

1 FRANCHISE TAX BOARD MEETING

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3 CONVENED VIA HYBRID FORMAT BY:

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5 FRANCHISE TAX BOARD MEETING

6 STATE OF CALIFORNIA

7  
8 TOWN CENTER, GERALD GOLDBERG AUDITORIUM

9 9646 BUTTERFIELD WAY

10 SACRAMENTO, CA 95827

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12 MONDAY SEPTEMBER 8, 2025

13 10:00 AM

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16 **Certified Transcript**

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1 CHAIR COHEN: This is the scheduled time for  
2 the meeting of the Franchise Tax Board. Will the board  
3 liaison, please call the roll to determine if a quorum  
4 is present.

5 MS. RUBALCAVA: Member Gaines?

6 MEMBER GAINES: Here.

7 MS. RUBALCAVA: Member Andrianarimanana?

8 MEMBER ANDRIANARIMANANA: Here.

9 MS. RUBALCAVA: Chair Controller Malia Cohen?

10 CHAIR COHEN: Present. Thank you. So, at  
11 least two members are, or their designated  
12 representatives, being personally present. That  
13 solidifies a quorum at the Franchise Tax Board. So,  
14 this meeting is now officially in session. If you are  
15 willing and able, please stand up, and join me by  
16 placing your right hand over your heart, and repeating  
17 the Pledge of Allegiance.

18 ALL: I pledge allegiance to the flag of the  
19 United States of America and to the Republic for which  
20 it stands, one nation, under God, indivisible, with  
21 liberty and justice for all.

22 CHAIR COHEN: All right, ladies and gentlemen,  
23 good morning, and welcome to the Franchise Tax Board  
24 meeting. The public has the right to comment on each  
25 agenda item.

1           If there are any members of the public wishing  
2 to speak on the item, please don't be shy, come forward  
3 when the item is called, you'll have three minutes to  
4 address this body.

5           And for today's meeting, members of the public  
6 who wish to comment via teleconference, there's a number  
7 that we're asking for you to dial in, that number is  
8 844-767-5651, and please enter the access code of  
9 302938.

10           Please be aware that there's a short delay  
11 between the web live cast and the live event. If there  
12 are any members of the public wishing to speak on the  
13 item, and you are using a translator or a translator  
14 service, you will have six minutes to address this  
15 board. All speakers will be asked to identify yourself  
16 before the record. And again, that telephone number is  
17 844-767-5651, access code 302938.

18           All right. We're going to call the first  
19 agenda item. Members, it's the approval of the minutes.  
20 We have minutes from the May 14th, 2025, Franchise Tax  
21 Board meeting. Are there any comments or any questions  
22 on this item? All right. Seeing none. Are there any  
23 members of the public that wish to speak on this item in  
24 person? How about on the phone?

25           MALE PHONE OPERATOR: Members of the public on

1 the phone lines, if you would like to place yourself in  
2 queue for public comment, as a reminder, you may press  
3 one followed by zero at this time; one-zero, please. No  
4 members of the public are queuing up at this time.  
5 Please continue.

6 CHAIR COHEN: Thank you very much. May I have  
7 a motion to approve the minutes?

8 MEMBER GAINES: Motion to approve minutes of  
9 May 14th, 2025 board meeting.

10 CHAIR COHEN: Thank you very much. Motion made  
11 by Member Gaines. Is there a second?

12 MEMBER ANDRIANARIMANANA: Second.

13 CHAIR COHEN: Second by the representative from  
14 the Department of Finance. Please call the roll.

15 MS. RUBALCAVA: Member Gaines?

16 Mr. GAINES: Aye.

17 MS. RUBALCAVA: Member Andrianarimanana?

18 MS. ADRIANARIMANANA: Aye.

19 MS. RUBALCAVA: Chair Controller Malia Cohen?

20 CHAIR COHEN: Aye. All right. Thank you very  
21 much. This item passes unanimously. The next item is  
22 Item Two. Item Two is the Strategic Plan Update, Goal  
23 Three - Strong Organization. It's presented by Ms.  
24 NachÃ©t Roots and Katie Frank. This is just an  
25 informational item, so, we will not be taking action on

1 it. Thank you.

2 MS. ROOTS: Good morning, Board Members. My  
3 name is Ms. Nach<sup>o</sup>t Roots, and I'm an Administrator II,  
4 in FTB's Talent Management Program. I'm joined here  
5 today by Katie Frank, an Attorney Supervisor in the  
6 Legal Division.

7 In recent board meetings, we have discussed  
8 our department's existing strategic plan, and updated  
9 the board on key accomplishments. Today, our  
10 presentation will cover items related to our third  
11 strategic goal, strong organization. The goal  
12 specifically states: value, invest in, challenge, and  
13 empower our employees to have an enterprise view, be  
14 experts in their field, and achieve their full  
15 potential.

16 The plan outlines five separate strategies  
17 that we developed to accomplish this goal. We will  
18 review each strategy, and list some of the efforts we  
19 undertook the past few years to achieve them. While we  
20 enjoy highlighting successes, we're also committed to  
21 acknowledging areas in which we have opportunity to  
22 improve, and we'll be speaking to a few of those today,  
23 too.

24 With that said, let's dive into the highlights  
25 of our efforts to create a strong organization. So,

1 related to strategy number one, in addition to the staff  
2 permanently assigned to deliver talent management  
3 services, we have eight service teams comprised of  
4 volunteers from each of our seven divisions, who  
5 dedicate a portion of their time to recruit, develop,  
6 and retain the best workforce. This year, we  
7 successfully hosted another career awareness and  
8 resources event, also known as CARE, combined with a  
9 career expo. This event was geared towards existing  
10 employees seeking information related to career  
11 development, and potential employees looking to learn  
12 more about the state hiring process, and the benefits of  
13 working at FTB. We had approximately 500 individuals  
14 registered for this event, making it our largest to  
15 date. We continue to seek ways to improve our  
16 onboarding process, and have recently made attending our  
17 hybrid new employee orientation a mandatory part of  
18 onboarding for new employees.

19 We continue to offer development programs such  
20 as the Enterprise Coaching and Mentoring Program, which  
21 matches mentors and mentees based on classification,  
22 competency strengths, and development goals. We are  
23 actively looking at ways to expand this popular program  
24 to serve more of our employees.

25 For strategy number two, FTB's organizational

1 values are supported by the Workplace Engagement Service  
2 Team by developing strategies that empower, engage, and  
3 cultivate members of our workplace. They implement  
4 tools, conduct surveys, and support departmental  
5 activities that aim to increase engagement. Our recent  
6 engagement survey has provided us with a wealth of  
7 information we can leverage, and you'll hear more about  
8 that coming up.

9           Beyond that team, our department believes in  
10 celebrating employee achievements and successes. We  
11 take great pride in recognizing our own, and do so  
12 through various avenues, such as the Superior  
13 Accomplishment Award Program, and the Supervisory Bonus  
14 Award Program. Besides these formal programs, our  
15 Mission and Values Team engages employees through events  
16 such as FTB Values You event, which allows employees to  
17 showcase their individuality through food, music, art,  
18 or dress. We consistently strive to ensure we have the  
19 right people in the room at the right time. We achieve  
20 this by modeling our teams and action committees to  
21 include members from each division and staff at various  
22 levels as appropriate. This has helped our teams and  
23 action committees gain an expansive view of our  
24 operations, and ensure that decisions are made by those  
25 with the necessary knowledge and expertise. Now, I'll

1 pass it over to my partner, Katie, to share more.

2 MS. FRANK: Hello. So, I'm going to talk about  
3 our fourth strategy, which is to obtain input from those  
4 in our organization. We have several efforts aimed at  
5 this initiative.

6 One effort is the engagement survey, which, as  
7 mentioned earlier, our Workplace Engagement Service Team  
8 conducted, that was done in 2024, and it provided a  
9 large amount of valuable feedback that we've been able  
10 to then turn into this Engagement Action Plan. We've  
11 also leveraged one of our leadership programs,  
12 specifically the Management Development Program, to  
13 research and develop recommendations for issues facing  
14 our department. This led to 14 projects and associated  
15 recommendations in the last four years. A few of those  
16 recommendations are; to increase electronic payment  
17 options and ease, reduce hiring time for new employees,  
18 and increase employee engagement through an action plan.

19 Now, turning to our fifth strategy. We have  
20 been able to recruit and retain exemplary employees due  
21 to multiple successful efforts. Related to recruiting,  
22 we've redesigned FTB's recruitment branding to be modern  
23 and consistent across all recruiting platforms. We've  
24 also expanded our outreach channels to reach a broader  
25 audience, and we've encouraged employees to act as

1 potential recruiters by providing flyers and business  
2 cards so they can share those with their communities.  
3 We've also created tools to assist supervisors and  
4 managers with the hiring process, including guidance on  
5 writing competency-based interview questions. FTB also  
6 strives to retain employees through multiple efforts;  
7 one of which is our Talent Development Center, where  
8 employees can meet with a Talent Management Specialist  
9 to discuss their career development goals.

10 Another tool we've implemented is the Exit  
11 Survey. This is something we provide to employees who  
12 are leaving FTB, and the information collected from  
13 these surveys is then shared with leadership to address  
14 what employees value about working for FTB, and then  
15 also reasons why they're leaving FTB. Knowing this  
16 information helps us improve our ability to retain the  
17 employees we have.

18 Now, two of the main reasons we've identified  
19 as to why people leave FTB is, one, retirement, and two,  
20 promotional opportunities with another organization or  
21 agency.

22 So, while we're excited to share a few  
23 examples of our accomplishments, we also recognize that  
24 there are areas for opportunity of growth. So, let's  
25 talk about those areas of opportunity. Today, I'd like

1 to share three areas of opportunity, along with what  
2 we've done or what we plan to do to achieve those. The  
3 first area is defining culture. A common theme in the  
4 feedback from the most recent Employee Engagement Survey  
5 was in regard to FTB culture. Culture is what FTB  
6 stands for, and it was apparent that we needed to  
7 define, document, and communicate what was meant by  
8 culture, so it's clear and measurable. We are currently  
9 developing a new culture statement that can be shared  
10 with staff and included in recruiting materials.

