

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2023-24	Business Unit 7730	Department Franchise Tax Board	Priority No. 001
Budget Request Name 7730-029-BCP-2023-A1		Program 6280	Subprogram 6280010/6280019

Budget Request Description
 Customer Service Resources

Budget Request Summary

The Franchise Tax Board (FTB) requests \$7.00 million in General Fund for 53 positions and funding to upgrade 202 positions for Fiscal Year (FY) 2023-24, \$6.50 million in General Fund for 53 positions and funding for upgraded positions in FY 2024-25, \$6.41 million in General Fund for 52 positions and funding for upgraded positions in FY 2025-26, and \$5.32 million in General Fund for 40 positions and funding for upgraded positions in FY 2026-27 and ongoing to enable the department to effectively conduct business with taxpayers and tax practitioners, interact in ways that are fast and efficient for them and provide information allowing taxpayers to meet their tax filing and payment obligations. These resources will enhance customer service levels on personal service contact center channels including phone, chat, and correspondence.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. **Project Approval Document:**
Approval Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Department Director	Date	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

PPBA	Date submitted to the Legislature
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Analysis of Problem

A. Budget Request Summary

The Franchise Tax Board (FTB) requests \$7.00 million in General Fund for 53 positions and funding to upgrade 202 positions for Fiscal Year (FY) 2023-24, \$6.50 million in General Fund for 53 positions and funding for upgraded positions in FY 2024-25, \$6.41 million in General Fund for 52 positions and funding for upgraded positions in FY 2025-26, and \$5.32 million in General Fund for 40 positions and funding for upgraded positions in FY 2026-27 and ongoing to enable the department to effectively conduct business with taxpayers and tax practitioners, interact in ways that are fast and efficient for them and provide information allowing taxpayers to meet their tax filing and payment obligations. These resources will enhance customer service levels on personal service contact center channels including phone, chat, and correspondence.

B. Background/History

FTB serves the public by continually improving the quality of products and services and performing in a manner warranting the highest degree of public confidence with integrity, efficiency, fairness, and equity.

FTB is responsible for administering the income and franchise tax laws for the State of California. Staff process tax returns and payments, issue refunds to Californian's, conduct audits and filing enforcement actions, collect debts owed the state and support numerous service functions allowing for each of these compliance activities to occur. As a result of FTB's efforts, in FY 2021-22, FTB processed more than 22.5 million tax returns, over 10 million payments, responded to more than 2.9 million telephone calls, serviced over 70 million internet contacts, and collected about \$190 billion in revenue, representing approximately 77 percent of California's General Fund revenue¹. The General Fund is utilized to fund necessary services for all Californians across the state including but not limited to education, safety and social service programs, and law enforcement.

FTB provides direct service and guidance to millions of Californians annually to enable them to meet their obligation to file and pay the correct amount of tax voluntarily. FTB's goal is to provide taxpayers and tax practitioners the help they need to resolve their tax questions at the first point of contact. FTB provides customer service through four primary contact center channels.

1. Telephone: The Taxpayer Services Call Center and Tax Practitioner Hotline are operative Monday through Friday, 8:00am to 5:00pm.
2. Interactive Chat via the Internet: Authenticated and Non-Authenticated Chat are operative Monday through Friday, 8:00am to 5:00pm.
3. Written Correspondence: Correspondence can be sent and received via the internet or postal delivery services.
4. Self-service Applications: Website and MyFTB are available 24/7.

Interdependencies exist between the customer service channels. If one channel experiences high demand and is not adequately resourced, customers will make additional contacts to the other service channels causing a strain on those service channels. For example, if a customer cannot get assistance on the phone, they may send correspondence. Conversely, if there is a correspondence backlog, a customer will either call and/or chat. The result is that the customer makes multiple contacts to FTB to obtain assistance, further burdening all service channels.

¹ Revenue figures based on the 2021-22 Cash Report reported in the Department of Finance's July 2022 Finance Bulletin.

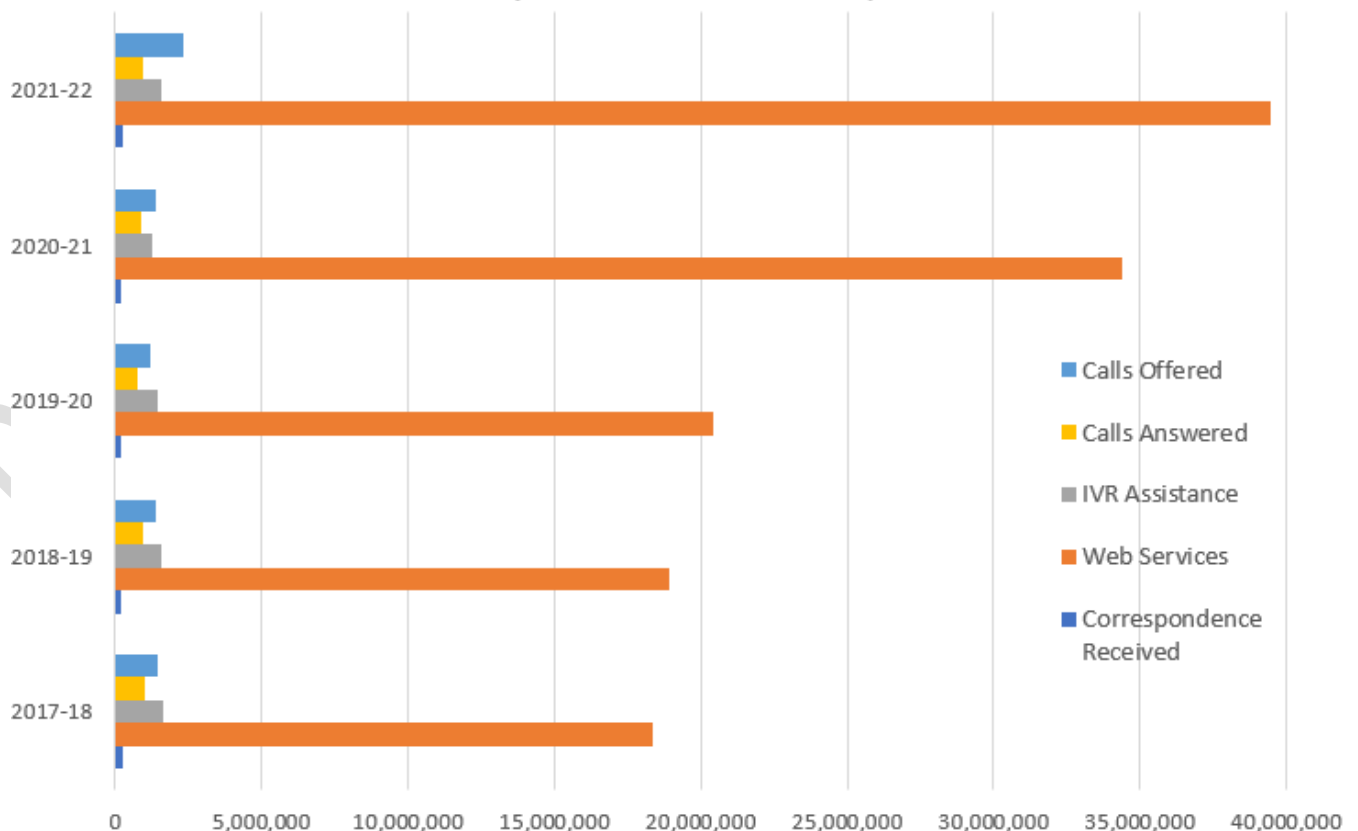
Customer service is critical to ensuring that taxpayers get answers to their questions and help them timely and accurately file and pay. FTB strongly believes the current customer service levels and response times are not sufficient to meet taxpayers' needs.

