk that data is incomplete and outreach could miss those eligible for the credit or cause confusion and frustration by reaching out to taxpayers who really are not eligible.

Outreach ideas explored in this concept include having FTB contact taxpayers who filed a return, appear eligible for EITC but failed to claim the credit.

And for the FTB and State public assistance agencies to coordinate outreach to non-filers who earned wages within the qualifying range of the CalEITC credit.

However, additional discussions would likely be warranted to ensure proper data-sharing agreements were in place and develop a coordinated plan with information on timing, marketing materials, and methods of outreach.

Also discussion would likely be necessary to determine options for how taxpayers could respond to these outreach notices as well as how to support taxpayers receiving these same notifications.

Finally, it is important to note that for decades, tax entities, academic study partners, and other trusted partners have conducted this type of outreach. And while those efforts produced results, in general, the response rate was pretty low, and in many cases, less than 5 percent.

So while we have the potential to reach out to hundreds of thousands of taxpayers and remind them of this valuable credit, and direct them to free tax-preparation services in their area, we may still experience a low take-up rate; frustration by taxpayers who receive contacts that really are not eligible; and difficulty finding taxpayers, as contact information for non-filers has historically been outdated and oftentimes nonexistent.

Our remaining concepts, Concepts E, F, G, and H, examine a California unique Tax I.D. Number, forms in multiple languages, and the enhanced resource strategies for outreach funds to community-based organizations.

These last two concepts, G and H, document benefits and risks with outreach grant funding and the inability to presume that funding will continue annually, thus jeopardizing the ability to perform continual outreach or, most importantly, year-round free tax-preparation services.

So what's next?

As these concepts were considered and the research completed, it became very clear from conversations moving forward would need to carefully balance the needs of taxpayers as well as the administrative hurdles to keep this program successful and not trigger unintended consequences.

In addition, more discussions would be needed to ensure that statutory authority existed for any proposals or data-sharing agreements desired.

Finally, it is important that the length between the federal and state returns not be forgotten.

As I briefly mentioned earlier, a key piece in the CalEITC calculation is the federal AGI. And it is also the starting point for the California return. Therefore, it is important that any solution helping Californians file a tax return consider the implications of needing the federal AGI to do so.

Filing a federal return is also key to taxpayers being able to secure thousands in federal tax credits, and any solutions adopted should also consider ways to reduce or remove barriers to filing a federal return.

In conclusion, thank you for your time this afternoon and allowing me to quickly summarize this report.

At this point I would be happy to answer any questions you might have.

CHAIRPERSON YEE: Thank you very much, Susan, for a really comprehensive report.

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

MEMBER MILLER: Madam Chair?

CHAIRPERSON YEE: Yes, Member Miller, please.

MEMBER MILLER: Thank you. And I know how much work this has been, and FTB has been working on this for a decade.

I do think that your options give us a lot of food for thought. I think there's a few things that we need to continue doing. The points you make on data are really important.

It's also really important that our State partners -- not unlike the one FTB idea for Golden State Stimulus -- that we do work together to get some better data, and that we work with our federal partners, because I think, as we pay our credit card bills -- and you have all heard me say this a lot -- but as we find restaurants online that are easy to access, this money for our taxpayers should be a little bit easier and finding ways to help folks file their taxes and get that skill and really make sure this money that is there for them is easily accessible.

I think is -- we continue to do more each year, I do think it's something that we should focus on, and I would love, as we -- as the internet changes and that if we go into a web-free world, even to understand sort of a blockchain system that's encrypted, just to make sure we're keeping up with it, because we have spent a lot of time thinking about ways to ease filing, make it simpler, oftentimes making it as simple as paying for a credit card.

So I love the ideas you are working on and hope that you will continue to work with stakeholders and really support the idea that the most vulnerable folks are -- not only get the State credit but that we also work with our federal partners at the IRS for that credit as well.

So thank you. I know how hard you are working. I do think we're -- we're getting closer each year, and I hope that between we continue to study it, continue to understand the data, and hopefully next year there can actually be a proposal to make sure that we're working towards an effective implementation of a new system.

So thank you very much for all your work on this.

MS. MAPLES: Thank you.

CHAIRPERSON YEE: Thank you, Member Miller.

Member Cohen?

MEMBER COHEN: Yes. Thank you very much. First, there was a question. In this presentation -- and I don't recall what slide -- you said something about household versus tax unit.