11 Another area identified for improvement is to  
12 improve the connection between staff and higher-level  
13 leaders. The recent Employee Engagement Survey revealed  
14 that while employees generally have a strong connection  
15 with their immediate supervisors, that connection is not  
16 as strong for management at the next levels up. And  
17 while that's to be expected with an organization of our  
18 size, it's still something we feel like we can work on.  
19 So, our Workplace Engagement Service team is evaluating  
20 options to address this. Options include easy-to-  
21 implement communication tools and connection tools,  
22 like, for example, having a town hall, or having an  
23 event where you have desserts with division chiefs, as  
24 well as other communication tools.

25 The third area I'll be discussing is in regard

1 to knowledge capture. This third opportunity for  
2 improvement came to light through recent succession  
3 planning efforts. We found that in some areas, the  
4 incumbent's documentation of critical knowledge was not  
5 being consistently gathered, updated, and utilized. Our  
6 department's workforce planner, and also a group of  
7 volunteers, have created a phased approach to gather  
8 this information, starting with the highest levels of  
9 management, and then moving on down. This ongoing  
10 effort will help prepare future leaders and facilitate  
11 smooth transitions throughout our organization.

12 So, we are happy with the strength of our  
13 organization, and the high level of employee engagement  
14 and job satisfaction, and we plan to continue pursuing  
15 efforts to raise our strength, and our preparedness to  
16 serve the taxpayers of California, making FTB an  
17 employer of choice and a strong organization.

18 So, that concludes our presentation. Thank  
19 you for inviting us to present today, and we are happy  
20 to answer any questions you have.

21 CHAIR COHEN: Thank you very much. Colleagues,  
22 do you have any questions?

23 MEMBER GAINES: I do.

24 CHAIR COHEN: Let's start with you.

25 MEMBER GAINES: Yeah, thank you. I was just

1 curious as to whether you could help me a little bit  
2 with reduction of hiring time for new employees. Can  
3 you explain a little bit in terms of, you know, what is  
4 that? How does it work? And how do we compare to other  
5 state departments?

6 MS. ROOTS: Sure. I can provide a high level,  
7 and work with my team to gather more information, and  
8 get back to you if you would like. The project that  
9 revolved around reducing hiring time really took a deep  
10 dive into understanding what the current practices are,  
11 and what that process and timeline looks like,  
12 identifying areas of bottleneck or where we might be  
13 able to improve, and create some efficiency. There were  
14 a number of recommendations that were put forth, and  
15 some of them have been implemented or are available for  
16 hiring managers to consider working with HR in a manner  
17 that would speed up their hiring effort.

18 MEMBER GAINES: I've been told it takes about  
19 six months to get a job with the State of California.  
20 It's a long process.

21 MS. ROOTS: Yes.

22 MEMBER GAINES: So, I just would like to see if  
23 there's some criteria in terms of, you know, where are  
24 we at the FTB versus the state in general, or even in  
25 comparison to other departments?

1 MS. ROOTS: Sure. I can work with my team to  
2 get that information back to you.

3 MEMBER GAINES: That'd be great.

4 MS. ROOTS: Six months is what we found from  
5 the initial project research also, and so that was our  
6 starting point to see what we can do to improve that  
7 number.

8 MEMBER GAINES: Okay. All right. That's  
9 great. Thank you.

10 MS. ROOTS: Sure.

11 MEMBER GAINES: And then in terms of the exit  
12 surveys, can you help me with, if people are not  
13 retiring, where are they going?

14 MS. ROOTS: Sure. Yeah. Well, so far what  
15 we've found since we've implemented the exit survey is  
16 that aside from retirements, employees are leaving  
17 looking for promotional opportunities either at other  
18 agencies or external organizations.

19 MEMBER GAINES: Okay. Do you know what  
20 departments are maybe the most popular ones that someone  
21 might move to?

22 MS. ROOTS: We haven't dug that far yet, but we  
23 can evaluate the data and respond to you with that  
24 answer.

25 MEMBER GAINES: Okay. That'd be great. Thank

1 you.

2 MS. ROOTS: Sure.

3 MEMBER GAINES: And then you talk about the FTB  
4 culture statement. So, I guess what is the culture  
5 statement for the FTB currently? I'm not sure if I  
6 understand.

7 MS. ROOTS: Yeah. Well, we do have a culture  
8 statement. I don't have that memorized.

9 MEMBER GAINES: Okay.

10 MS. ROOTS: We are actually working on  
11 developing a new culture statement, kind of embody what  
12 this new modern environment is like for us here at FTB.  
13 And we are planning to have that solidified by the end  
14 of this year. And I'm sure that that information will  
15 be shared with you and the rest of the Board Members.

16 MEMBER GAINES: Okay. Could you share with us  
17 what the current culture statement is, just to review?

18 CHAIR COHEN: You can take five minutes and,  
19 Katie, maybe you look it up --

20 MS. ROOTS: Yes, we can get that information  
21 for you.

22 CHAIR COHEN: -- while she stays on the hot  
23 seat.

24 MS. ROOTS: Yes.

25 CHAIR COHEN: Somebody pull out your phone.

1 I'm sure you can get your hands on it quickly.

2 MS. ROOTS: Yes. We can get that information  
3 to you.

4 CHAIR COHEN: Anyone in the audience want to  
5 help their teammate out? No? You're just going to let  
6 both of them languish out there? All right, well --.

7 MEMBER GAINES: That's it. Thank you.

8 CHAIR COHEN: Thank you very much. Before this  
9 meeting is over, we're going to know this value  
10 statement, okay?

11 MS. ROOTS: Yes, you will.

12 CHAIR COHEN: And next time we convene, it's  
13 going to be memorized. We should give \$100 prize to  
14 whoever can recite it at the top of their head. I do  
15 have a question, too.

16 MS. ROOTS: Yes.

17 CHAIR COHEN: Given the number of employees  
18 that are approaching retirement, how are we preparing  
19 for succession? And most importantly, the knowledge  
20 transfer to these really critical roles?

21 MS. ROOTS: Yes. That's a great question.  
22 Some of my staff in talent management, specifically my  
23 Workforce Planner and her Workforce Planning Service  
24 Team members, are doing some tremendous work right now  
25 to understand where the gaps are as far as knowledge

1 being captured, and readily available for the rest of  
2 the staff within business areas to reference that  
3 information, whether it be procedural information, or  
4 just historical business knowledge that will help  
5 develop our current employees, and make sure that  
6 they're prepared to advance their career and continue  
7 business and serving the taxpayers of California.

8 CHAIR COHEN: So, that's a shared value. I  
9 know we are in agreement, but I want to know physically  
10 how. What's the verb? What are we actively doing to  
11 capture this information?

12 MS. ROOTS: I understand, yes. So, our  
13 Workforce Planner and her service team members are  
14 meeting with business areas on a phased approach, as  
15 Katie mentioned, to facilitate conversation, gathering  
16 the competencies of this business area, and also  
17 understanding their knowledge capture practices,  
18 providing them with tools and resources that they can  
19 use to ensure information is being captured.

20 CHAIR COHEN: So, what are the tools?

21 MS. ROOTS: We are creating a standard location  
22 where knowledge will be captured and stored and  
23 available for reference.

24 CHAIR COHEN: Digitally? Are we having seniors  
25 that are retiring, are they doing a video? What are we

1 talking about here?

2 MS. ROOTS: We're talking about a knowledge  
3 workbook. It's a digital knowledge workbook.

4 CHAIR COHEN: So, it's written?

5 MS. ROOTS: Yes.

6 CHAIR COHEN: So, it's a written statement?

7 MS. ROOTS: Correct.

8 CHAIR COHEN: Okay. All right. I'm going to  
9 move on.

10 I wanted to know about the employee engagement  
11 strategies "

12 MS. ROOTS: Okay.

13 CHAIR COHEN: -- that have been most impactful.

14 MS. ROOTS: Yeah, so, right now, the project  
15 that Katie referenced where the employee engagement  
16 action plan was created is actually being evaluated by  
17 our Workplace Engagement Service team, and the service  
18 team members are coming up with some strategies that we  
19 can release or implement throughout the organization.  
20 We haven't taken a lot of action just yet. We're just  
21 in the stage of taking a deep dive into the  
22 recommendation paper that we received, and understanding  
23 what we actually can do, and when we can do it.

24 CHAIR COHEN: Okay. So, are there results from  
25 recent surveys or recognition programs that are

1 demonstrating improvements in morale or job  
2 satisfaction?

3 MS. ROOTS: Not that I'm aware of at the  
4 moment, but I can research that and get back to you.

5 CHAIR COHEN: Okay. So, how are we preparing  
6 for the next generation of leadership within the  
7 organization?

8 MS. ROOTS: Great question. So, the work that  
9 my Workforce Planner and her service team members are  
10 doing is our main source. We are understanding, as I  
11 mentioned, the competencies and the knowledge that is  
12 necessary for each business area to thrive, and then  
13 ensuring that the staff members in that business area  
14 have development opportunities to gain and grow  
15 competency and specific skill sets to be able to move  
16 into those positions as they become vacant.

17 CHAIR COHEN: All right. And which team are  
18 you guys on?

19 MS. ROOTS: I'm part of FTB's Talent Management  
20 Program.

21 CHAIR COHEN: And who do you report to?

22 MS. ROOTS: I report to Paul Ogden.

23 CHAIR COHEN: Is Paul here?

24 MS. STANISLAUS: So, Paul reports to Carol  
25 Williams. Carol's over there.

1 CHAIR COHEN: Oh, hi. Okay. Great. Do we  
2 have the value statement?

3 MS. ROOTS: We do.

4 CHAIR COHEN: I knew it.

5 MS. ROOTS: We do.

6 CHAIR COHEN: All right. Just come to the mic.  
7 Oh, yeah. Perfect. Just read where you are. That's  
8 good.

9 MS. WAHL: Good morning.

10 CHAIR COHEN: Good morning.

11 MS. WAHL: Okay. The values; lead with  
12 integrity and inspiration. As inspirational leaders,  
13 we're committed to pursue the right path, communicate  
14 clear expectations, and ignite diverse ideas and  
15 innovation.