- In FY 2021-22, FTB was unable to answer over 336,365 calls to the Tax Practitioner Hotline, resulting in a 49% Level of Access (LOA).
 - For FYs 2020-21 and 2021-22, the contact center received extensive contacts related to the Golden State Stimulus I and II programs and is reflected in the LOA levels.
- In FY 2021-22, 158,545 Live Chats went unanswered resulting in a combined LOA of 54% for the Authenticated and Non-Authenticated Chat channels.
- In the past, the response time to address taxpayer's written correspondence typically ranged from 30 to 70 days. However, in recent years, the response time has increased to between four to five months.

FTB believes this is an unacceptable level of customer service for California taxpayers trying to do the right thing and file, pay, and otherwise meet their tax obligations. FTB's inability to provide adequate customer service leaves taxpayers of California struggling to find answers to tax questions needed to comply with filing requirements as well as pay outstanding tax liabilities and jeopardizes the timely collection of revenue for the state.

In the previous decade, FTB actively pursued enhancements to its customer service channels to address taxpayers' needs as well as enhance levels of service without additional resources. FTB has successfully deployed numerous website applications and tools including self-service tools to manage personal customer service channels that have been of great service to California taxpayers. These tools have been well received and are heavily utilized by taxpayers to gain information. Since 2017, the visits to FTB's website have increased by almost 160%. Below is a graph showing how the primary customer service channels have reacted with the significant enhancements FTB made during recent years:

Primary Service Channels Compared



Despite the enhancements implemented, FTB has found that taxpayers and tax practitioners still desire a high level of personal service for the following reasons:

For taxpayers:

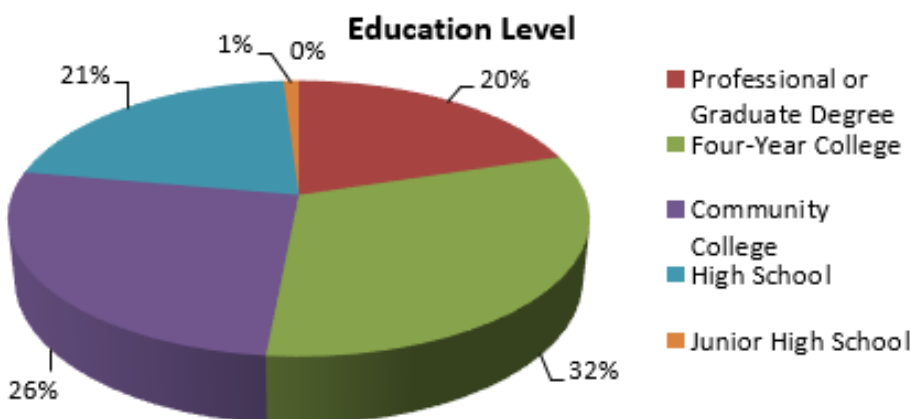
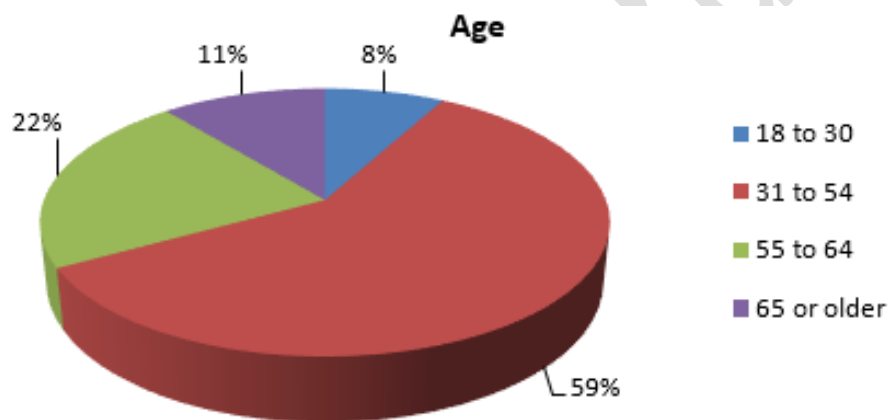
- Their tax issue is complex, and they want assistance and reassurance from an agent that they are addressing the issue correctly and the matter is resolved.
- They are seeking confirmation from an agent that they are addressing their complex financial issue correctly to ensure they are minimizing future penalties and interest.
- A portion of the population does not use the internet. According to the Pew Research Center, 7% of Americans do not use the Internet (Pew Research Center, 7% of Americans don't use the internet. Who are they? April 2, 2021).

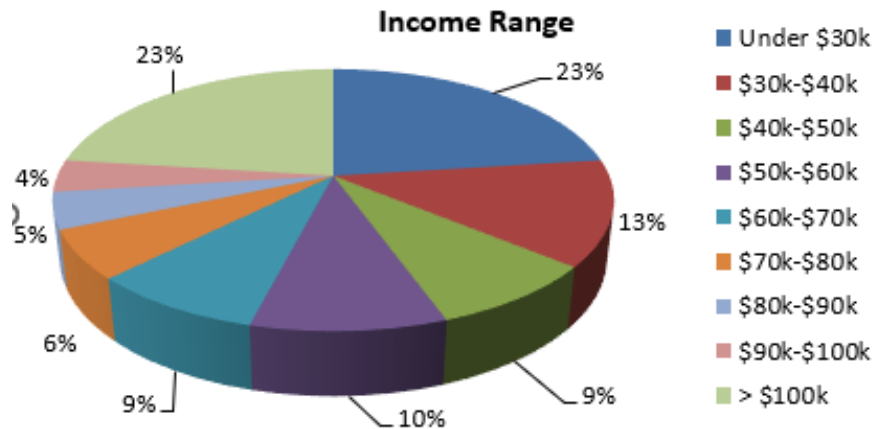
For Tax Practitioners:

- Their client has not provided them or does not have key information they need to file the tax return such as estimate payment amounts or other credits.
- Their client's issue is complex, and they need to receive assistance from an agent to address it correctly.

A question that FTB frequently receives is who uses the customer service channels. During 2015 FTB worked with the California State University, Sacramento, to conduct a survey of individuals who called FTB for assistance. As shown in the demographic charts below, the survey highlights that FTB provides personal assistance to all Californians regardless of age, education, and income level. While this data is aging, FTB does not have any information to indicate it has changed significantly enough to not be relied upon.

Demographic Information of Individuals Who Called FTB for Assistance





Tax Practitioner Hotline

The Tax Practitioner Hotline (TPH), established in 1987 provides exclusive services to tax practitioners, such as attorneys, enrolled agents, and Certified Public Accountants (CPAs), via telephone on a variety of tax related issues. Tax Practitioners prepare over 66% of California state filed personal income tax returns. Understanding that these individuals provide service to many individuals in their course of business, the FTB has a dedicated line to ensure they can get answers to their questions and serve the public at large. This call center is California's primary contact for tax practitioners seeking information regarding their clients' FTB Personal Income Tax (PIT) and/or Business Entity (BE) accounts, as well as income tax laws and policies.

TPH agents are responsible for analyzing and correcting individual and business entity account errors and provides information regarding taxpayer liabilities, collection notices, filing enforcement assessments, and audit assessments. With the continuing implementation of new programs and tax laws, each contact to the TPH becomes more complex to resolve. The TPH was once the most stable service channel in the contact center and consistently met or exceeded its 75% LOA goal with minimal redirection of staff; therefore, this service channel was not included in FTB's FY 2016-17 Customer Service Spring Finance Letter. Since then, the calls offered to the TPH have increased year over year and have increased by 89% since FY 2017-18. Redirection of staff have helped increase the number of calls answered in recent years, but the level of service has continued to drop, as reflected in the following chart²:

Fiscal Year	Calls Offered	Calls Answered	LOA
2017-18	350,209	268,795	76.8%
2018-19	380,250	293,921	77.3%
2019-20	419,294	284,767	67.9%
2020-21	505,114	331,432	65.6%
2021-22	662,613	326,248	49.2%

Many reasons have contributed to the significant growth in calls including:

1. Tax Professionals Need Verification of the Estimate Payments Made by Their Clients

In the last several years, with the significant data breaches of personally identifiable information (PII), FTB has had to impose tighter restrictions on access to taxpayer specific data via our electronic tools. Additionally, with the passage of the General Data Protection Regulation (GDPR) in the European Union and the enactment of Assembly Bill 375 (2018), the department needed to implement further security measures to ensure FTB provides taxpayer data to only authorized individuals. For tax practitioners representing a client to resolve a tax dispute or liability, this has generally not imposed significant limitations. However, for practitioners attempting to file a return by a certain date without the need for

² For Fiscal Years 2020-21 and 2021-22, the contact center received extensive contacts related to the Golden State Stimulus I and II programs and is reflected in the LOA levels.

ongoing access to a taxpayer's account, these additional security levels have posed limitations on the practitioners' ability to access their clients' information timely or at all.