MS. MAPLES: Yes.

MEMBER COHEN: Can you expand upon that? I --

MS. MAPLES: Sure.

MEMBER COHEN: -- didn't quite catch it.

MS. MAPLES: One of the things we did, when we got the data from CDSS, is tried to look at that. Because they -- their data is grouped within households; so they have -- as I mentioned in my speech, the definition of a "household" for CDSS is "those who live and share meals together."

So you could have several members of a family, and even members that are not related, living in a CDSS household, that wouldn't necessarily correlate to a tax unit.

So when we think about a tax unit, we have to figure out the filing status. Are they single? Are they head of household? Are they married filing joint?

And so those things are not readily identifiable through just looking at the CDSS program data, because they are not so interested in the relationship status as we are when we look at a tax return.

And in addition there could be several children living in a CDSS household that are sharing the meals together but may not technically meet the qualifications of a dependent. And, of course, the more dependents that you have, the greater the credit; so that the number of dependents is a key factor for us in determining -- in determining the amount of CalEITC that one would be eligible for.

So those -- that was the data --

MEMBER COHEN: So --

MS. MAPLES: -- gap.

Go ahead.

MEMBER COHEN: So how do you -- how -- how do you reconcile that data gap?

MS. MAPLES: So what we did was, when we did the studies, we actually pulled the data. And so we looked at filers. And I think I gave some percentages during my speech about -- so we were able to actually look at the CDSS household, as it -- as it's presented through the data that we got, and then matched it up to a filed tax return where the taxpayer told us, I'm either married filing joint or I'm head of household, and these are my specific dependents.

So when we matched up the actual filed return and the tax household unit with the CDSS household unit, that's where we were able to compare and see, okay, we're not getting exactly the information we need from the CDSS data to understand if -- you know, the relationships between those parties.

MEMBER COHEN: Okay. So I wanted to also ask another question.

How can the VITA program be used for outreach to increase participation?

MS. MAPLES: So I think that -- you know, we had in -- let's see -- August, I think, of last year -- we actually had a stakeholder meeting, and we had -- I don't know -- 20, 30 or so nonprofits as well as State agencies that joined us.

And one of the questions I had asked was, you know, "How are -- how are the VITA services for them?" And I think one of the things that many folks are struggling with is the lack of VITA volunteers. I think our community-based organizations as well as CDSS -- we've been working closely with them. They are doing an outreach project this fiscal year; so we've been working with them.

And they are also looking at working with the community-based organizations to ensure that they can move anybody that they outreached to within the CalFresh program to that -- what I call the "warm handoff" to a VITA service.

So I think that many of the community-based organizations are using VITA services, as well as various State agencies are also trying to -- like I said, give that "warm handoff" to VITA folks in order to help people get their returns prepared for free.

MEMBER COHEN: And a final question is: How do we make sure that the State programs such as Medi-Cal -- Medi-Cal and DMV, the Department of Motor Vehicles, can be used to inform potential -- potential recipients of the Earned Income Tax Credit?

MS. MAPLES: That's a good question. I don't know that I -- that I have an answer for that today.

I know that CDSS -- we talked to CDSS. I've been working with CDSS and DHCS this filing season in a data exchange, you know, with non-filer info, and they were going to put in some postcards, you know, with the -- to the -- to their program recipients.

I don't know that we have had any -- that we have engaged in any conversations with DMV about that.

So, you know, I don't know that I have an answer for that -- for that question.

MEMBER COHEN: Okay. Thank you. Thank you for answering my question.

MS. MAPLES: Thank you.

MEMBER COHEN: Great presentation.

MS. MAPLES: Thank you.

CHAIRPERSON YEE: Thank you, Member Cohen.

I just had a couple of thoughts: One, that I agree with Member Miller that, as we're looking at how do we move forward, that we don't forget to keep up with technological advancements real time. And I do think that there are some promising -- just -- perspectives about the use of technologies like blockchain and, you know, some of the crypto tools that are coming out that are really meant to address kind of equity issues. And so the application of those, I think, going forward, will be interesting to follow for purposes of this.

One of my questions had to do with the effectiveness of the grant programs and outreach generally, and the effectiveness of outreach, which I think there have been numerous parties that have reported that -- not the most effective.

So is there a way to perhaps look at the dollars that are made available for outreach to perhaps build capacity in the VITA program in the communities that -- where we believe there are potential claimants?