16  
17 We cultivate a culture of belonging and invite  
18 everyone to maximize their potential every day. Bring  
19 our best. By bringing our best, we exemplify honesty,  
20 inclusivity, credibility, and accountability.

21 We value staff and encourage them to bring  
22 their best every day. Deliver excellent products and  
23 services. Quality is best achieved through  
24 collaboration with our diverse customers and each other.  
25 We deliver excellent products and services that meet the

1 needs of all of our customers.

2           Contribute to a caring community. We  
3 encourage mutual respect, kindness, and teamwork. This  
4 creates a supportive and inclusive work environment that  
5 appreciates diversity, and allows all of us to flourish  
6 in the community we work and live in.

7           Become experts at what we do. We are  
8 motivated to continually improve and grow. We take  
9 advantage of tools and opportunities to develop in our  
10 chosen career path and to help inspire and engage others  
11 in our diverse workforce.

12           CHAIR COHEN: Thank you very much. I  
13 appreciate that. Sounds like wisdom and words we should  
14 all be living by, that we can apply not just in our work  
15 life, but in our personal lives as well. Thank you,  
16 ladies. I appreciate your presentation. Oh, okay. We  
17 have a question right here.

18           MEMBER ANDRIANARIMANANA: Thank you for the  
19 presentation. I just had a quick follow-up question.

20           MS. ROOTS: Okay.

21           MEMBER ANDRIANARIMANANA: So, on the employee  
22 engagement and job satisfaction part of it, I think  
23 that's really important, but a little bit more difficult  
24 to measure. Sounds like there's a good feedback  
25 mechanism to hear from employees and effort to

1 incorporate the feedback. So, my question is, in terms  
2 of metrics and KPIs, what are examples of metrics that  
3 you will be looking at, to see that there's progress  
4 towards the goal, or a need to adjust if needed  
5 essentially to measure job satisfaction, for example, in  
6 employee engagement?

7 MS. ROOTS: Sure. Good question. So, we  
8 actually facilitate the employee engagement survey every  
9 three years. The next time we'll run that survey will  
10 be in 2027. And so, we will, for the most part, use the  
11 same set of questions that we used in our previous  
12 survey and then do a comparison question by question to  
13 evaluate whether we've increased or decreased, and  
14 that's where we begin conversation on strategizing if we  
15 have areas where maybe we're not as pleased with. We'll  
16 work together to come up with some strategies for  
17 improvement.

18 MEMBER ANDRIANARIMANANA: Thank you.

19 CHAIR COHEN: One more question about that.  
20 So, how does the data reach the executive leadership?  
21 I mean, we have presentations like this, but it's very  
22 high level. And I'm wondering how often are these  
23 metrics reviewed? You just said that you're doing a  
24 survey every three years, but you're using the same  
25 copy, cut, paste methodologies. So, I would imagine

1 that there's some review process, that there's  
2 flexibility if you're looking and evaluating questions,  
3 that you're either reworking a question, restating a  
4 question, or eliminating one if it's not being the tool  
5 that you need to evaluate what you're looking to get.  
6 What corrective actions are in place if performance  
7 levels are below expectations?

8 MS. ROOTS: Thank you for the question. If  
9 performance levels are below expectations, that's where  
10 we work with our Organizational Development Action  
11 Committee and our Governance Council to develop  
12 strategies. Maybe there's research that we can do to  
13 understand why maybe numbers dipped or why we're  
14 receiving the low rating that we're receiving, and then  
15 we build strategies through our Workplace Engagement  
16 Service team to facilitate that improvement.

17 CHAIR COHEN: How long " how long has this goal  
18 been around, been a priority for the organization?

19 MS. ROOTS: Are you speaking specifically about  
20 the Employee Engagement Survey?

21 CHAIR COHEN: Yes.

22 MS. ROOTS: I don't know exactly how long. I  
23 know it's been happening at least since 2010. I can  
24 look into records and find out when the first engagement  
25 survey was released, and get back to you with that

1 information.

2 CHAIR COHEN: Thank you very much. I don't  
3 have any other questions. Thank you. Appreciate it.

4 We're going to go to public comment to see if  
5 there's any members of the public that are in the  
6 audience. Any comments? All right. Let's go online.

7 MALE PHONE OPERATOR: Members of the public on  
8 the phone lines, if you would like to place yourself in  
9 queue for public comment, please press one, followed by  
10 zero at this time. One-zero. And we will go to the  
11 line of Christine Grab, the private investor. Please go  
12 ahead.

13 MS. GRAB: I would like to address FTB staffing  
14 problems. I sued FTB in San Diego Superior Court. I  
15 believe that in that case, Keith Swank committed five  
16 counts of perjury, five counts of collusion to cover up  
17 racketeering, five counts of collusion to cover up  
18 embezzlement, and 15 counts of obstruction of justice.

19 I believe that Chelsea Hubbard committed six  
20 counts of perjury, ten counts of obstruction of justice,  
21 ten counts of collusion to cover up embezzlement, and  
22 three counts of collusion to cover up racketeering.

23 I believe that Grace LeBleu made two false  
24 statements to the court and violated my taxpayer rights  
25 to have copies of my records. She also gave me and my

1 husband's social security numbers to Deputy Attorney  
2 General Anna Barsagian. Anna Barsagian then posted  
3 those numbers on the Internet.

4 I believe that all of these people were  
5 coerced by Bill Hilson, who was the head of the  
6 litigation department at the time. Bill Hilson retired  
7 in 2022, shortly after I filed criminal charges with the  
8 federal government.

9 In 2023, Bill Hilson came back. No matter how  
10 much FTB claims to care about their staff, bringing Bill  
11 Hilson back proves that FTB executives and Board Members  
12 do not care about the physical and emotional well-being  
13 of FTB employees.

14 There is no statute of limitation on fraud.  
15 The Biden Administration didn't prosecute, but the Trump  
16 Administration might. Mr. Swank, Ms. Hubbard, and Ms.  
17 LeBleu probably wonder every day if today's the day they  
18 will finally be indicted. As was determined in the  
19 Nuremberg trials, I was just doing my job is not a valid  
20 legal defense.

21 If prosecuted, they may go to prison, but Bill  
22 Hilson won't. Likewise, Christopher Calhoun, Susan  
23 Maples, Chris Smith, Brenda Voet, and Angela Jones all  
24 have to worry about being indicted as well, since they  
25 all signed letters which I believe misrepresent the

1 contents of various laws, and that is a felony.

2 I believe every one of those people was framed  
3 by FTB's legal department. I believe that FTB's  
4 standard operating business practice of framing  
5 employees for crimes perpetrated by the legal department  
6 constitutes psychological abuse. I have asked FTB  
7 numerous times to end this practice. Every time, FTB's  
8 board and executives have said no.

9 In my opinion, the best way to fix FTB's  
10 employee retention problem is to immediately terminate  
11 every person who habitually commits fraud and then  
12 frames other employees for that fraud. I requested  
13 Selvi Stanislaus is terminated for knowingly allowing  
14 FTB to commit crimes against taxpayers, and for allowing  
15 her employees to be psychologically abused.

16 Likewise, I asked Malia Cohen and Joe  
17 Stephenshaw to resign immediately on the same grounds as  
18 Selvi.

19 And finally, to FTB staff, you are required by  
20 law to refuse to comply with FTB's unethical and  
21 unlawful behavior. FTB cannot fire you for refusing to  
22 commit crimes.

23 MS. RUBALCAVA: Excuse me, Controller Cohen.  
24 Time has expired.

25 CHAIR COHEN: Okay. Thank you. Your time is

1 up. Your three minutes are up. We have your public  
2 comment noted in the record. Thank you. Operator, are  
3 there any other calls for public comment?

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

6 CHAIR COHEN: Thank you. Thank you, Katie and  
7 NachÃ©t. We appreciate your presentation.

8 We are going to go on to Item Three now.  
9 Next, we have a Customer Service Enhancements, Education  
10 and Outreach, presented by Prachi Vardhe and Elias  
11 Dominguez. This is also an informational item and no  
12 action will be taken. Good morning.

13 MS. VARDHE: Good morning, Madam Chair, Members  
14 of the Board. My name is Prachi Vardhe. I'm an  
15 Assistant Bureau Director in the Audit Division, and  
16 with me is Elias Dominguez. He's an Information Officer  
17 II, in our Public Affairs Office. Over the next few  
18 minutes, I'll provide updates highlighting our Customer  
19 Service Enhancements. This update will include  
20 information regarding the implementation status of  
21 various self-service tools for taxpayers, and then Elias  
22 will cover our Education and Outreach efforts for these  
23 self-services.

24 So, before we dive into the enhancements, we'd  
25 like to start with how did we get here? FTB has always

1 strived to provide excellent service. In fact, FTB's  
2 current strategic plan emphasizes goal one, Exceptional  
3 Service, which means continuously improving the customer  
4 experience via self-service tools, outreach, and  
5 accessible service channels, and in recent years, we  
6 recognized we needed to modernize the taxpayer  
7 experience. We've heard it directly from our customers  
8 through outreach events, chats, call center feedback,  
9 and page-level feedback on our public website. The  
10 message was very clear; taxpayers wanted faster access  
11 to information, more control over their accounts, and  
12 easier ways to resolve issues without having to call.

13 That input, combined with internal performance  
14 data, proactive data tracking on our website, and team  
15 insights helped us reimagine our approach. A  
16 cornerstone of this transformation is EDR2, our  
17 Enterprise Data-to-Revenue Modernization Project. EDR2  
18 has allowed us to overhaul key systems and tools that  
19 directly support customer service. Many of these  
20 services were added in direct response to feedback FTB  
21 has received over the years on ways to improve FTB  
22 services.