Practitioners frequently validate estimate payments with FTB for their clients prior to filing tax returns. FTB fully supports this as it allows practitioners to correctly file accurate and timely returns as well as avoid falling into FTB's non-compliance activities. The enhanced security restrictions have eliminated the ability for timely and limited access to taxpayer information needed to file a tax return (an annual activity) or address a one-time question.

2. Increasingly Complex Tax Laws and New Programs Result in Higher Contacts from Tax Professionals

In recent years, tax professionals have been challenged by new tax laws and/or programs at both the Federal and State level including Federal Tax Reform, American Rescue Plan Act, Earned Income Tax Credit, Health Care Mandate, Inflation Reduction Act, Coronavirus Aid, Relief, and Economic Security Act (CARES), the Consolidated Appropriations, and the Pass-Through Entity Elective Tax. More taxpayers are likely seeking assistance from tax professionals to help them navigate the complexities involved in the ever-changing tax landscape.

3. Increased Notices to Taxpayers Result in Higher Contacts from Tax Professionals

Expansion of compliance workloads under the Enterprise Data to Revenue project and other general enhancements implemented by FTB has steadily increased the volume of tax notices FTB issues each year to taxpayers. With 66% of the personal income tax returns filed by a tax professional, there is a strong likelihood that additional notices are received by a taxpayer represented by a tax professional. It is important for FTB to address tax professionals' questions on notices of tax due before the notices become past due. Failure to address these calls when the notice is issued subjects the taxpayers to additional interest and penalties, requires costlier actions on behalf of FTB as the notice journeys through our collection process, and delays revenue into the General Fund.

FTB has initiated several strategies and process improvements to address the growing demand in tax practitioner calls, including the following:

- In January 2016, implemented MyFTB for taxpayers and authorized representatives to have 24/7 access to account information including estimate payments. As noted above, additional security measures have prevented tax professionals from having simplified and immediate access to their client's information.
- In 2019 and 2020, implemented a pilot to send notices to business entity taxpayers detailing estimate payments and other tax credit balances so they could provide this information to their tax practitioners. FTB issued one million of these notices early in each calendar year. Although we received positive feedback from some tax practitioners who received these notices from their clients, others continued to call because their clients did not provide them the notice. Call volumes continued to grow during the pilot. FTB determined that the annual resource cost to mail these notices was not cost-effective since we did not achieve the desired results to reduce calls.
- In FY 2019-20, 16 permanent Tax Technician positions were redirected from the Taxpayer Services Call Center and converted to Customer Service Specialist to create an additional TPH Team.
- Since FY 2019-20, FTB redirected an additional 10 to 20 Limited-Term Customer Service Specialists during the peak filing season each year. These Limited-Term staff typically come from the Taxpayer Services Call Center. As a result, the Taxpayer Services Call Center has been negatively impacted during their peak season by these temporary redirection efforts. To protect service levels in the Taxpayer Services Call Center, this redirection is not sustainable ongoing.

- As the customer level of service declines below the targeted goal, quality assurance staff and leads are redirected to answer calls. This practice sacrifices call quality and staff development for minimally improved customer service levels and is not sustainable.

Live Chat

Live Chat provides taxpayer assistance via an interactive Internet based connection accessed through the FTB's home page. It serves as an additional service channel for taxpayers who would otherwise have called the contact center or corresponded with FTB. Chat offers a seamless interaction with FTB's website page. Whenever possible, taxpayers are referred to website pages with comprehensive information about their topic. This encourages taxpayers to self-manage follow-up questions.

The department offers two Live Chat channels: Non-Authenticated Chat and Authenticated Chat.

Non-Authenticated (NA) Chat was initiated in FY 2010-11 to handle general questions and offers a production advantage as a service delivery channel over telephone or correspondence channels because chat agents handle up to three chats at a time. Spring boarding on the success of the general, NA Chat, FTB introduced Authenticated Chat (Auth Chat), also known as MyFTB Chat, in January 2016 as a companion to the vastly expanded MyFTB Account. Auth Chat allows a customer to chat about account specific information. Since the chat requires the agent to address account specific information while navigating FTB's systems, an Auth Chat agent is only allowed to handle one chat at a time to minimize the risk of an unauthorized disclosure. This policy decision was made in consultation with FTB's Privacy, Security, & Disclosure Bureau.

NA Chat agents handle an average of 6.18 general information chats per hour as compared to the current average of 3.0 chats per hour for Authenticated (Auth) Chat agents.

Live Chat has grown in popularity over the years for many reasons including the increase in mobile devices and the anticipated immediate response for customers on this service channel. The ability to select chat directly from a web page makes the channel easier to access. Our customers also benefit from the response that not only includes answers to their questions but also links to reference materials or registration for MyFTB. These responses tend to aid the customer with self-serving for their state tax questions in the future. The table below shows the total Live Chat growth volumes and the impacts to the LOA for this service channel over the past five Fiscal Years³.

Fiscal Year	Non-Authenticated			Authenticated		
	Chats Offered	Chats Answered	LOA	Chats Offered	Chats Answered	LOA
2017-18	97,695	84,211	86.2%	41,608	33,004	79.3%
2018-19	93,420	80,253	85.9%	49,766	39,286	78.9%
2019-20	70,573	59,675	84.6%	49,767	42,442	85.3%
2020-21	127,454	72,531	56.9%	77,223	50,791	65.8%
2021-22	143,965	85,943	59.7%	200,984	100,461	50.0%

In recent years, FTB has experienced pattern changes as well as a gradual transition of customers from NA Chat to Auth Chat. In addition, in February 2022, FTB implemented real time identify proofing, which allowed individuals and tax professionals the ability to register for a MyFTB account without waiting for a PIN letter in the mail. This substantially increased the number of Auth Chats in the 2022 tax filing season. As the chats increased in the last couple

³ For Fiscal Years 2020-21 and 2021-22, the contact center received extensive contacts related to the Golden State Stimulus I and II programs and is reflected in the LOA levels stated in the table.

years, additional temporary help was used to improve the level of service on the Auth Chat channel. However, the level of service was still significantly less than the targeted goal.

FTB has completed several process improvements to improve the chat customer experience and will be initiating others:

- Since many chats received through the NA Chat channel required account specific assistance, we explored opportunities to improve the customer experience to allow for “one & done” service rather than referring the customer to Auth Chat or Taxpayer Services Call Center. During March 2020 through May 2021, NA Chat agents went from handling three chats at a time to one chat at a time to assist customers requiring account specific assistance. Although the customer experience improved, this change significantly limited the total customers served and LOA. In June 2021, NA Chat reverted to handling three, non-account specific chats at a time.
- As mentioned earlier, FTB implemented real time identity proofing in February 2022, which allows individuals and tax professionals the ability to register for a MyFTB account without waiting for a PIN letter. Implementation of a more efficient registration process has contributed to an average increase of 34% more customers using the Auth Chat service in calendar year 2022 compared to 2021.
- We continue to look for opportunities to improve our overall chat service and will revisit the policy to handle only one Auth Chat at a time.
- FTB is currently working with tax practitioners to market MyFTB services and will further expand communication to taxpayers. Our goal is to continue promoting self-service and minimize multiple contacts to our various customer service channels.