I do think that the community-based organizations are key to our success in this program. But perhaps there's a different focus that we may want to engage in, and that is to have a dual capacity within those communities and maybe even kind of generate potential workforce training around, you know, just doing tax preparation.

But I just want us to get a little bit more creative about the dollars that we're actually putting into outreach, about how we build this longer-term capacity for just tax filing in general.

MS. MAPLES: Yeah. I think that we've -- like I said, we have had a number of conversations with the community-based organization. And I know that we would like to get additional information through the -- you know, the grant-funding process on some of the outcomes of the outreach.

CHAIRPERSON YEE: Yeah.

MS. MAPLES: So that's one of the things that I've really been looking at. And as I mentioned earlier, in working with CDSS and DHCS in this current year, making sure that we get those metrics in terms of not only how effective the outreach is but what methods are people responding to?

CHAIRPERSON YEE: Right.

MS. MAPLES: You know, what's the best use of the resources and get the most engagement from folks? I know that a lot of times, meeting people where they are is an important piece of education and outreach.

And so hopefully, you know, we will be able to bounce back from the pandemic and -- you know, and increase the number of folks who are willing to become VITA volunteers.

I know that there's a lot of buzz and excitement within this space, especially within the public assistance program agencies, because they are really looking to help their people at this time --

CHAIRPERSON YEE: Sure.

MS. MAPLES: -- to get ahold of these, you know, valuable credits.

So hoping that together we will be able to come up with some new and innovative ideas to increase the number of people using the VITA services.

CHAIRPERSON YEE: All right. That's great. Thank you.

I think it is one of the lessons of our COVID pandemic as well as looking at some of the communities who really, as you've mentioned, don't have a lot of trust in government but --

MS. MAPLES: Right.

CHAIRPERSON YEE: -- have a lot of trust in their neighbors and the community members. And so we can maybe even formalize a program that looks at providing support to trusted sources in a number of communities, I think, might be helpful.

So really appreciate the report and the vastness of the opportunities that we have facing us going forward.

Thank you, Susan.

MS. MAPLES: Thank you.



CHAIRPERSON YEE: At this time let me see if there are any members of the public wishing to speak on this item, in person or on the teleconference line. Again, we will first take members of the public on the phone line and then call on any members of the public in person here in the auditorium.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much.

And seeing no members of the public here in the auditorium wishing to speak on this item, Susan, thank you very much again --

MS. MAPLES: Thank you again --

CHAIRPERSON YEE: -- for a terrific report.

MS. MAPLES: -- for your time.

CHAIRPERSON YEE: Thank you.

All right, Members. We will now turn to Item Number 5, and this is administrative matters.

And first we will have Thi Luong presenting the 2022-23 Spring Finance Letters for Board approval; and then we will have Michael Banuelos, who will be presenting the contracts over \$1 million and a Facility Action Request for Board approval.

So -- and then Thi will finish off with the 2022-23 out-of-state travel blanket, also before us for Board approval.

Good afternoon, Thi.

MS. LUONG: Good afternoon. Thank you.

My name is Thi Luong, Director of the Financial Management Bureau. I'm here today to present FTB's 2022-23 Spring Finance Letters for your approval.

We do have three proposals to share:

First is the FTB Central Office Campus Data Center upgrades. This capital outlay budget change proposal requests \$25.1 million for the construction phase of the project. Total project cost is estimated at \$26.7 million. This past fiscal year, FTB, in partnership with the Department of General Services, began the plan and design phase to consolidate the existing Data Centers and to update end-of-life equipment.

The Data Center houses critical IT infrastructure that's necessary for FTB to provide critical services to taxpayers and supports FTB's return and payment processing and compliance functions as well as day-to-day operations.

This project would enable FTB to mitigate risks of single points of failure, ensure continuity of operations, and meet statewide energy-efficiency standards and mandates.

Our second proposal is the Legal Workload Growth, which requests \$4.7 million in Fiscal Year '22-'23 and ongoing, to fund 16 permanent positions, 10 position upgrades, and unfunded needs for staff salaries.

These resources are needed to address increased volume and complexity in tax appeal and complexity in various other workloads managed by our legal staff as defined within our proposal.

FTB's Legal Division represents FTB in appeals before the Office of Tax Appeals, also known as the OTA.

Since the OTA's inception in 2018, FTB has received more than 50 percent increase in a number of existing appeals.