23 Let's take a look at some of these customer  
24 service enhancements. Our first customer service  
25 enhancement we'll talk about is MyFTB. This secure

1 online portal has significantly improved with EDR2. It  
2 includes a cleaner, mobile-friendly interface, easier  
3 access to notices, balances and payment history,  
4 streamlined tax professional authorization, real-time  
5 identity proofing, also known as RIPE, for instant  
6 access, improved document upload and notice tracking,  
7 and paperless delivery and protest submission features,  
8 to name a few. Taxpayers now get real-time MyFTB  
9 account alerts and more personalized messaging, reducing  
10 confusion, and helping them stay in compliance.

11 Next, we have the Certificate of Revivor  
12 service, which allows suspended business taxpayers the  
13 ability to apply for a Certificate of Revivor online, or  
14 by logging into their MyFTB account. It is available to  
15 business entity representatives and tax professionals  
16 with an active relationship through MyFTB, as of March  
17 2025. This service will be available outside of MyFTB  
18 by Fall 2025.

19 Next, many of our interactive voice response,  
20 also known as IVR systems, now include automatic speech  
21 recognition, and the ability to request a text with a  
22 link to WebPay allowing for a hands-free experience when  
23 calling FTB. This enhancement is fully implemented as  
24 of June 2025. The E-demand payoff request is enhanced  
25 with automation to provide instant responses to some

1 requests.

2           Additionally, the layout of the service is  
3 updated to have a more user-friendly interface as well  
4 as improved notice formatting tailored to the specific  
5 customer type. This enhancement is available for  
6 personal income tax taxpayers as of June 2025.

7           Next, we have the new Offer in Compromise  
8 application service. It allows individuals and business  
9 taxpayers who do not have the means to pay their  
10 undisputed tax liability, to submit an offer online  
11 after creating a basic login account, or by logging into  
12 their MyFTB account. For PIT taxpayers, this service is  
13 available since June 2025, and for BE taxpayers, it is  
14 scheduled to go live later this month.

15           The new Innocent Joint Filer Relief service  
16 allows individual taxpayers and their representatives  
17 the ability to request relief on our website after  
18 creating a basic login account, or by logging into their  
19 MyFTB account. Soft launch through MyFTB began March  
20 17, 2025, and full launch is scheduled for later this  
21 month, September 2025.

22           Next, the payment plan service was enhanced to  
23 allow taxpayers and their representatives to request a  
24 payment plan via MyFTB or IVR. Business entities can  
25 request a payment plan online via [ftb.ca.gov](http://ftb.ca.gov), or by

1 logging into their MyFTB account. Additionally, new  
2 ways to manage payment plans were added to both MyFTB  
3 and online via [ftb.ca.gov](http://ftb.ca.gov). This enhancement for PIT has  
4 been available since January of 2024, and for BE payment  
5 plans, we did a soft launch in April 2025.

6 I will now turn over the presentation to my  
7 colleague, Elias. He will share information about our  
8 education, and outreach efforts around our customer  
9 service enhancements.

10 MR. DOMINGUEZ: Thank you, Prachi, and  
11 greetings, Madam Chair, and esteemed Board Members. I  
12 am pleased to present this update to you today. So, as  
13 you just heard, FTB has been working hard to provide  
14 helpful tools and services to our taxpayer community.  
15 Of course, great tools and services only work if people  
16 know about them. So, we've launched a coordinated  
17 effort to inform and educate the public on how to use  
18 our online tools and services. The goal? To improve  
19 access, compliance, and support for California's diverse  
20 taxpayers. This includes developing a one-stop webpage  
21 with links to FTB self-service options, so taxpayers and  
22 tax professionals can easily find the services they are  
23 looking for. We've also created several how-to videos  
24 and web content, including how to set up a MyFTB  
25 account, how to use WebPay, how to use CalFile and the

1 IRS's Direct File, how to view estimated payments, how  
2 to pay estimated payments using our WebPay application,  
3 and how to avoid scams. And speaking of scams, recently  
4 FTB was alerted through our contact center, through  
5 online reports, and through social media about a text  
6 scam imitating FTB. In response, we quickly posted a  
7 banner on our website with an alert about the tax fraud  
8 and a link for taxpayers to report the fraud. In  
9 addition, FTB issued a press release and launched a  
10 social media campaign to warn Californians.

11 Additionally, we've also published tax news  
12 articles ahead of soft launches of our tools and after  
13 full implementation. As we receive information and  
14 feedback, and as new self-service tools are rolled out,  
15 we will continue to inform and educate the public  
16 through additional tax news articles, social media  
17 posts, utilizing field office lobby videos, issuing  
18 press releases, sending targeted emails, and of course,  
19 updates on our public website.

20 We also continue to support trusted outreach  
21 programs like Volunteer Income Tax Assistance, or VITA,  
22 where FTB staff work side-by-side with community  
23 partners. This year, 108 FTB volunteers prepared over  
24 5,000 tax returns for Californians who needed help,  
25 including over 1,000 returns for the members of the Hart

1 Senior Center. We've also supported disaster-impacted  
2 taxpayers through local assistance centers and disaster  
3 recovery centers. For the Los Angeles area wildfires  
4 earlier this year, our team proudly served more than  
5 5,400 survivors at disaster recovery centers, providing  
6 them with important information they need to meet their  
7 tax obligations.

8 We also emphasize outreach and communications  
9 of various programs and tools, such as the California  
10 Earned Income Tax Credit, MyFTB, CalFile, and the IRS's  
11 Direct File Program, and these outreach efforts include  
12 highlighting the programs on our public website, the  
13 creation and distribution of social media toolkits to  
14 outreach partners, creating multilingual flyers and  
15 posters for distribution throughout the state, and  
16 producing promotional videos. And for the first time,  
17 FTB partnered with an advertising agency to promote some  
18 of these programs through billboards, posters, and bus  
19 shelters in a statewide marketing effort.

20 So, whether we're reaching our customers  
21 online, in person, or through out-of-home marketing,  
22 we're seeing that our combined efforts are paying off.  
23 In the 2025 filing season, we saw significant increases  
24 in the use of our online tools and resources compared to  
25 last year. Taxpayers accessed MyFTB over 2.7 million

1 times, a 23 percent increase. Our website had over 15.8  
2 million visits, an increase of 500,000. And the Check  
3 Your Refund tool had over 5.2 million visits, an  
4 increase of 800,000. One way we're approaching these  
5 initiatives is through FTB's Leadership Development  
6 Program which supports future leaders with training in  
7 strategic thinking and communication competencies.

8 This year, one of the leadership teams focused  
9 on FTB's language access, inventorying FTB's non-English  
10 services. That included reviewing translated forms,  
11 call center capabilities, MyFTB and its messaging, and  
12 benchmarking other agencies' language access efforts to  
13 estimate costs and feasibility. So, looking ahead,  
14 we'll continue improving our online systems, growing our  
15 multilingual content, and piloting new solutions to make  
16 the taxpayer experience more intuitive, inclusive, and  
17 efficient. At every step, our focus is to ensure that  
18 all Californians have access to clear, equitable, and  
19 effective tax services.

20 We're grateful for your support as we continue  
21 building a better FTB for all. Thank you for the  
22 opportunity to present today, and we welcome any  
23 questions or feedback you may have.

24 CHAIR COHEN: Thank you very much for your  
25 presentation. Let me turn to my colleagues to see if

1 there are any questions. Senator Gaines, yes.

2 MEMBER GAINES: If I could, thank you. Thank  
3 you for your presentations. I appreciate it.

4 And just wanted to get a little clarity here  
5 on a couple of items to help me and our constituents  
6 throughout the state. Can you help me with a  
7 Certificate of Revivor? Can you explain what that is?

8 MS. VARDHE: Yes, certainly. Thank you for  
9 your question. So, it's basically when your business  
10 has been suspended or forfeited, which means it's not in  
11 good standing, it loses its rights, powers, and  
12 privileges to do business in California, and so, you can  
13 submit information online, which is to get the  
14 Certificate of Revivor. Some of the reasons why it may  
15 not be in good standing has to do with the business may  
16 not have filed the tax returns or have not paid their  
17 taxes due, and so, once they have all the information,  
18 they've filed all this, they can go online and submit  
19 the Certificate of Revivor, request and get their  
20 business back in good standing.

21 MEMBER GAINES: Oh, that's great. Thank you.  
22 And so, I just wanted to clarify on the customer service  
23 enhancements offer in compromise. Is that now offered  
24 online? Is that the new aspect of what's happening in  
25 that?

1 MS. VARDHE: That is correct, yes. It was  
2 paper only, I think, by mail is how it was previously,  
3 and now it can be done online.

4 MEMBER GAINES: Excellent, that's great. And  
5 then can you explain an innocent joint filer?

6 MS. VARDHE: Yes, thank you for the question.  
7 So, basically when you file a California joint tax  
8 return, both taxpayers are responsible for paying any  
9 taxes, penalties, and interest that are due on that  
10 return. So, basically, they are joint and severally  
11 liable for it. In some cases, a spouse or a registered  
12 domestic partner may get relief from paying all or part  
13 of what is owed, and that is something that determined  
14 case-by-case basis, depending on the reasons for the  
15 relief that is being requested. And now basically, the  
16 innocent spouse is requesting that they can submit that  
17 online and ask for that relief.

18 MEMBER GAINES: Okay. So, they ask for it and  
19 then it's reviewed by Franchise Tax Board.

20 MS. VARDHE: Yes.

21 MEMBER GAINES: There's a determination made.

22 MS. VARDHE: Correct.

23 MEMBER GAINES: Okay, great. Thank you. If I  
24 could move to education and outreach just in terms of  
25 your website; you mentioned 15.8 million visits and it's

1 500,000 more visits than last year, is that the -- I'm  
2 just trying to get the comparison right in terms of  
3 what's happening there?