Correspondence

FTB staff manages three distinct workloads under the General Correspondence Management category:

- Written correspondence received via the U.S. Postal Service
- Electronic correspondence received via MyFTB Message
- Returned Warrant

With the existing level of resources, this service channel has been able to process written (paper) correspondence within a four-to-five-month period. FTB's goal for responding to correspondence is 30 calendar days. We typically process MyFTB Message correspondence within 30 days whereas our desired goal is 10 days to encourage the use of MyFTB.

Below are the top reasons taxpayers send FTB written or electronic correspondence:

Personal Income taxpayers typically correspond regarding:

- Balance due issues – includes penalties, payments, and withholding issues.
- Requests for payment options – includes questions on how to pay in full and how to set up or request an installment arrangement.
- Refund issues – includes questions about where their refund is and why they have not received it yet.

Business Entity taxpayers traditionally correspond regarding:

- Balance due issues – proof of payment, inquiry of balance due, or filing a claim for refund.
- Pre-filing assistance – estimate payment verification, forms, and tax law questions.
- Refund issue/returned warrant – includes questions about where their refund is and why they have not received it yet and returned warrant issues.

The correspondence service channel is also responsible for processing the department's Returned Warrant workload. This workload includes refunds that are returned to FTB by the customer or the post office within three years of issuance and claims for stale-dated (expired check) or replacement warrants for refunds that are older than three years (SB 836). Prior to June 27, 2016, the law provided that taxpayers who sought the replacement of a stale-dated warrant older than three years from the date of issuance must make a government claim to the Victim Compensation and Government Claims Board (VCGCB). Upon passage of SB 836, the responsibility for reissuance of stale-dated warrants that were originally issued by FTB was transferred to FTB. VCGCB estimated FTB would receive 400 stale-dated warrants annually; however, FTB receives approximately 3,000 warrants per year. FTB did not receive resources as a result of this workload growth.

The table below shows the total correspondence inventory fluctuation over the past five Fiscal Years⁴.

Fiscal Year	Total Correspondence Received	Total Correspondence Processed
2017-18	252,886	251,670
2018-19	205,294	219,527
2019-20	191,903	203,927
2020-21	201,744	160,271
2021-22	281,224	153,704

While the correspondence received each fiscal year has fluctuated, the volume of correspondence processed by this service channel each year declined. The reason for this was due to the redirection of staff to the other service channels that needed customer contacts to be immediately answered to prevent the level of access from further declining and moving to non-compliance collection activities.

We have completed several process improvements over the years to improve correspondence processing as well as utilize several strategies to address the backlog including:

- Continue to leverage EDR tools and process improvements such as:
 - o Electronic routing of correspondence
 - o "Get Most Urgent": An automated function that prioritizes and assigns work to staff
 - o "One and Done" strategy: All correspondence pieces are resolved at one time.
- Integrated free-form letters into FTB's automated noticing system known as the Enterprise Notice System (ENS). Previously, free-form letters needed to be locally printed, retrieved, reviewed, and mailed by the business area. Now that these letters are generated in ENS, the letters are standardized, go through a more thorough and expedited review process, contain fewer errors which reduces subsequent contacts, and are printed and issued faster than before. This change was made to improve both efficiency and consistency (2020).
- Offered daily and weekend overtime to staff on an ongoing basis.
- Received assistance from other knowledgeable staff within the department as capacity allowed. In FY 2021-22, nearly 120,000 correspondence cases were transferred and worked in other business areas. This assistance is not sustainable as many program areas grapple with hiring and retention challenges as well as increased workloads.

⁴ For Fiscal Years 2020-21 and 2021-22, the contact center received extensive contacts related to the Golden State Stimulus I and II programs and is reflected in the volumes stated in the table.

Taxpayer Services Call Center

The Taxpayer Services Call Center is the department's long-standing primary public service telephone call center that provides toll-free assistance to English and Spanish speaking customers regarding their personal and business entity tax accounts. Customer service agents are responsible for the following tasks:

- Facilitate the payment of balances due, analyze and correct individual and business entity account errors and provide information regarding taxpayer liabilities, filing enforcement assessments and collection notices.
- Resolve post-filing return correction and balance due issues prior to formal involuntary collection action.
- Facilitate the filing of timely, complete, and accurate tax returns.
- Promote voluntary compliance through taxpayer education and pre-filing assistance by providing general tax information, processing form requests, and explaining filing requirements, tax law, policy, and procedures.
- Assist taxpayers who are having trouble registering or logging onto MyFTB.

FTB utilizes contact center technology to route incoming calls through an Interactive Voice Response (IVR) software program that attempts to resolve common taxpayer questions without the need for a line agent's interaction and/or redirects callers to the FTB website for common questions and expedited service. Annually, the IVR resolves approximately 1.5 million calls. The system offers some taxpayers choosing to speak with a line agent the option of waiting on hold or receiving a call back from a FTB line agent through the Virtual Hold program.

The table below shows the fluctuation in call volumes and impacts to the customer service LOA over the past five Fiscal Years⁵.

Fiscal Year	Calls Offered	Calls Answered	LOA
2017-18	1,442,813	1,021,431	70.8%
2018-19	1,386,196	931,082	67.2%
2019-20	1,213,137	756,420	62.4%
2020-21	1,411,250	909,047	64.4%
2021-22	2,329,754	932,185	40.0%

In evaluating this service channel, we determined that the call center is adequately staffed due to the FY 2016-17 Customer Service Spring Finance Letter and the FY 2019-20 Baseline Budget Adjustment that converted 46 Permanent Intermittent (PI) to Permanent Full-Time Positions. This determination assumes FTB is able to stop redirecting staff to other compromised workloads that this BCP requests resources for and wherein we are able to adopt the enhanced classification level strategy that funding is requested for in this proposal. The customer level of service has dropped over the years due to the excessively high attrition rate and hiring challenges for both Permanent Full Time and Permanent Intermittent agents. During 2021, we mitigated some impacts to the call center by redirecting correspondence agents to answer phone calls. However, this had a negative impact on our response times to correspondence. If the call center is able to successfully fill vacant positions and hire PIs while minimizing attrition throughout the year, we would most likely meet our desired LOA goal with

⁵ For Fiscal Years 2020-21 and 2021-22, the contact center received extensive contacts related to the Golden State Stimulus I and II programs and is reflecting in the LOA levels stated in the table.

existing funding. This could be achieved by strategies to pre-hire for vacancies within the allowed policy as well as expanding the frequency of hiring.

Contact Center Retention

FTB conducts three large Tax Technician hiring efforts each year to hire call center, live chat, and correspondence agents. These efforts take approximately six months to complete. All new hires spend their first 12 weeks in personal income tax training. After a few months, they receive another week of advanced training. Approximately 12 to 18 months after contact center agents are hired, they attend six weeks of business entity training. The training period is extensive because agents are trained in all aspects of tax law and account resolution so that they may respond to questions regarding filing requirements, filing status, eligible tax credits, payment, installment agreements, penalties, interest, audit assessments, filing enforcement assessments, and involuntary collection actions. Agents are trained in multiple systems including the accounting systems, Taxpayer Folder, and Case Management. Furthermore, they are trained to perform various system transactions. FTB invests a significant amount of resources hiring and training contact center agents.

Unfortunately, FTB is losing its return on investment due to heavy attrition rates among contact center agents. Attrition among agents is expected since they are typically entry level positions, and the nature of the work can be stressful; FTB is experiencing significant attrition rates at the Tax Technician classification.

High attrition leads to less experienced staff which results in declining production rates, reduced quality, and a less than desirable customer experience. Additionally, the continual hiring of new agents increases indirect time due to the time spent in training.