In addition, there is increasing complexity in matters pending before the OTA and matters in docketed protest. This augmentation ensures timely resolution of taxpayer disputes.

The final proposal is a Voluntary Income Tax Assistance, or VITA, Expansion. This requests one-time funding of \$1.2 million to extend five limited-term positions that are set to expire on June 30th of 2022, for one year. And to allow for reimbursement of costs incurred by the Department of Community Services Development for the administration of the California Earned Income Tax Credit, or CalEITC credit.

These resources will allow FTB to administer the VITA program and expanded levels in order to support the Fiscal Year '22-'23 funding that's been appropriated to increase free tax preparation and to expand marketing and outreach of CalEITC.

I would like to formally request your approval of these three proposals. I'm happy to answer any questions you may have.

CHAIRPERSON YEE: Great. Thank you, Thi.

Questions or comments, Members?

(No response.)

CHAIRPERSON YEE: Okay. Seeing none.

And, Member Miller, you will be staying off of these proposals?

MEMBER MILLER: (No audible response.)

CHAIRPERSON YEE: Okay. Great. Thank you.

All right. We do have the three budget change proposals before us.

Is there a motion to approve them?

Oh, I'm sorry. Let me -- let me -- I will take that back.

Let me see if there are any members of the public wishing to speak on this item, in person or on the teleconference line. We'll first take the members of the public on the phone line and then any members of the public here in the auditorium.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

We do have a comment from Christine Grab.

Please go ahead.

MS. GRAB: My name is Christine Grab.

In 2017, I asked FTB to enter unlawful practice of withholding estimated tax payments and to refund me the \$15,000 in penalties that were fraudulently imposed as a result of this unlawful business practice.

FTB told me that I would have to sue them. So I did.

The court case has dragged on for over two years. FTB has never denied in court --

CHAIRPERSON YEE: Excuse me, Ms. Grab.

MS. GRAB: -- that their withholding practices are unlawful --

CHAIRPERSON YEE: Excuse me, Ms. Grab.

MS. GRAB: -- and per -- as per --

CHAIRPERSON YEE: Your comments are not relevant to this agenda item; so I'm going to thank you for your comments and we'll move on.

The next caller?

PHONE MODERATOR: Thank you. There are no further public comments in queue at this time.

Please continue.

CHAIRPERSON YEE: Thank you very much.

And seeing no members of the public who wish to speak on this item here in the auditorium, let me -- I actually have one question. It was on the third -- the third BCP. And we just talked about the VITA Program.

And so in terms of the resources that are being requested to administer VITA and expanded level. So this is just expanded to be commensurate with the grant funding.

Is that the expansion?

MS. LUONG: Yes, that's correct.

CHAIRPERSON YEE: Okay.

MS. LUONG: Because for the last five years, the -- under the Governor's budget, there's been the appropriation for the grant funding --

CHAIRPERSON YEE: Right.

MS. LUONG: -- but because it is one time in nature, we have never received ongoing augmentation.

CHAIRPERSON YEE: Right.

MS. LUONG: So in the current fiscal year, with the \$1,500 grant funding, we did receive the five one-year, limited-term resources.

CHAIRPERSON YEE: Okay.

MS. LUONG: And this is the fixed end for the next fiscal year to ensure that we are able to provide those same level of services.

CHAIRPERSON YEE: Okay. No. I appreciate that.

I just want to be sure that, given the limitations that we have had in terms of VITA volunteers and the capacity of the program certainly affected by the pandemic, that we're just kind of monitoring this to see what the future looks like for this; so...

But I will go ahead and -- I will move approval of the three budget change proposals before us.

Is there a second, Member Cohen?

MEMBER COHEN: (No audible response; hand raised.)

CHAIRPERSON YEE: Thank you.

Seconded by Member Cohen.

Without objection, let me note, Member Miller will be abstaining from these items. So without objection, that will be the order.

Thank you.

MS. LUONG: Thank you for your support.

CHAIRPERSON YEE: All right. Then next we'll have Michael Banuelos present the contracts for approval.

Good afternoon, Michael.

MR. BANUELOS: Hi. Good afternoon, Madam Chair, and Board Members.

Madam Chair, if I may take a moment to echo your opening comment, it is very nice to be here with you today in person as well.

CHAIRPERSON YEE: Yes.

MR. BANUELOS: My name is Michael Banuelos, and I'm the Director of the Franchise Tax Board's Procurement Bureau.