4 MR. DOMINGUEZ: Yeah, that is correct. That  
5 was based on visits. We had a 500,000 increase in  
6 visits.

7 MEMBER GAINES: Great, wonderful. And then the  
8 Check Your Refund tool had 5.2 million visits and that's  
9 800,000 more than last year. There was also some  
10 discussion about speeding up that effort for refunds.  
11 Is that something you could speak to in terms of what's  
12 happening there?

13 MR. DOMINGUEZ: Yeah, so as far as our  
14 communication efforts, obviously we want everyone to get  
15 their refunds due. So, anything we could do to promote  
16 the Check Your Refund tool, making it more visible on  
17 our website, also promoting it on social media. We also  
18 have executives that attend various speaking engagements  
19 so, you know, we include those talking points as well.  
20 So, we have various ways of outreach to try to get the  
21 word out. Also CalEITC, as you know, is a huge  
22 communications effort that we have every year. So, I'm  
23 trying to get as many people as possible to claim that  
24 credit.

25 MEMBER GAINES: Okay, great. Is -- how is our

1 effort in that arena? Are we getting out tax refunds  
2 more quickly? Is that something we monitor that we're  
3 possibly looking at trying to improve?

4 MR. DOMINGUEZ: Yeah, that is something we do  
5 monitor. I was just going to tell you from the stat I  
6 saw recently, I believe 84 percent of refunds were  
7 distributed within seven to ten business days, and  
8 that's the benefit of e-filing, of course, which we try  
9 to communicate as well.

10 MEMBER GAINES: Wonderful. And if you don't e-  
11 file, do you know what that timeline is?

12 MR. DOMINGUEZ: Off the top of my head, I don't  
13 know what the paper filing timeline is.

14 MS. STANISLAUS: It's about four months.

15 MEMBER GAINES: Okay. All right. So, people  
16 need to be encouraged to go online and hopefully have  
17 the access to do that or the ability. Is there any  
18 effort to try to speed up the paper side, because not  
19 everybody can go online?

20 MS. STANISLAUS: Yeah, well, 84 percent of the  
21 people have filed online. So, that's a huge jump from  
22 previous years.

23 MEMBER GAINES: Yes.

24 MS. STANISLAUS: So, our efforts are working.

25 MEMBER GAINES: Yes, but I -- and I applaud you

1 for that. I'm not trying to be overly critical. I  
2 just, some folks are going to have to file by paper, and  
3 maybe they don't know how to go online. I just want to  
4 make sure that we're also taking a look at that. Is it  
5 14 percent? That those folks are trying to return their  
6 money as quickly as possible, and I don't know if  
7 efforts are being made in that regard or not?

8 MS. STANISLAUS: Yes, we are.

9 MEMBER GAINES: Okay, very good. Thank you.

10 CHAIR COHEN: All right, thank you for your  
11 questions. Department of Finance has a question.

12 MEMBER ANDRIANARIMANANA: Yes. Thank you for  
13 your presentation. I had a question on the education  
14 and outreach slide, as well, where Member Gaines was  
15 mentioning some of those increasing access --.

16 CHAIR COHEN: Can you speak into the mic?

17 MEMBER ANDRIANARIMANANA: Is it clear now?

18 CHAIR COHEN: Thank you.

19 MEMBER ANDRIANARIMANANA: I wanted to ask about  
20 the education and outreach slide. There are various  
21 metrics here on increasing access to MyFTB, FTB website  
22 compared to last year, notably the 23 percent increase  
23 in access to MyFTB, and I think it was noted during the  
24 presentation that it was due to a combination of online,  
25 in-person, and marketing, and so I was just curious if

1 you have a sense of if any of those three avenues were  
2 more effective in the significant increase. That is,  
3 was there more effort that was put on any one of those  
4 types of outreach, because that is a significant  
5 increase that maybe could be applied and there could be  
6 some lessons learned there.

7 MR. DOMINGUEZ: I think it's a combination of  
8 all our efforts combined. You know, year after year we  
9 try to identify ways that we can further market MyFTB  
10 and also the different programs and tools that we have.

11 I can tell you also the page level feedback  
12 that we have on our website is a very useful tool. So,  
13 each page on our website has a link on the bottom where  
14 you can submit feedback. And regarding MyFTB and the  
15 accounts created, it's actually a good example. I'm  
16 glad you brought that, so we noticed that we were  
17 getting a lot of feedback in people having trouble  
18 creating a MyFTB account. So, there was a required  
19 terms and conditions box that users needed to check in  
20 order to create an account. But it wasn't easily  
21 visible, so, we made a simple change, made it very  
22 visible, and we saw uptick in MyFTB accounts, and thus  
23 the complaints dropped. So, little changes like that,  
24 just being able to respond to feedback and making the  
25 user experience easier, that makes a huge difference.

1 CHAIR COHEN: How are we tracking the success  
2 of our partnership with the advertising agency?

3 MR. DOMINGUEZ: So, this year was the first  
4 year that we actually partnered with an advertising  
5 agency. It's very difficult to correlate the  
6 impressions to actual people, you know, claiming  
7 CalEITC, but we did get a report that we can share with  
8 you as far as our findings. As far as impressions, and  
9 how it might correlate, you know, to people claiming  
10 CalEITC, and I can tell you for the following year,  
11 2026, we're hoping to have a more robust marketing  
12 effort to include not just out-of-home marketing, but  
13 also digital, including social media, to hopefully reach  
14 bigger audiences. I think Susan will have a  
15 presentation on this, so she'll go over it, but we try  
16 to hit the four large markets, and next year we're also  
17 hoping to include smaller markets.

18 CHAIR COHEN: What are the four large markets?

19 MR. DOMINGUEZ: LA, San Diego, Bay Area, and  
20 Sacramento.

21 CHAIR COHEN: Okay.

22 MR. DOMINGUEZ: In the coming year, we're  
23 hoping to get also Central Valley.

24 CHAIR COHEN: Okay. And is that budgeted, the  
25 fee for the advertising agency? Is that an RFP?

1 MR. DOMINGUEZ: Yeah, it is an RFP.

2 CHAIR COHEN: So, it was an RFP.

3 MR. DOMINGUEZ: Yes.

4 CHAIR COHEN: And I'm sure in the RFP there  
5 were some metrics, some performance metrics, that were  
6 written into the RFP, and you're saying that the  
7 advertising agency has them or made a presentation?

8 MR. DOMINGUEZ: They did provide like a  
9 conclusion, or, you know, report to sort of summarize I  
10 guess the campaign itself, but, off the top of my head,  
11 I'm not sure what the numbers include.

12 CHAIR COHEN: Sir, you are here reporting out  
13 information. How do you not have this information? We  
14 are spending money with an advertising company, which  
15 we're probably going to engage with again next year.  
16 What did they say? What was the report?

17 MR. DOMINGUEZ: Well, the number I can tell you  
18 is that we received 41 million impressions based on  
19 their data on our one-month campaign.

20 CHAIR COHEN: Okay.

21 MR. DOMINGUEZ: And the impressions came from,  
22 as I mentioned, just strictly outdoor marketing in those  
23 four areas.

24 CHAIR COHEN: Outdoor marketing; so that's a  
25 billboard?

1 MR. DOMINGUEZ: Billboards, bus shelters, and  
2 posters.

3 CHAIR COHEN: Okay. We're going to talk about  
4 this before next year, just to make sure that we have  
5 the metrics in place so that we are not wasting money.  
6 Question. And it goes a little bit to what Member  
7 Gaines was saying. I want clarity on how we're ensuring  
8 the digital equity for the taxpayers, particularly those  
9 that are lacking Internet access, or digital literacy.  
10 How do we know they are receiving our message or the  
11 help that they need?

12 MR. DOMINGUEZ: Yeah, that's a very good  
13 question. And, you know, as I did mention, one of the  
14 MDP projects, our Management Development Programs, was  
15 really looking at that specifically, measuring FTB's  
16 language access and the different language access and  
17 accessibility to the public. So, there was a number of  
18 different things that they looked at. I believe that  
19 MDP project was for this year, so, I would have to check  
20 with that particular team to see if they have the  
21 complete report.

22 CHAIR COHEN: Okay. Thank you. I don't have  
23 any other questions. You? No? We're good. All right.  
24 Thank you very much for the presentation.

25 MR. DOMINGUEZ: Thank you.

1 CHAIR COHEN: We're going to go to public  
2 comment. Colleagues, friends, anyone have any comments  
3 on this item? None? Okay.

4 Operator, please check online to see if  
5 there's any members online of the public that would like  
6 to comment.

7 MALE PHONE OPERATOR: Thank you. Members of  
8 the public on the phone lines, if you would like to  
9 place yourself in queue for public comment, as a  
10 reminder, please press one followed by zero at this  
11 time; one followed by zero.

12 No members of the public are queuing up.  
13 Please continue.

14 CHAIR COHEN: All right. Thank you very much.  
15 Thank you for that presentation.

16 We are going to move on to Item Four, which is  
17 an update on the earned income tax credit, the foster  
18 youth tax credit, and the young tax credit presented by  
19 Susan Maples. This is an informational item. Susan, I  
20 just want you to know I'm personally interested in this  
21 item. I hope you have real data to share with us.

22 MS. MAPLES: I do.

23 CHAIR COHEN: Excellent. All right. The floor  
24 is yours.

25 MS. MAPLES: Thank you so much. Good morning,

1 Chair Cohen and Board Members. My name is Susan Maples,  
2 and I'm the director of the Economic and Statistical  
3 Research Bureau at Franchise Tax Board. In my  
4 presentation, I'll be providing an update on the  
5 California Earned Income Tax Credit, Young Child Tax  
6 Credit, and Foster Youth Tax Credit, referred to  
7 collectively as the family of CalEITC credits.

8 Today, I'll be updating you on CalEITC  
9 statistics from this year's filing season, what those  
10 statistics might mean, our education and outreach  
11 activities, and additional information about our  
12 partnerships with external stakeholders, and other state  
13 agencies, to ensure Californians who qualify for these  
14 credits are aware of the credits available and have the  
15 tools necessary to file returns and claim the credits  
16 that they qualify for. So, let's jump right in and look  
17 at some processing year data from this year's filing  
18 season as it compares to last year.