Another critical group within the contact center is the Technical Support Team. This team is staffed at the Customer Service Specialist classification. Team members are the contact center's technical experts and serve on enterprise teams including legislative implementation. Past teams have included Health Care Mandate, Earned Income Tax Credit, Golden State Stimulus, and most recently Middle Class Tax Refund. They are the procedure writers for the RACK, an online manual used by the enterprise. They work with business partners across the enterprise to resolve systemic issues. Team members provide technical assistance to contact center agents and leads on complex account issues. Retention among this group is at risk since their peers performing similar tasks and duties are at higher classifications elsewhere at FTB.

C. State Level Consideration

FTB's administration of California's income tax laws are facilitated by a committed focus to fulfilling FTB's Strategic Plan. Within the Strategic Plan, FTB's Mission is "to help taxpayers file timely and accurate tax returns and pay the correct amount to fund services important to Californians". To accomplish this mission, FTB established four Strategic Goals and Strategies, and has proven successful by considering them while maintaining its Foundational Principles and Values.

The Filing Division supports all aspects of FTB's operations including tax form development, taxpayer education, return filing, payment processing, filing compliance, fraud prevention, and taxpayer assistance. This BCP request aligns with FTB Strategic Goals:

Goal 1: Exceptional Service states the FTB will "Strive to continuously enhance our customers' experience." FTB's ability to provide exceptional service relies on the support provided by the Filing Services Bureau within the Filing Division. Providing timely and accurate taxpayer assistance is crucial to maintaining the health of the voluntary compliance system. Educating and assisting taxpayers is critical in providing the support and tools needed for them to receive refunds and credits such as the Earned Income Tax Credit and Young Child Tax Credit. Low and middle-income taxpayers rely on tax refunds to help pay for rent, food, and child-care.

Goal 4: Operational Excellence states the FTB will “Optimize our processes, products, services, and resources to better service our internal and external customers.” FTB’s ability to better service our external customers rely on services being optimized by the Filing Services Bureau.

D. Justification

In the private sector, customer service is a top priority because unhappy customers tend to purchase less - resulting in significant revenue loss. In government, poor customer service results in frustration when trying to obtain information, and for FTB this results in a revenue delay or loss. When taxpayers are frustrated, they sometimes give up on accomplishing important tasks, like filing their taxes or paying their outstanding tax obligations, simply because it is too difficult to obtain the necessary information. The government then utilizes resources by having to single out these individuals. Having efficient and capable customer service channels will help prevent these problems by providing citizens with information they need when they need it. FTB experiences increased productivity and enhanced compliance when processes are simple, and help is readily available.

Additionally, in the last several years, customer service challenges at the State level have presented in several departments in ways that are very visible and concerning. While it is impossible to maintain staffing levels for significant events that can occur suddenly, impacts can be reduced by ensuring existing and ongoing customer service levels at a minimum are of a nature that provides stability for normal and ongoing operations and allows a department to pivot as quickly as possible for unexpected events.

There are several risks and impacts to taxpayers and California when there are deficient staffing levels in the contact center’s service channels. Continually shifting resources to address priority workloads results in sacrifices to other service channels, primarily correspondence. When one or more service channel is not adequately staffed, taxpayers make multiple contacts attempting to receive assistance thereby increasing overall demand. Compliance and revenue are delayed when taxpayers and tax practitioners are not timely served. When the contact center cannot resolve taxpayer’s issues, taxpayers will move from the voluntary collection cycle to the involuntary collection cycle which is more costly for FTB to administer. Far worse, taxpayers may be subjected to penalties and interest if they are not able to receive timely assistance. Struggling Californians are unable to receive assistance on refundable credits, such as the Earned Income Tax Credit, or get assistance regarding their refunds.

Tax Practitioners and their customers are significantly impacted when the service channels are not adequately staffed since they account for the filing of 66% of tax returns. If FTB doesn’t fully serve the tax practitioner community, returns may not be accurately filed leading to increased notices and potential collection activity.

FTB’s reputation is at risk due to inadequate staffing levels in the contact center’s service channels. Increased complaints due to poor levels of access are made by taxpayers, tax practitioners, and various stakeholder groups to the media, Governor’s Office, Legislature, and FTB’s Taxpayer Advocate.

Finally, the contact center’s service channels are experiencing negative impacts due to classifications lacking upward mobility among contact center agents and technical experts. High attrition is due in part to agents having a limited career path within the contact center. Our experts on the Technical Support Team are seeking opportunities elsewhere at higher classifications with duties commensurate with many of their existing duties.

To mitigate these risks and impacts, we are requesting the following resources. Please note that all additional resources requested were derived based on operational data over a history of five plus years. The methodology used was an effort to eliminate one-time events, such as the pandemic and stimulus programs, that impacted the service channels.

Tax Practitioner Hotline

23 Permanent Positions:

- Customer Service Specialist: 16
- Senior Compliance Representative: 2
- Compliance Representative: 2
- Administrator I: 2
- Administrator II: 1

FTB processes approximately 22 million tax returns annually, and tax practitioners file over 12.6 million of the personal income tax returns. The Tax Practitioner Hotline provides service to these practitioners so they can ensure their clients file timely and accurate returns.

The Tax Practitioner Hotline was once the most stable service channel in the contact center and consistently met or exceeded its 75% LOA goal with minimal redirection of staff; therefore, this service channel was not included in the FY 2016-17 Customer Service Spring Finance Letter. Since then, the calls offered to the Tax Practitioner Hotline have increased year over year and have increased by 89% since FY 2017-18. The primary reasons for the increase in demand are 1) estimate payment verification; 2) increasingly complex tax laws and new programs; and 3) increased notices.

The Tax Practitioner Hotline is not staffed to handle the increased demand in service. Additional permanent full-time agents would enable FTB to achieve its desired goal of an 78% percent LOA on this service channel. More agents will ensure more practitioners receive timely assistance which will enable them to prepare returns timely and accurately and resolve their clients' accounts before they move to the more costly involuntary collection cycle. Increased staffing would minimize the need to redirect quality assurance staff and leads to answer practitioner calls. These additional resources would also eliminate the need to add Limited-Term Customer Service Specialists during the peak filing season each year. These staff typically come from the Taxpayer Services Call Center and have hindered operations in that call center.

Ultimately, a lack of additional Tax Practitioner Hotline agents could result in taxpayer non-compliance, jeopardizing the voluntary nature of California's tax system, and potentially leading to tax revenue loss for the state.

The Tax Practitioner Hotline call center agents are at the Customer Service Specialist classification. These additional resources require lead persons and supervision in order to ensure the tax practitioners receive accurate technical assistance. Based on the goal to reach a 78% annual LOA, we will need two new teams. Each Tax Practitioner Hotline Team is staffed with one Administrator I supervisor, one Senior Compliance Representative lead, one Compliance Representative Lead, to support approximately 12 Customer Service Specialist agents. The Senior Compliance Representatives and Compliance Representatives are needed to serve as lead persons. They provide technical guidance, review account transactions and outbound correspondence, and respond to day-to-day questions from call center agents. The leads assist with the more complex cases and handle escalated contacts from customers. The Administrator I positions will each supervise a team of agents and lead persons, while the Administrator II will help manage the overall staffing levels and workloads.

With an increase in staffing of 16 agents, FTB expects to answer an additional 44,344 Tax Practitioner Hotline Calls and achieve an annual average 78% LOA.