Today I will be presenting four Administrative Items for your review and approval. I will first present three proposed support contracts exceeding \$1 million, and then I will present one Facility Action Item Request for your approval.

The first proposed contract I am presenting for your approval is a software maintenance renewal for our suite of Genesys software products.

Genesys software is a major component of our contact center platform and supports FTB's phone communications as well as our live chat functionalities.

Genesys products were brought in to FTB in 2006, and we have continued to successfully build upon that platform.

Without this contract, FTB runs the risk of having our Contact Centers down. FTB's Interactive Voice Response System receives upwards of seven million calls a year, and without these tools we may only be able to answer a small portion of this call volume.

Without this agreement we run the risk of decreased levels of customer service and possible revenue loss to the State.

The anticipated term of the new agreement is for three years, and is estimated at \$3 million, and we are planning on conducting a competitive bid for that effort.

Our second request seeks approval to renew our software support and maintenance agreement for iCapture products that support our Ibml scanners. Ibml are the scanners that are used to scan paper tax returns and taxpayer correspondence, and iCapture is the software that is used to collect data.

These tools are part of our scanning solution that allow us to scan upwards of 70 million pages of documents a year, and deposit billions of dollars into the State's bank accounts.

If we're -- if we are unable to renew the support agreement, it may impact tax-processing time frames and could also delay FTB's ability to generate revenue.

Our existing support agreement expires in June of 2022. The estimated value of the one-year renewal contract is approximately \$1.1 million, and we also plan on conducting a competitive bid.

And our last request seeks approval to renew our software support and maintenance contract for Microsoft products that support our internal operations. These Microsoft products are critical for our internal server operating systems, that include database solutions as well as development tools that our technologists rely on.

All Windows servers in the Department utilize these tools.

If this agreement is not renewed, it could result in multiple obsolete versions of Microsoft server software products which are no longer supported and, therefore, could present operational risks.

These vulnerabilities could also cause FTB to be out of compliance with State-mandated security requirements. Our existing agreement expires in May of 2022. And we are anticipating a three-year agreement, estimated at approximately \$2.4 million, and we are planning to use the Department of General Services agreement to conduct the procurement.

These are the three agreements that I am seeking approval of, and would be happy to answer any questions you may have.

CHAIRPERSON YEE: Thank you, Michael, very much.

Questions or comments, Members?

(No response.)

CHAIRPERSON YEE: Okay. Seeing none, let me see if there are any members of the public who wish to address us on this item. We'll take the members of the public on the phone line first and then call on any member of the public in person here in the auditorium.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much.

Seeing no members of the public coming forward in the auditorium on this item, do we have a motion for approval of the contracts?

MEMBER MILLER: I will move approval of the three contracts, please.

CHAIRPERSON YEE: Thank you, Member Miller.

We have a motion by Member Miller.

Second by -- I will second that motion.

Let's see. Is there -- without objection, such will be the order.

Thank you.

MR. BANUELOS: Thank you very much for your support of the contracts.

CHAIRPERSON YEE: Okay. And the next item, I believe we have a Facility Action Request, yes?

MR. BANUELOS: Yes, ma'am.

CHAIRPERSON YEE: Okay.

MR. BANUELOS: The next item I'm presenting for your approval is a Facility Action Item related to our New York Field Office. Our existing lease in the New York Field Office expires in May of 2023, and I'm requesting approval for us to submit a request to the Department of General Services to negotiate a new lease.

Currently the Field Office houses approximately 100 audit staff in two suites, each located on separate floors. We would like to look into the feasibility of staying in the same facility but consolidating all of the staff on one floor.

In working with DGS, we'll -- we will be taking into account projections based on the State's new telework policy, recognizing the need for office-centered employees as well as remote-centered employees.

We believe there's benefit to consolidating the staff, and there are other ancillary benefits such as a larger conference room and training room for our teams.

At this time I'm requesting your approval to submit this request to DGS, and would be happy to answer any questions you may have.

CHAIRPERSON YEE: Great. Thank you very much.

Questions or comments, Members?

Okay. Seeing none, let me see if there are any members of the public who wish to speak on this item in person or on the teleconference line.

Let's see if there are members of the public on the phone line, followed by those here in the auditorium.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you.

Seeing no members of the public coming forward on this item here in the auditorium, do we have a motion for approval of the Facility Action Request?

MEMBER MILLER: I will move approval.