19 Process year data differs from tax year data,  
20 as it includes original tax returns for the current tax  
21 year, and prior year tax returns for previous tax years  
22 that have completed processing. With that in mind, as  
23 of June 21, 2025, FTB received just over three million  
24 returns resulting in approximately 874 million in  
25 CalEITC credits allowed. Just over 367,000 returns

1 claiming Young Child Tax Credits were allowed, resulting  
2 in the distribution of approximately 392 million in  
3 Young Child Tax Credits.

4           Additionally, just over 5,200 returns were  
5 allowed, resulting in approximately 5.8 million in  
6 Foster Youth Tax Credits. When we compared year-to-date  
7 2025 process claims with the same timeframe in 2024, we  
8 noted a slight decrease in the number of returns we've  
9 received claiming each of the credits this year, and a  
10 slight increase in the average credit amounts, mostly  
11 due to indexing for inflation. Looking more closely at  
12 the drop in CalEITC claims, which is currently six  
13 percent as of June 21 this year, year-over-year  
14 percentage change for CalEITC, this change peaked around  
15 17 percent in March but has stabilized between four and  
16 six percent for the last several weeks.

17           This has resulted in around 190,000 fewer  
18 process claims when comparing last year to this year.  
19 However, it is important to note that tax returns are  
20 still being filed and processed, and we will see  
21 additional returns submitted as a result of outreach  
22 activities and in the weeks leading up to the October  
23 15th extended filing deadline.

24           Since CalEITC began in 2015, we've seen  
25 several legislative expansions to the credit to increase

1 AGI limits, expand age eligibility, and include  
2 Californians with Individual Tax Identification Numbers,  
3 also known as ITINs. As a result, early on, we saw  
4 year-over-year increases in claimants of the CalEITC  
5 credit, in large part due to additional populations of  
6 taxpayers becoming eligible to receive the credit.  
7 Robust education and outreach in the last ten years by  
8 state, federal, and local governments, as well as  
9 nonprofit organizations and other advocacy groups, have  
10 also increased general awareness about these credits,  
11 and helped Californians access return filing assistance  
12 programs like VITA and CalFile, to get their returns  
13 prepared free of charge.

14 As with many economic factors, the pandemic  
15 really changed things. We saw large increases in  
16 CalEITC claims due to financial pressures from job  
17 losses related to the pandemic, as well as stimulus  
18 payments that required taxpayers to file a return to be  
19 eligible. However, five years after the start of the  
20 pandemic, things are largely returning to normal. So,  
21 when we noticed a modest decline in CalEITC claims year-  
22 over-year, we reviewed potential causes to make sure  
23 that we were not missing anything. Our review found  
24 some evidence to suggest that the L.A. fires have  
25 resulted in some delays in filing and reduced EITC

1 claims year-to-date, which may be resolved once the  
2 October due date is reached. We also observed wage  
3 growth in income ranges associated with EITC eligibility  
4 that has outpaced inflation and observed a multi-year  
5 trend in federal adjusted gross income that suggests the  
6 percentage of taxpayers who fall under the income  
7 threshold has been decreasing, thus reducing the  
8 population eligible to file and claim CalEITC. This  
9 could be related to recent California minimum wage  
10 increases and/or general economic performance post-  
11 pandemic.

12 As far as what we found when we looked at ITIN  
13 filers overall, current tax year ITIN filings are down  
14 around six percent year-to-date. However, current year  
15 ITIN EITC claims are only down around two percent year-  
16 to-date. So, there is evidence that ITIN filings have  
17 decreased overall, but much less so for ITIN EITC  
18 claims, which corresponds to what we are seeing across  
19 the board for all EITC filing groups.

20 Turning now to FTB's education and outreach  
21 efforts, I want to provide an update on our summer  
22 outreach campaign that began as part of the education  
23 and outreach efforts identified in our 2022 report on  
24 the study to increase the number of claims for the  
25 California and federal EITC, mandated by Senate Bill

1 1409. FTB began a summer outreach program in 2023 that  
2 identified individuals who failed to file a return and  
3 claim CalEITC but likely qualified for the credit based  
4 on prior filing history and Employment Development  
5 Department wage records, as well as individuals who  
6 likely qualified for CalEITC and filed a tax return, but  
7 did not claim the credit. Nudge letters were sent to  
8 nearly 350,000 people in year one and just over 300,000  
9 in year two, year three of the program just started with  
10 nearly 200,000 letters being mailed out at the end of  
11 July. Letters mailed provided taxpayers information  
12 about all three available tax credits. New this year,  
13 FTB identified nearly 4,000 additional taxpayers, both  
14 filers and non-filers, who claimed the foster youth tax  
15 credit in a previous year, but who did not claim the  
16 credit in the current year, and added those folks to our  
17 outreach letters to remind them about available credits.

18 Summer outreach results are finalized the  
19 following February, before the start of the next filing  
20 season, and the results are published in our CalEITC  
21 annual report to the legislature. In addition to our  
22 summer outreach efforts this season, FTB also launched a  
23 CalEITC statewide outdoor advertising campaign to raise  
24 awareness and increase participation in the program.  
25 The campaign featured 40 billboards and 70 transit

1 shelter ads across California. Through targeted  
2 outreach, the campaign engaged key communities, and  
3 through June, had generated over 41 million impressions  
4 demonstrating meaningful reach and impact. FTB also  
5 distributed more than 88,000 flyers and posters, and  
6 shared outreach materials with hundreds of partners,  
7 including non-profits, the foster youth community, state  
8 agencies, and legislative offices statewide. A CalEITC  
9 -focused social media campaign was launched during  
10 CalEITC Awareness Week on January 31, 2025, to further  
11 raise awareness.

12 The final update I want to share today is  
13 regarding our partnership with external agencies. As  
14 discussed at a previous board presentation, California  
15 really does use an all-of-government approach when it  
16 comes to CalEITC education and outreach. So, let me  
17 share a few of the things that we've done together  
18 during 2025 filing season.

19 At the beginning of the 2025 filing season,  
20 using existing data sharing authority and interagency  
21 agreements, we provided non-filer flags to the  
22 California Department of Social Services to help  
23 identify 512,000 CalWORKS participants who could be  
24 eligible for CalEITC but had not yet filed a tax return.  
25 FTB also collaborated with the California Department of

1 Healthcare Services to develop the CalEITC notice for  
2 the 2024 tax year. The notice was distributed to  
3 approximately nine million Medi-Cal members in early  
4 2025 as part of an annual mailer helping to raise  
5 awareness for the available tax credits.

6 FTB and the California Department of Community  
7 Services and Development collaborated to distribute \$12  
8 million in grants to nonprofit and community-based  
9 organizations. These funds appropriated in the 2024-  
10 2025 Budget Act included set allocations for grantees  
11 that target statewide and rural regions, supporting  
12 education and outreach activities using the web, social  
13 media, canvassing, collateral messaging, and group  
14 events. They also helped with free tax preparation  
15 assistance and obtaining ITINs. This filing season,  
16 approximately 15 grantees conducted outreach to increase  
17 awareness of state and federal earned income tax credits  
18 and services. A final closeout report, including  
19 outcome data for all expenditures and activities, will  
20 be submitted by CSD later this year. In partnership  
21 with the California State Controller's Office, we sent  
22 our annual global messaging to state employees,  
23 informing them about the many CalEITC credits.

24 FTB also partnered with several stakeholders  
25 to participate in thought conversations about how to

1 improve the uptake of CalEITC credits and share best  
2 practices among researchers, states, and other trusted  
3 partners in effective activities that help individuals  
4 with limited financial resources get the credits that  
5 they are eligible for.

6 Thank you for your time today, and I'd be  
7 happy to answer any questions you might have.

8 CHAIR COHEN: Thank you very much. I know  
9 Senator Gaines has questions, so we will just start with  
10 him.

11 MEMBER GAINES: Thank you. Thank you very  
12 much. I just appreciate your presentation, and I just  
13 wanted to take a look at these outreach activities.

14 And so, on slide six, it looks like they're  
15 showing an example of an ad that says get more cash back  
16 with CalEITC, and then it has a web address, and  
17 Franchise Tax Board, which is good. But, my concern is  
18 that, you know, just as kind of a citizen, would I  
19 understand what CalEITC is? And so, I'm wondering if  
20 the outreach can be clearer to our constituents so that  
21 they know what might be available? I mean, it says cash  
22 back. You know, that's great, but cash back for what?  
23 So, is there a simpler way to communicate that so that  
24 hopefully there's better understanding of our  
25 constituents who might be reading this as they're going

1 by on the freeway or wherever?

2 MS. MAPLES: So, each year, we get together as  
3 a group, and we also do some external canvassing to try  
4 to understand what the best methods of outreach might  
5 be. I think in the past from your board, we've had  
6 suggestions about how to make our CalEITC, our website  
7 on the FTB web internet, more clear, make it more user-  
8 friendly. We've changed things, various ways from  
9 feedback from various organizations to help make it  
10 clearer. We're always willing to entertain additional  
11 feedback if there are suggestions that you have. Like I  
12 said, we generally meet almost once a week during the  
13 filing season, or before the filing season, to solidify  
14 the flyers and some of the materials that we're going to  
15 use and send out to local nonprofits in multiple  
16 languages, and we're always looking for suggestions that  
17 might help.

18 So, if you have some of those, we'd be more  
19 than willing to take a look at those.

20 MEMBER GAINES: Yeah, anything we can do to get  
21 away from kind of the alphabet soup.

22 MS. MAPLES: Right.

23 MEMBER GAINES: You know, and it happens in the  
24 private sector, public sector, you know, we speak a  
25 certain language. I'm still learning it.