Projected Number of Calls Answered with Existing Resources ⁶	Projected Number of Calls Answered with Existing and Additional Resources ⁷
310,544	354,888

Live Chat

12 3-Year Limited-Term Positions:

- Tax Technicians: 8
- Compliance Representative: 2
- Customer Service Supervisor: 1
- Administrator I: 1

2 Permanent Positions:

- Administrator II: 1
- Administrator III: 1

Live Chat has experienced an exponential growth in demand particularly in the Auth Channel. At this time, we have not seen a correlating reduction in other service channels due to this growth, particularly within the call center. However, it is also important to remember that FTB is not resourced or asking to be resourced to address every contact and in general, level of access rates are less than 80% for all channels. Existing service levels in the call center are calculated at an approximately 78% annual access rate. To the extent a later reduction of phone calls is observed due to an increase in chats, existing resources supporting the call center are potentially able to provide enhanced service to taxpayers. However, based on program statistics, FTB would not expect a significant enough shift in volumes between chat and the call center to change the overall 78% access rate. However, failure to grant these resources will likely reduce the current level of access rates for both the call center and chat channels.

This growth is primarily attributed to the implementation of real time identity proofing in February 2022, which allows individuals and tax professionals the ability to register for a MyFTB account without waiting for a PIN letter, essentially allowing “instant” access. As a result, customers are utilizing Auth Chat to resolve account specific issues. Existing staffing levels are not sufficient to handle the increased demand, leaving taxpayers unable to obtain assistance.

Additional Live Chat agents will enable FTB to respond to the growing demand in this service channel and provide timely responses to taxpayers seeking assistance regarding return filing, billing notices, installment agreements, or account resolution. Timely assistance will lead to more accurate returns being filed or accounts being resolved before moving into the involuntary collection cycle.

If FTB does not receive the additional Live Chat agents, taxpayers will not receive timely assistance to resolve their accounts. This may lead to more return filing errors or accounts moving into the more costly involuntary collection cycle. If live chats go unanswered, taxpayers will make repeated contacts to live chat, the call center and/or submit correspondence further straining the entire contact center.

Since FTB will be pursuing process improvements to the live chat channel, specifically revisiting the limitation for Auth Chat agents to handle one chat at a time due to security and disclosure concerns, FTB is requesting 3-year limited term positions for Live Chat while evaluating and possibly implementing any such improvements.

Live Chat agents are at the Tax Technician classification. These additional resources require lead persons and supervision in order to ensure taxpayers receive accurate technical

⁶ Volume is associated with projected calls answered in FY 2022-23

⁷ Volume is associated with projected calls answered in FY 2023-24

assistance. Based on the goal to reach a 76% annual customer LOA, we will need one more Live Chat team. Each Live Chat Team is staffed with one Customer Service Supervisor, two Compliance Representative leads, supporting approximately 12 Tax Technician agents. The Compliance Representatives are needed to serve as lead persons. They provide technical guidance and review the work being performed by staff. The Customer Service Supervisor will supervise a team of agents and lead persons, while the Administrator I will help manage the overall staffing levels and workloads.

With an increase in staffing of 8 agents, the contact center expects to answer an additional 74,145 chats and achieve a 76% LOA.

Projected Number of Chats Answered with Existing Resources⁸	Projected Number of Chats Answered with Existing, Additional Resources, and Upgrades⁹
175,468	249,613

Currently, an Administrator III oversees the Correspondence, Analysis, Support, and Education Section (CASES), which is comprised of multiple diverse programs including three Live Chat teams, five Correspondence teams, two Quality Assurance teams, the Volunteer Income Tax Assistance (VITA) team, two Technical Support teams, and the Analyst & Audit Support team. The diverse and critical functions of these programs being managed by one section manager is not optimal and jeopardizes effective management of the programs. The request of an additional Administrator III would allow the programs to be distributed amongst the two sections. One section would consist of public facing Live Chat and Correspondence programs. The other section would consist of the following support programs: Quality Assurance, Technical Support, Analyst & Audit Support, and VITA. This restructure would allow the Administrator IIIs to focus on program improvements and provide management support to the Live Chat and Correspondence service channels and support programs relied upon to provide effective customer service.

Currently, there is one Administrator II that is responsible for managing Technical Support, Analyst & Audit Support, and VITA programs which creates a span of control issue due to the diversity of workloads. Additionally, there is another Administrator II span of control issue within the Live Chat and Quality Assurance programs. This Administrator II is currently managing five teams that perform two diverse workloads. Redirecting the Quality Assurance and VITA programs to the proposed Administrator II would alleviate span of control issues amongst both Administrator IIs. This restructure would allow all Administrator IIs within the sections to focus on ongoing process improvement initiatives and provide management support to the new Live Chat and Correspondence teams requested within this proposal.

Correspondence

9 Permanent Positions:

- Tax Technicians: 6
- Compliance Representative: 2
- Customer Service Supervisor: 1

Taxpayers submitting paper or electronic (MyFTB Message) correspondence to the department continue to experience delays in responses to their correspondence. While FTB's goal for timely response to paper correspondence is 30 calendar days, the average turnaround timeframe over the last year averaged four to five months. The contact center currently has a backlog of 45,000 correspondence cases including returned warrants, even with assistance from other business areas in the department, which worked 118,483 cases during FY 2021-22. FTB finds this level of backlog unacceptable. FTB has redirected staff to reduce the backlog levels, but the result has been backlogs in other areas. Due to insufficient

⁸ Volume is associated with projected chats answered in FY 2022-23

⁹ Volume is associated with projected chats answered in FY 2023-24

staffing levels, FTB has generally failed to meet its goal of responding to written correspondence within 30 days. Taxpayers utilizing MyFTB Message expect an accelerated response time compared to paper correspondence. Over the past year, the timeframe for responding to MyFTB Messages has typically ranged from 21 to 30 days.

Additional correspondence agents will enable FTB to provide timely responses to taxpayers seeking assistance regarding return filing, billing notices, return warrant, installment agreements, or account resolution. Timely assistance will lead to more accurate returns being filed or accounts being resolved before moving into the involuntary collection cycle. When correspondence is responded to timely, there are less duplicate correspondence cases submitted and contacts made to the call center or live chat channels and improve the customer experience. Adequately staffing correspondence will prevent backlogs from occurring, and the need to redirect staff from other workloads in the department.

If FTB does not receive the additional correspondence agents, taxpayers will not receive timely assistance to resolve their accounts. This may lead to more return filing errors or accounts moving into the more costly involuntary collection cycle. FTB has mitigated the correspondence backlog from growing uncontrollably by redirecting staff. This redirection is no longer feasible or sustainable. If staffing does not increase, the correspondence will continue to grow. Taxpayers will continue to submit duplicative correspondence and/or make additional contacts to the call center or live chat further straining the entire contact center.

Correspondence agents are at the Tax Technician classification. These additional resources require lead persons and supervision in order to ensure taxpayers receive accurate technical assistance. Based on the goal to respond to correspondence within 30 days, one more team is needed. Our standard supervisor to staff ratio is one supervisor for twelve agents and two leads. We are above this ratio with existing staffing; therefore, the additional six agents require a new team within the Correspondence Program. Each Correspondence Team will be staffed with one Customer Service Supervisor, two Compliance Representative leads, and approximately 12 Tax Technician agents. The Compliance Representatives are needed to serve as lead persons. They provide technical guidance and review the work being performed by staff. The Customer Service Supervisor will supervise a team of agents and lead persons.

With an increase in staffing of 6 agents, the contact center expects to process an additional 25,823 pieces of correspondence and resolve 92.8% of the correspondence cases received within 30 days and MyFTB Messages within 10 days without relying upon redirection from other areas in the department.