CHAIRPERSON YEE: Okay. We have a motion by Member Miller.

Second by Member Cohen?

MEMBER COHEN: (No audible response; hand raised.)

CHAIRPERSON YEE: Great. Thank you.

Without objections --

MEMBER COHEN: Yes.

CHAIRPERSON YEE: Thank you.

-- such will be the order.

Thank you, Michael.

MR. BANUELOS: Thank you for your time today.

CHAIRPERSON YEE: All right.

And then lastly, Thi, you have a blanket -- out-of-state travel blanket to present to us, yes?

MS. LUONG: Yes.

CHAIRPERSON YEE: Okay.

MS. LUONG: Our last, final item for your approval, is FTB's planned Fiscal Year '22-'23 out-of-state blanket travel as required under Board Resolution 98-19. This Resolution requires that out-of-state travel that exceeds \$50,000 and is for a purpose other than travel related to work on audit and case-specific representation, such as legal and collection activities, to be annually approved by the Board.

FTB's out-of-state travel is largely for Audit and Legal staff to conduct audits or legal activities. But in addition to these essential activities, FTB staff may also travel for other critical activities such as relevant training that cannot be obtained within California, or travel in support of technology implementation at our Field Offices.

In all cases, FTB does limit travel only to states where travel is allowed.

For Fiscal Year '22-'23, FTB would like to request permission to exceed \$50,000 and obtain approval for up to \$153,000. Of this, \$128,000 is for planned travel, and \$25,000 is for contingencies as necessary.

The contingency amount is needed in the event staff need to travel out of state for emergencies or in support of implementation activities to meet mandates.

These unanticipated events will be supported by an Individual Trip Request that's approved via the statewide process.

Thank you. Happy to answer any questions you may have.

CHAIRPERSON YEE: Thank you, Thi.

Members or -- comments or questions?

(No response.)

CHAIRPERSON YEE: Okay. Seeing none, let me see if -- is -- there is any member of the public wishing to speak on this item, either in person or on the teleconference line, and we will proceed with those on the phone line first, followed by anyone here in the auditorium.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much.

And seeing no members of the public coming before us on this item here in the auditorium.

Members, is there a motion on this matter?

MEMBER MILLER: I will move approval.



CHAIRPERSON YEE: Okay. Motion by Member Miller.

Second by Member Cohen?

MEMBER COHEN: Yes.

CHAIRPERSON YEE: Without objection -- thank you.

That motion passes.

Thank you very much.

All right. Item Number 6. And let me turn it over to our Executive Officer, Selvi Stanislaus, for the Executive Officer's Time.

Go ahead, Selvi.

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

To begin my time today, I would like to welcome back the Honorable Malia Cohen to the FTB Board.

On behalf of FTB, we look forward to your service once again on this Board and appreciate your continued dedication to the more than ten million Californians in the BOE Second District.

Ms. Cohen, your distinguished service on the Board of Equalization as well as your experience as the President of the City and County of San Francisco's Police Commission will be of great value to this Board.

We sincerely appreciate the unique perspective that you bring to us.

As always, we value the perspective and experiences that our entire Board brings to the table, especially under the leadership of the Controller, the Honorable Betty Yee.

And thank you to Member Gayle Miller for your continued role and assistance to FTB as the Board Member for Department of Finance.

I really can't think of a better-suited group of leaders ready to tackle the work and the opportunities ahead for the Franchise Tax Board.

So I would also like to use my time to recognize our FTB employees and quickly touch on some of the outreach efforts we made and will continue to make to promote CalEITC and VITA, which are both incredibly important to California taxpayers.

So in recent months, FTB's VITA Team completed close to 40 statewide training sessions for nonprofits, such as the United Way and AARP, as well as five military bases.

Our VITA Team also just completed virtual VITA training for 165 FTB employees who participated at community VITA events.

So far, approximately 30 local United Way coalition sites have held close to 200 various virtual; drop-off; or small, in-person events, on weekdays and Saturdays, to assist local taxpayers prepare their returns.

To date, FTB volunteers have participated in more than 50 community events, and FTB VITA staff and volunteers have already prepared and filed more than 1,800 federal and state tax returns.

So we will continue to have FTB VITA volunteers participate in this season, and we will be ready to participate in a larger scale in person next year; the sort of events that you might recall that United Way held at the Grant High School in past years.