1 MS. MAPLES: We love our acronyms here at FTB.

2 MEMBER GAINES: So, anything we can do to make  
3 it clearer for people just to understand that there  
4 might be, you know, a credit available to them. And it  
5 would speak also to the Young Child Tax Credit and  
6 Foster Youth Tax Credit. Just those words, young child  
7 tax credit or foster youth tax credit, I think, would  
8 really resonate, but I'm not a marketing person. I'm  
9 just looking at a way that we can communicate as clearly  
10 as possible so that people can take advantage of it.

11 MS. MAPLES: I understand. Thank you for that  
12 feedback.

13 CHAIR COHEN: All right. I just wanted to --  
14 so, in the last item, I asked a question about metrics,  
15 and it was given the number of 41 million impressions.  
16 and then you also in your presentation gave 41 million  
17 impressions, so, this is just a universal impression.  
18 This is not specific to the Earned Income Tax Credit,  
19 this is just overall

20 MS. MAPLES: Yes.

21 CHAIR COHEN: -- franchise. So, what I'm  
22 trying to do is distill down to find out how successful  
23 these programs are in marketing, but it sounds like  
24 either you don't have that metric, or the advertiser  
25 didn't account for it.

1 MS. MAPLES: So, I've actually done a lot of  
2 work in this area because I work in the Economic and  
3 Statistical Research Bureau. So, we have worked with  
4 CDSS and some of the organizations to find best  
5 practices in understanding what education and outreach  
6 we're doing and how that really translates to returns  
7 filed. It's difficult with billboards because we don't  
8 know actually who saw them, and I believe that the way  
9 that they measure impressions, it's somewhat similar to  
10 what they do on LinkedIn. They can tell when you have  
11 viewed something. So, like a billboard may see several  
12 hundred thousand or in this case several million cars  
13 that are driving by, so, they count that as somebody  
14 who's seen it and that would be an impression. Same  
15 thing with the shelter transit ads. I don't know how  
16 specific that they can get for that, but there really is  
17 no way without us being able to get names and social  
18 security numbers for our bureau to sort of get in there  
19 and see, were these people filing last year? What did -  
20 - you know, did they file again this year? And it's  
21 really difficult to have that correlation between an  
22 advertisement and an actual action. It's something that  
23 we talk about with the grantees often in terms of being  
24 able to discern the efficacy of what they're actually  
25 doing.

1 CHAIR COHEN: Do you know how the FTB came to  
2 decide that the outreach strategy would incorporate  
3 billboards and bus shelters?

4 MS. MAPLES: I do not know how we came to that  
5 determination, because I'm not really involved in the  
6 advertising side of it. But I think in general it's  
7 really difficult with outreach, especially to non-filers  
8 because we don't know who those folks are.

9 As I mentioned with our summer outreach, we're  
10 attempting to identify people who might be eligible, and  
11 send them letters because we have their addresses. But  
12 it's a particular challenge that the grantees also face.  
13 They have people who knock on doors, they use social  
14 media platforms. It's really about trying to get to as  
15 many people as you can with a message, in the hopes that  
16 when we include things like information about VITA,  
17 Volunteering Tax Assistance Program, and CAL FILE, to be  
18 able to help these people get to a place where they can  
19 get additional information. I think there was a QR code  
20 on Elias's PowerPoint slide on the bus shelters.

21 I think most people, even if they're not that  
22 well connected to the Internet, have a cell phone so  
23 that they can scan those QR codes. But it's about being  
24 able to try to connect people to give them more  
25 additional information and then from there maybe funnel

1 them to a place where they can get access to free filing  
2 or some of the grantee help. It's a difficult thing.

3 CHAIR COHEN: Thank you. I know you weren't  
4 necessarily at the table, and I'm assuming that whoever  
5 the decision-making team is assembled in this room, so  
6 I'm going to speak broadly to everyone. The  
7 presentation is really good, but I think that we can go  
8 a step further, and go on a deeper level. I think -- I  
9 still don't know how much was spent on the advertising  
10 budget, but I think that the money should be more  
11 targeted to digital. Now, I am an elected official, and  
12 I work in the space of advertisement as well, right,  
13 talking to voters. One of the things that we know from  
14 our own statistical data research is that a billboard is  
15 passive and at some point, becomes part of the blight.  
16 People see it one time, and they register it in their  
17 mind, and then their mind stops seeing it. They stop  
18 filtering it. And so, what we need to do is be very  
19 intentional. We are able to target people by their  
20 social security number. We're able to target people by  
21 their address. We're able to target people by language,  
22 even by their name. So, being very, very strategic on  
23 the database, on the information that we do have to  
24 target people. So, instead of going high-level with  
25 these passive forms of bus shelters, which, by the way,

1 I don't know if you saw the latest news, but the Bay  
2 Area Rapid Transit system is broke, and so people aren't  
3 riding the transportation, so it's not the best way to  
4 reach people.

5 Bus shelters, how many of you are taking buses  
6 to go to work? Yeah. Now, there might be a few people  
7 that are shy and don't want to share their business.  
8 But my point is that in different regions, that's not  
9 the best way to reach people. The best way is, again,  
10 and being very strategic, very dogged on developing a  
11 solid marketing plan. I would have loved to been a part  
12 of the conversation about the RFP language to make sure  
13 that we are contracting with a company that is able to  
14 give us information that is useful. So, far, what I've  
15 heard today is not really any useful information. We  
16 reached people, we had 41 million impressions, but we  
17 have not captured. This is the Franchise Tax Board.  
18 This is like the state government entity that is the  
19 queen of database, of resources, of information. We  
20 have what we need. We just need to develop a  
21 relationship, maybe it's with an outside vendor, to help  
22 us be strategic in targeting folks. We know for a fact  
23 that our taxpayers are getting targeted by people that  
24 are phishing, that people that are getting these fake,  
25 thank you, the fake text messages on their phone. Why

1 are we not developing our own strategy to combat that?  
2 I just think that we need to be thinking, be a lot more  
3 aggressive and forward-thinking in how we are targeting  
4 and talking to people, because, you know, I don't want  
5 to, I guess, the enemy, for lack of a better way to  
6 describe it, they're talking to our taxpayers, but we're  
7 not talking to them in that same way, with that same  
8 level of urgency and diligence. Did you want to  
9 respond?

10 MS. MAPLES: I do, actually, yeah. I wanted to  
11 share some information. It is very difficult to reach  
12 people who are not filing.

13 One of the things, though, that FTB has done,  
14 you were speaking about our vast amount of resources,  
15 the summer outreach program that I mentioned. We  
16 actually have lots of information about folks, wage  
17 record information from Employment Development  
18 Department, and we use that to target non-filers who  
19 appear, because the CalEITC, as well as the Foster Youth  
20 Tax Credit, and to some degree, the Young Child Tax  
21 Credit, you have to have some earned income. So, we do  
22 get data on earned income from the Employment  
23 Development Department.

24 So, we are actively using that to send letters  
25 to these folks who appear to be eligible, but didn't

1 file a return. We have been able to look back, because  
2 I think one of the issues, the tough things about  
3 outreach when you're dealing with non-filers is that  
4 some people have never filed a return, and no matter  
5 what we do, they're not going to file a return. So,  
6 what we have looked at is people who have filed in prior  
7 years, because then we've had some interaction with  
8 them, and we feel like they're more likely to  
9 potentially engage with us.

10 So, I'm very proud of that, one of the  
11 statistics that I have for you today. In our first year  
12 of summer outreach, we were actually able to achieve  
13 almost a five percent response rate where we allowed  
14 credits, because we really were able to target it down  
15 to those people who have the wages that we need to  
16 qualify for CalEITC, and we had addresses, and  
17 additional information with them. We were able to send  
18 them letters with approximate credit amounts and get  
19 roughly a five percent response rate.

20 CHAIR COHEN: That's phenomenal.

21 MS. MAPLES: In this space, it's actually very  
22 good.

23 CHAIR COHEN: How do we bolster that effort?

24 MS. MAPLES: Well, I think it shows that we're  
25 being successful because we have less and less letters

1 going out every year to these non-filers, I think in  
2 part because we know that they're now filing. But one  
3 of the things that when we did some, I mentioned that we  
4 did some research looking at some of the declines and  
5 some of those reasons, about 80 percent of the people  
6 who claimed CalEITC last year and didn't claim it this  
7 year, we actually were able to pull all those returns,  
8 because we have all that data. About 80 percent of  
9 those people, their wages were up over the maximum  
10 income amount for CalEITC, and that's one of the things  
11 that I was sharing in my speech, that wage inflation has  
12 grown. The minimum wage, if you do the simple math of  
13 \$20 an hour if you're at a fast-food restaurant, if  
14 you're working 40 hours a week, I think it's something  
15 like \$40,000 a year, which is up over the CalEITC  
16 threshold.

17 CHAIR COHEN: So, that, I mean, your  
18 presentation, because you had that information, for me  
19 was the most salient presentation in understanding  
20 exactly our target group. The other aspect is, despite  
21 the decrease in claims, the average CalEITC amount has  
22 also increased, however slightly, but there's still an  
23 increase; is that due to the wage inflation?

24 MS. MAPLES: No, actually CalEITC is indexed  
25 every year, CPI, which is Consumer Price Index, I

1 believe, and that actually has grown slower than wage  
2 growth. The minimum wage in California has been  
3 increasing quite steadily, and it's up above CPI. But,  
4 one of the other things I wanted to mention to you in  
5 terms of how we target these folks, in my presentation I  
6 was saying we actually did a data exchange with CDSS,  
7 which has the CalWORKs, those folks that receive food  
8 benefits in California, and so, they sent us their  
9 participant list, and we were able to double-check  
10 against all of our records to see which of these folks  
11 didn't file, because if they're getting CalWORKs, most  
12 likely they're in that income range that they probably  
13 qualify for CalEITC, or foster youth tax credit, or  
14 young child tax credit.

15 So, we were able to return those non-filer  
16 flags to CDS, and they actually, I'm sorry, CDSS, they  
17 actually did their own outreach via text message and  
18 emails to their program participants to make sure that  
19 they were also aware. And then they also offered VITA  
20 services, you know, information about CalFile, and  
21 actually some help for people who needed some additional  
22 assistance to get returns filed. So, we're working in  
23 that space as well.