Projected Number of Correspondence Processed with Existing Resources ¹⁰	Projected Number of Correspondence Processed with Existing, Additional Resources, and Upgrades ¹¹
161,395	187,218

Support Staff

Quality Assurance

2 Permanent Positions:

- Compliance Representative - 2

The Quality Assurance (QA) Team is a centralized group that monitors recorded phone calls to evaluate quality, consistency, and adherence to guidelines to ensure a good customer service experience for both the Tax Practitioner Hotline and Taxpayer Services call centers. The team accomplishes this goal by evaluating and scoring phone calls related to analysis, privacy and disclosure, communication, and professionalism. They hold regular calibration meetings to ensure consistency when scoring and evaluating agent phone calls. The team

¹⁰ Volume is associated with projected correspondence processed in FY 2022-23

¹¹ Volume is associated with projected correspondence processed in FY 2023-24

provides individual mentoring sessions with agents to enhance their telephone techniques and skills. As a result of the increase in call center agents for the Tax Practitioner Hotline, two additional Quality Assurance resources are needed to evaluate phone calls. If FTB is not provided these additional resources, the quality of assistance the practitioners receive could be impacted, which could increase frustrations and lead to additional calls as the practitioners seek resolution to their issues.

Analyst Team

1 Permanent Position

- Senior Operations Specialist - 1

The Analyst Team provides support regarding emerging technologies, workload trends, and special studies. They manage projects and activities related to the maintenance and enhancement of various system applications and programs used by the contact center. They also coordinate the implementation of any new systems and provide ongoing monitoring in the production environment. The team is responsible for analyzing legislative impacts to the contact center and customer service. They perform all costing exercises for new legislation and budget change proposals. The team participates in writing, publishing, and maintaining law and procedural updates for the department's online customer service manual and issue Public Service Bulletins.

As the contact center has grown over the years and new service channels such as Live Chat and MyFTB Message have been introduced, the size of the Analyst Team has remained the same. A new position is needed to support all contact center channels, perform trend analysis to forecast customer behavior and incoming contacts, and streamline contact center reports. In addition, the analyst will evaluate the ongoing impact of new laws and programs on the contact center. If FTB is not provided this additional resource, we will struggle to seek efficiencies, implement enhancements on our customer service channels, or accurately forecast incoming contacts due to new laws and programs.

Contact Center Upgrades

Taxpayer Services Call Center, Correspondence, Live Chat

- 181 Tax Technicians to Customer Service Specialist

As mentioned previously, the attrition rate among Tax Technician contact center agents is high. As a result, the contact center is losing its return on investment for hiring and training, does not have enough business entity trained agents, and less taxpayers are being served.

The Filing Services Bureau contact center agents serve both personal income tax and business entity customers with tax filing assistance and account resolution. Most call agents are also trained on phone calls and correspondence, and correspondence agents are also trained on live chat in order to provide flexibility on shifting staff to workloads with the highest demand.

In order to retain expertise within the contact center and reduce the overall attrition rate, we request to upgrade our most experienced Tax Technicians that answer both personal income tax and business entity contacts to Customer Service Specialist. Once upgraded, these agents would be required to work all contact center workloads, when needed, including the Tax Practitioner Hotline which is already staffed with Customer Service Specialists. Although the contact center would like to stop the practice of redirecting resources, there may be periods where demand spikes in one service channel or another service channel is experiencing a high number of vacancies. If all experienced contact center agents are at the Customer Service Specialist classification, the contact center is more versatile when managing its agents and would not have to rely upon leads or quality assurance staff for redirection.

There are many benefits with upgrading experienced agents to Customer Service Specialist including:

- Improved retention among veteran staff that are trained in both personal income tax and business entity.
- Increased retention will improve productivity.
- Improved retention among other contact center agents due to a new career path.
- Experienced, veteran agents improve the quality of service to external customers. Improved quality will reduce errors and duplicate contacts.
- Experienced agents will be available to provide OJT and classroom mentoring for new hire agents.
- Allows greater flexibility in the contact center to assign agents to answer contacts on the priority customer service channel including the Tax Practitioner Hotline, which is currently staffed with the Customer Service Specialist classification.

The following table shows the expected productivity improvements.

Service Channel	Tax Technician Production Rate	Estimated Customer Service Specialist Production Rate	Estimated Additional Contacts Answered with Upgrades
Call Center	2.91	3.25	47,026
Correspondence	2.19	2.68	12,056
Non Auth Chat	6.18	6.50	2,072
Auth Chat	3.02	3.25	6,475

If the experienced, veteran agents are not upgraded to Customer Service Specialist, attrition will likely remain the same or worsen. Productivity and quality will continue to decline with less customers being served.

Technical Support Team

- 18 Customer Service Specialists to Compliance Representatives
- 1 Associate Operations Specialist to Senior Compliance Representative
- 2 Compliance Representatives to Senior Compliance Representative

Another critical group within the contact center is the Technical Support Team. This team is staffed at the Customer Service Specialist classification. The team's leads are at the Associate Operations Specialist and Compliance Representative classifications.

The Technical Support Team are the contact center's technical experts and serve on enterprise teams including legislative implementation. Past years' efforts have included Health Care Mandate, Earned Income Tax Credit, Golden State Stimulus, and most recently Middle Class Tax Refund. They develop, update, and maintain procedures in the online manual used by the enterprise. They work with business partners across the enterprise to resolve systemic issues. Team members provide technical assistance to contact center agents and leads on complex account issues.

The teams' duties are more aligned with the Compliance Representative classification and are further supported at working at this new classification level by adding the following additional duties to fully support this upgrade and provide additional support to the contact center and our customers:

- Serve as a backup lead on the phone, correspondence, and chat teams when needed. Identify training and development opportunities for staff.

- Respond to calls on bureau's Lead Helpline from contact center agents needing immediate assistance to serve customers.
- Provide analytical support and acts as a project lead for assigned projects and studies.

The benefits of upgrading this team includes:

- Retains the bureau's technical experts in the areas of personal income tax, business entity tax, procedures, and systems.
- The technical experts will be in the same classification as the contact center leads, whom they assist and collaborate with on complex cases.
- Adds more flexibility to the contact center by having additional resources officially serve in a lead capacity as needed.
- Prevents the potential of an Out of Class grievance by existing team members.

Over the past several years the Filing Services Bureau has faced a significant demand in service while at the same time experiencing hiring and retention challenges. These factors have contributed to the contact center struggling to provide service to the taxpayers and tax practitioners that depend on us to provide tax filing, payment, and account resolution assistance.

As a result, FTB has begun a comprehensive review of the processes and resources that support the department's primary contact center. This proposal focuses on Permanent Full Time resource gaps impacting FTB's contact center workloads that are unlikely to change based on known improvements being pursued to date to enhance operations. A combination of process improvements and staff augmentations are warranted to stabilize existing service levels. As warranted, additional resource gaps, including Permanent Intermittent, may be addressed in other or future year Budget Change Proposals.

The primary function of the FTB is to administer the Revenue and Taxation Code (R&TC). Tax policy is determined by tax laws enacted by the Legislature, and it is FTB's duty to correctly apply the laws and to perform in a fair and impartial manner. The California Taxpayer's Bill of Rights Act codified many existing FTB procedures, established a Taxpayer's Rights Advocate, and clarified rights for all California taxpayers and FTB's obligations to the taxpayers. The policies and principles guiding FTB ensures the R&TC will be administered with fairness and equity for all California taxpayers.

As a result, for this proposal, FTB is not aware of any equity issues this proposal addresses or that this proposal would result in un-equitable impacts.

Hiring & Training

3 Permanent Positions and 1 2-Year Limited Term Position:

- Associate Operations Specialist Hiring Analyst - 1
- Limited Term Staff Services Analyst Hiring Analyst - 1
- Senior Compliance Representative Trainer -1
- Compliance Representative Trainer -1

The Hiring and Training Unit manages the hiring of all staff in the Filing Division as well as the training of new customer service agents. By centralizing these divisional support activities within one unit, the work is efficiently conducted by experts knowledgeable in the hiring or training activities, while minimizing the time investment needed by the business areas' hiring managers.