As far as our efforts for the CalEITC outreach, our Creative Services Unit and our Public Affairs staff -- we collaborated to update the look and feel of our marketing materials for 2022. We also updated our CalEITC webpages. We included our EITC calculator. We also prepared for this tax season and ready to conduct media interviews in English and Spanish, and to assist legislative officers and nonprofit groups.

We will also be emphasizing CalEITC and the Young Child Tax Credit in our press releases, via social media, and we have updated our English and Spanish social media tool kits for this year.

These tool kits have been provided to our various outreach partners, who do an amazing job at letting people know about these valuable credits.

So during these extraordinary times, FTB has been called upon to go above and beyond our usual duties in order to administer much-needed relief to Californians. The Golden State Stimulus, GSS, Program is the largest statewide tax rebate in the nation. As of March 14, FTB had issued over 12.9 million Golden State Stimulus awards, totaling more than \$8.8 billion.

In addition, FTB stands ready to assist the administration and the legislature with any other stimulus programs should we be called upon to do so.

I have complete confidence that FTB can successfully deliver assistance to Californians, as we have done with GSS I and II.

So in conclusion, I want to, again, express my gratitude to you, our Board Members, who always provide valuable perspective and feedback.

FTB's continued success, despite the lingering challenges of the pandemic, is due, in no small part, to your outstanding leadership.

And, finally, I have to say, beaming with pride, I want to thank my FTB family, all 5,000-plus of us, for an incredible, amazing 2021 year. We accomplished a lot. And I'm very, very proud of all their work.

Thank you, Board Members, for your time.

CHAIRPERSON YEE: Thank you very much, Selvi.

Let me turn to the Members first for any questions or comments.

Member Cohen, anything?

MEMBER COHEN: I have no questions.

CHAIRPERSON YEE: Okay.

MEMBER COHEN: Thank you for the welcome, Selvi.

CHAIRPERSON YEE: Thank you.

Member Miller, any comments?

MEMBER MILLER: No. Just to really shout out the whole team, the Executive Team, who have been in the office every day since March 13th, 2020. And it just shows an extraordinary commitment to the State of California, to the taxpayers, to your team. And it is a light in this dark world.

So I'm very grateful to everything you have done.

CHAIRPERSON YEE: Great. Thank you. Thank you.

Let me reserve my comments during Board Member Time and see if there are any members of the public who wish to speak on this item.

We will turn first to our phone callers who are present, trying -- who wish to address the Board on this item, and then we'll turn to those in the auditorium here.

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in queue for public comment, as a reminder, you may press 1, then 0, at this time.

(No response.)

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

Please continue.

CHAIRPERSON YEE: Thank you very much.

And seeing no members of the public here who wish to address us on this item, we will move on to Item Number 7, which is Board Members' Time. And I will turn, again, to my colleagues, to see if there are any further comments you wish to provide.

(No response.)

CHAIRPERSON YEE: No? Okay.

Member Cohen, anything?

(No response.)

CHAIRPERSON YEE: Okay. Very well.

First of all, let me just say, I think I speak on behalf of my colleagues, thank you to Selvi and the Executive Team.

You know, the tone that is set in the -- throughout this organization truly comes from the top, and can't say enough about how, as we have all just heard this afternoon, the can-do spirit and attitude of this organization, particularly during this time, when so many Californians are counting on their government agencies to come through. Just very, very proud of what has been accomplished and will continue to be accomplished for Californians up and down the state.

I also know that this organization is very generous to a person when their colleagues are in need of help. And, again, during -- throughout this pandemic, just a thank-you to each of the team members here at the Franchise Tax Board for checking in on your colleagues and checking in on your neighbors, and just being sure that everyone was doing all right and feeling -- just staying healthy and safe. But also, every day just became challenge after challenge. And I think just having those just casual check-ins meant a lot to so many people. And I know I heard quite a bit of that during the time of the pandemic here at this organization.

As many of the team members are coming back in to work, again, just thank you. Thank you for your continued commitment. Things probably feel a little strange and different coming back in to work, but I have to say, just walking into this auditorium and seeing faces, just truly made my day. So I hope it continues to -- just to add light to each of our days going forward.

But speaking about the "can-do" attitude and just the generosity of spirit for the team members throughout this organization, I have the tremendous honor of presenting, as you heard about earlier, the Governor's Citation for Heroic Service to the Franchise Tax Board's own Richard Siemers.