Hiring Team:

The hiring analysts routinely handle five to eight hiring efforts at any given time for the division, which can include multiple job opportunities and multiple vacancies/positions associated with

each effort. For entry level job opportunities for the customer service channels, the job opportunities are considered mass hiring efforts which requires more expertise in managing the process which is conducted over six months and has at a minimum of four separate job opportunities to oversee. Each analyst collects the necessary documentation needed for a hiring effort, analyzes and update spreadsheets with applicant information, screens applications, ensures candidate eligibility, schedules interviews, collects interview scoring sheets, and ensures all proper protocols for hiring are followed and final paperwork is finalized and stored. Because of the positions requested for the three customer service channels and support positions, we expect that we will have an initial increase of 15 job efforts, plus one new mass-hiring effort for the Customer Service Specialist upgrades. On-going, we expect that we will see an increase of five to eight job efforts for backfills as we have new vacancies in the Customer Service Specialist classification as well as in the leads and supervisor classifications. The limited term SSA position will help with the initial increase in hiring efforts, and the permanent AOS will assist with both the initial increase and the on-going job efforts which will include the mass hiring effort to upgrade the 202 CSS as well as the increase in the Tax Tech classifications to be included in the mass hiring efforts for the Chat and Correspondence workloads. If FTB is not provided these two additional positions for hiring, the existing team will be overwhelmed with handling the divisions' current hiring needs in addition to the increase in hiring efforts under this request and could cause a significant delay in filling positions that are necessary to achieve the desired customer service goals, as well as cause eligible applicants to accept other job offers thereby limiting the candidate pool for filling vacancies.

Training Team:

The training analysts conduct three new hire classes per year that are three months long, as well as provide the subsequent Personal Income Tax (PIT) training, Business Entity (BE) training, annual tax law update training, and system update training. These classes are offered throughout the year as the newly hired staff gain proficiency in their subject matter. Because of the many subject matters that need to be covered, it can take a new hire an additional 18-month period to cover all the content. Additionally, the trainers annually provide new law updates to all customer service staff to ensure they are aware of new issues ahead of each filing season. Training classes are typically conducted by a Compliance Representative, with a Senior Compliance Representative conducting the more advanced PIT law as well as all the BE training content. The trainers annually review their training materials, update the information for annual changes and new issues, present the content to the students, give skill checks and tests to students, and provide feedback on their progress. Typically, each class has a lead trainer who organizes the class and presents the more complex content, and a co-trainer who helps students with questions, monitors that the students are understanding the content, providing the training on less complex content, and serves as a back-up trainer. Due to the higher-level positions needed in the customer service areas, we foresee the positions being filled by existing Tax Technicians, therefore causing an increase in the number of new hires needing training. Up to 48 staff positions may become available which includes the new Tax Technicians needed for Chat and Correspondence. In order to stay ahead of the current training schedule, an additional new hire class would be needed as well as all subsequent training efforts to get these staff fully developed in their first two years. As a result, we would need two new trainers to increase the capacity of the existing team to handle this volume. Also, because of the business strategy to keep all existing positions filled to meet the customer service level goals, an on-going need to have training conducted four times a year instead of just three would be needed. If FTB were not provided these additional two positions, the number of students that can be trained would be limited, therefore causing us to limit the number of new students we can hire and a direct limitation on the business areas achieving their customer service level goals.

E. Outcomes and Accountability

This proposal will ensure staffing levels will achieve the targeted customer service goals and improve employee retention. The management of resources received in this proposal will be the responsibility of the Chief of the Filing Division or their delegate. The fiscal oversight of the resources is the responsibility of the Chief Financial Officer.

The FTB will continue to carry out its mission in a manner that is fair, equitable and consistent with the California Taxpayer's Bill of Rights Act.

Pending Board Approval

Projected Outcomes

F. Analysis of All Feasible Alternatives

Alternative 1:

FTB requests \$7.00 million in General Fund for 53 positions and funding to upgrade 202 positions for FY 2023-24, \$6.50 million in General Fund for 53 positions and upgraded positions in FY 2024-25, \$6.41 million in General Fund for 52 positions and funding for upgraded positions in FY 2025-26, and \$5.32 million in General Fund for 40 positions and funding for upgraded positions in FY 2026-27 and ongoing to enable the department to effectively conduct business with taxpayers and tax practitioners, interact in ways that are fast and efficient for them and provide information allowing taxpayers to meet their tax filing and payment obligations. These resources will enhance customer service levels on personal service contact center channels including phone, chat, and correspondence.

PROS:

- Provide FTB with sufficient resources to achieve an acceptable service level across all customer service channels.
- Enable FTB to transact business with taxpayers and practitioners more quickly, interact in ways that are more convenient for customers, and provide accurate information to gain filing compliance and account resolution.
- Improve employee retention, retain valuable expertise, and increase productivity.

CONS:

- Ongoing FTB expenditures and allocation from the state.

Alternative 2:

FTB requests \$7.00 million in General Fund for 53 positions and funding to upgrade 202 positions for FY 2023-24, \$6.50 million in General Fund for 53 positions and funding for upgraded positions in FY 2024-25, \$6.41 million in General Fund for 52 positions and funding for upgraded positions in FY 2025-26, and \$1.14 million in General Fund for funding for upgraded positions in FY 2026-27 and ongoing to enable the department to effectively conduct business with taxpayers and tax practitioners, interact in ways that are fast and efficient for them and provide information allowing taxpayers to meet their tax filing and payment obligations. These resources will enhance customer service levels on personal service contact center channels including phone, chat, and correspondence.

PROS:

- Reduce ongoing FTB expenditures and allocation from the state.
- Provide temporary FTB resources to achieve an optimal service level across all customer service channels.
- Enable FTB to temporarily transact business with taxpayers and practitioners more quickly, interact in ways that are more convenient for customers, and provide accurate information to gain filing compliance and account resolution.
- Improve employee retention, retain valuable expertise, and increase productivity.

CONS:

- Temporary FTB expenditure and allocation from the state.
- Premature loss of knowledge, capacity, and momentum as staff in limited-term positions find fulltime work and leave the limited-term positions prior to the expiration of their limited-term.

- Loss of knowledge as limited-term positions expire.
- Degradation of these critical services as FTB is currently experiencing after limited-term positions expire.

During this 3-year period, FTB will evaluate the customer service improvements with these additional resources. If warranted, FTB will request Permanent position authority.

Alternative 3:

Do not approve proposal.

PROS:

- No increase of FTB's expenditure or allocation from the state.

CONS:

- FTB will continue working at its current undesirable customer service levels or see a decrease in service.
- Taxpayers and tax practitioners will be unable to receive assistance to file tax returns timely and accurately.
- Customers will not receive the assistance needed to resolve their liabilities during the voluntary collection cycle resulting in accounts moving into the involuntary collection cycle, which is more costly for FTB to administer.
- Revenue may be lost or delayed.
- The contact center will continue to see high rates of attrition and lose its extensive training investment.
- Productivity, quality, and customer service will decline with the loss of veteran staff.

G. Implementation Plan

- June 2023: FTB prepares documents to establish FY 2023-24 positions and forward to the Department of Finance
- June 2023: Department of Finance notifies FTB of position approval
- July 1, 2023: Funding is provided, and positions are established. FTB begins hiring and upgrading positions.

H. Supplemental Information

None.

I. Recommendation

FTB recommends approving Alternative #1:

FTB requests \$7.00 million in General Fund for 53 positions and funding to upgrade 202 positions for FY 2023-24, \$6.50 million in General Fund for 53 positions and upgraded positions in FY 2024-25, \$6.41 million in General Fund for 52 positions and funding for upgraded positions in FY 2025-26, and \$5.32 million in General Fund for 40 positions and funding for upgraded positions in FY 2026-27 and ongoing to enable the department to effectively conduct business with taxpayers and tax practitioners, interact in ways that are fast and efficient for them and provide information allowing taxpayers to meet their tax filing and payment obligations. These resources will enhance customer service levels on personal service contact center channels including phone, chat, and correspondence.

BCP Fiscal Detail Sheet

BCP Title:

BR Name:

Budget Request Summary

Personal Services

Pending Board Approval