And I would like to read the citation because -- any of you who know Richard knows that he's quite modest, doesn't like attention kind of thrust his way, when, in fact, he has been really the person, probably the most responsible, for ensuring the health and safety of all of our employees and certainly our facilities here during the COVID pandemic, as our Health and Safety Officer.

And the citation reads (as read):

"On the evening of April 15th, 2020, Richard Siemers and his wife, Yvette, decided to take their dog for a walk to decompress and relax. Just before returning home, a passing driver stopped the couple and told them about a man who had collapsed nearby and was lying against a fence. Mr. Siemers and his wife immediately started in that direction."

"Upon finding the unresponsive man, the two asked a nearby neighbor to call 911 for help. Mr. Siemers noticed the man did not appear to be breathing. As a long-time cardiopulmonary resuscitation certified employee, Mr. Siemers wasted no time and began performing CPR. He continued until emergency medical personnel arrived at the scene. With the help of medical staff, the man started breathing and regained a pulse before being transported to the hospital. Over the course of the following months, the victim recovered and had necessary heart surgery."

"Unique to this incident, there was an unknown risk of COVID-19 and any interaction could have meant exposure to the virus. After the event, Mr. Siemers remained quarantined at home for several days. During that time, he did not miss a call or video conference, performing his important role as the Franchise Tax Board's Health and Safety Officer, always making sure everyone at the FTB is healthy, safe, and well."

"With no regard for his own safety, Mr. Siemers went above and beyond the call of duty. The State of California and I, as Chair of the Franchise Tax Board, along with my colleagues, Member Miller, Member Cohen; and I know shared by Selvi Stanislaus, Executive Officer of the Franchise Tax Board, take great pride in presenting the Silver Medal of Valor to you, Franchise Tax Board Administrator II, Richard Siemers."

Congratulations.

(Applause.)

MR. SIEMERS: Thank you for the recognition and the award. I remember when I took my first first aid class 22 years ago, I knew at that point I wanted to use my skills and abilities to help others.

Over the next 21 years, I continued with my training. I also became an instructor in first aid and CPR. And I always told myself, if I could help save one life, then all my training would be worth it. You know, just that one life. And with the surprise to myself, I was able to actually save two lives.

So the first life was my daughter, when she was two years old. I used my Heimlich skills to free an obstruction from my daughter when she was choking.

The benefit of that event, she called me "Superman" for about three years, and then that faded away. Was -- it was really nice.

I am -- I am happy to say that my wife and my son and now my 17-year-old daughter are here today to be a part of this ceremony. So that's very nice having them here with me.

The other event is why I'm being recognized here today. The event took place at a time when we knew very little about the virus. People were staying home, vaccines weren't available. Hospitals were filling up. And I knew when I responded that there would be a risk to myself, but I knew I was placed at that moment, at that time, for a reason. And I'm very fortunate and blessed to be able to save a life of another individual.

So I hope that I'm able to use these skills in the future to help others. So, once again, thank you for recognizing me for this award.

(Applause.)

CHAIRPERSON YEE: Thank you very much, Mr. Siemers. And let me just acknowledge your wife, Yvette, who is here; and your daughter, Maya; and your son, Emilio, are here.

And I'm going to ask all of you to please proceed to the stage so that I may present the award to you.

(Applause.)

CHAIRPERSON YEE: Thank you very much. I kind of like that name, "Superman." Every agency needs a Superman, right?

Thank you very much. And, really, congratulations to you and your family, Mr. Siemers, for just going above and beyond.

Thank you, Members.

Our next item is a Closed Session Item. The Board will be going into Closed Session at this time. And we will return to this platform upon the conclusion of the Closed Session. So we will adjourn to Closed Session at our nearby location.

(Closed session held outside the presence of the Certified Shorthand Reporter: 3:07 p.m. to 3:32 p.m.)

CHAIRPERSON YEE: Good afternoon. Thank you. We'll reconvene the Open Session of the Franchise Tax Board meeting. The Board did meet in Closed Session and discussed pending litigation.

And seeing no other business coming before the Board, which will conclude the Board meeting for today. Let me just say thank you, again, to the Franchise Tax Board Team for making this in-person meeting possible.

And we are adjourned. Thank you all very much.

(Proceedings concluded at 3:32 p.m.)

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CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of April 2022.

/s/ Kathryn S. Swank

KATHRYN S. SWANK, CSR

Certified Shorthand Reporter

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