24 CHAIR COHEN: That's good, and talk to me about  
25 how the relationship is going with our partners. We

1 partner with like, what is it, Golden State, right, to  
2 help us with the filing?

3 MS. MAPLES: We do, that is part of the grantee  
4 project that I mentioned. It was \$12 million last year,  
5 and we had about 15 grantees. And it's done, they have  
6 different regions. So, they have the bigger regions in  
7 California, but there's also a statewide region, so that  
8 will include all statewide activities, and they also  
9 have rural counties, which I think is defined by less  
10 than 100,000 in a county. So, they have different  
11 grants that go to these specific areas. We evaluate  
12 those grants. Again, it was \$12 million last year.  
13 We're distributing about \$10 million this year. I  
14 believe that David is going to talk to you when we get  
15 to that, one of those action items about the money  
16 that's going to be spent this year.

17 CHAIR COHEN: Oh, yes, now they want to talk  
18 about the action item and talk about money.

19 MS. MAPLES: Yes.

20 CHAIR COHEN: Okay, well, David has some  
21 numbers to back up his request.

22 MS. MAPLES: So, we do work with those folks,  
23 and they heavily work on the social media aspects, the  
24 Facebook, the social media, the data analytics. They  
25 will send people out to do door knocking. I think they

1 do some sort of billboard type, but they have collateral  
2 messaging. They take the flyers, I mentioned earlier  
3 that we work on the flyers at the beginning of the  
4 season, and we give it to those folks, those grantees,  
5 and they can use those materials to actually pass out.  
6 So, they do a lot of that boots-on-the-ground work that  
7 we simply just can't do here at FTB.

8 CHAIR COHEN: I have one question in closing.  
9 Just what feedback have we received from focus groups or  
10 roundtables that could shape our future outreach  
11 strategies?

12 MS. MAPLES: Well, they have this roundtable  
13 called SOAR. I know this is another acronym, and right  
14 now I cannot -- it's a state agency roundtable, but that  
15 is one of the things, I did get really good information  
16 with them about the sometimes filers versus the never  
17 filers, and that was what I had just mentioned, about  
18 really targeting people who we know might interact with  
19 us because they filed returns in the past. Because  
20 there are situations where you're just not going to get  
21 certain people, no matter what you do, to engage with  
22 the government. So, that was really helpful.

23 But just we share best practices. I'm not  
24 going to lie, a lot of times we are the ones sharing  
25 most of the information because we have done so much

1 here with our partners with the California Policy Lab,  
2 working with CDSS with the CalWORKs, the data sharing in  
3 CalFresh. So, a lot of times people are looking to us,  
4 but it is always helpful to hear what they have to say  
5 as well and just share information. Because as I  
6 mentioned earlier, we have this all-of-government  
7 approach. So, we really work not only with the other  
8 state agencies but Golden State Opportunity and many of  
9 the other grantees.

10 CHAIR COHEN: Thank you. Danamona, do you have  
11 any questions?

12 MEMBER ANDRIANARIMANANA: Just a quick one.  
13 So, on the decrease in EITC claims from last year to  
14 this year through June, I think you noted that there  
15 were 190,000 fewer claims compared to last year, and you  
16 also mentioned that the tax deadline delays in Los  
17 Angeles partly contributed to that. Do you know what  
18 portion of the 190,000 is likely attributed to Los  
19 Angeles?

20 MS. MAPLES: I do not know offhand what that  
21 number is, but I can get back to you on that.

22 MEMBER ANDRIANARIMANANA: Thank you. And then  
23 I am also curious about ITIN filers.

24 MS. MAPLES: Sure.

25 MEMBER ANDRIANARIMANANA: Because I am

1 wondering if there could be a disproportionate drop  
2 there because of federal immigration policies we are  
3 seeing in terms of labor market, people not  
4 participating in the labor market. So, I am curious to  
5 see if there could be a similar mechanism here to  
6 contributing to the decline in year-over-year if they  
7 are not filing tax returns this year. So, I am curious  
8 if you are seeing anything there.

9 MS. MAPLES: So, we actually did look at that.  
10 One thing that is important to note about ITINs and  
11 immigration is that there is no way for FTB to track it.  
12 And with ITINs it is really hard because it does not  
13 really reflect immigration status. You can be in a  
14 legal immigration status with an ITIN being here on a  
15 temporary Visa. You can also be an SSN holder who got  
16 one from being here on a Visa that has now expired, so  
17 you are in an illegal immigration status, but you have  
18 an SSN. So, it is really important to distinguish  
19 between the two.

20 But as far as ITINs, we have noticed that  
21 year-over-year, ITINs have been just decreasing year-  
22 over-year without regard to anything else. In terms of  
23 CalEITC, though, we saw less of a decrease with EITC  
24 claims than ITINs overall, and it may be because of the  
25 refund nature of CalEITC, there may be a stronger

1 financial incentive for those folks to continue to file,  
2 but there is not really much I can comment on  
3 immigration, but it does seem to ITIN, the decrease in  
4 ITINs seems to be about the same as when we look at  
5 other filing groups.

6 MEMBER ANDRIANARIMANANA: Thank you. Thank  
7 you. Very interesting and helpful.

8 CHAIR COHEN: We are going to go back to  
9 Senator Gaines.

10 MEMBER GAINES: I just want to follow up on the  
11 issue you brought up in reference to the Consumer Price  
12 Index and the fact that wages are rising faster than the  
13 CPI. Can the CPI be broken down by state, and is that  
14 how we're doing it? Because expenses here are more --  
15 it costs more to live in California than most other  
16 states in the country. So, I'm just curious about that.

17 MS. MAPLES: Yes. The CPI is the " oh, you  
18 know what? I am not sure about that one. I don't know  
19 where the Consumer Price Index actually comes from. If  
20 it's a U.S. or a California only.

21 MEMBER ANDRIANARIMANANA: If I may chime in, I  
22 believe it's the California one, so it's the June to  
23 June from the prior year that's applied to the CalEITC.  
24 So, it is a California-specific number that we use for  
25 the EITC.

1 MEMBER GAINES: But is it California-specific?

2 MEMBER ANDRIANARIMANANA: It is.

3 MEMBER GAINES: It is California-specific, yes.  
4 Okay. Very good. Thank you.

5 CHAIR COHEN: All right. Thank you, team  
6 effort. You saw how we worked together up here to get  
7 the answer. Teamwork makes the dream work.

8 MS. MAPLES: Yes.

9 CHAIR COHEN: Thank you, Susan. I really  
10 appreciate this presentation. We're going to go to  
11 public comment in this chamber. If there's anyone that  
12 would like to speak on this item, please come on up to  
13 the microphone. Thank you. You'll have three minutes.  
14 Welcome.

15 MS. BAUTISTA: Hi. Good morning, Franchise Tax  
16 Board Chair Cohen and Board Members. My name is  
17 Danielle Bautista with United Ways of California.

18 First, I wanted to extend an arm of gratitude  
19 for the longstanding partnership we've had with FTB and  
20 CSD since the CalEITC's inception. I know that was a  
21 lot of acronyms. We've been able to do so much  
22 together, including successfully expanding and  
23 implementing state tax credit eligibility for more  
24 populations, as Susan Maples pointed out, and  
25 establishing and implementing additional tax credits

1 like the Young Child Tax Credit and Foster Youth Tax  
2 Credit. We look forward to the years of continued  
3 collaboration to come.

4 This year, as many of you know, has been  
5 unlike any we've ever seen, with federal funding being  
6 frozen or cut entirely, and our most vulnerable  
7 communities being targeted. Yet, thanks to ongoing,  
8 dedicated California investments, our on-the-ground free  
9 tax prep and education and outreach partners throughout  
10 the state have been able to keep households informed and  
11 make real, tangible differences in the lives of our  
12 neighbors and friends seeking free tax prep at VITA  
13 sites.

14 Considering the ongoing federal funding  
15 threats and targeting of vulnerable communities, it is  
16 vital that we continue funding, and consider expanding  
17 funding to our free tax preparation assistance and  
18 outreach and education programs, so we can continue to  
19 support Californians who need the most access to tax  
20 credits to which they're entitled. Especially with  
21 upcoming federal Child Tax Credit eligibility changes  
22 and ongoing data sharing between the IRS and DHS, it is  
23 critical that our neighbors, families, and friends have  
24 community-based organizations that they can trust for  
25 the most up-to-date information, so that they can make

1 the most and best decision for their loved ones and  
2 access resources, including free tax prep and state tax  
3 credits, to support their household.

4 We look forward to our continued partnership  
5 to support Californians' access to these vital programs,  
6 including reliable access to free tax prep assistance  
7 and outreach and education. Thank you so much.

8 CHAIR COHEN: Thank you. Are there any other  
9 members of the public?

10 All right. Operator, is there anyone online  
11 that would like to offer public comment?

12 MALE PHONE OPERATOR: Members of the public on  
13 the phone lines, if you would like to place yourself in  
14 queue for public comment, as a reminder, you may press  
15 one, followed by zero at this time. One followed by  
16 zero. And we will go to the line of Christine Grab.  
17 Please go ahead.

18 MS. GRAB: My name is Christine Grab, and I am  
19 a people of California. Over the last year, I have  
20 tried to gather more information on FTB's education and  
21 outreach program. I have concerns.

22 One, the contract between FTB and CDS says  
23 that NGO recipients are required to help people file  
24 ITIN applications. We taxpayers would like more  
25 information about this clause. At the June 2024

1 meeting, Jeannie Harriman said that migrants in  
2 California qualify for credits that the federal  
3 government doesn't offer. Are migrants legally filing  
4 in California when they cannot legally file federally?  
5 If so, is FTB issuing its own separate ITINs, different  
6 than the federal government? If FTB is not issuing  
7 ITINs, then how are migrants accessing healthcare and  
8 other benefits without any identification number?

9 Two, the biggest recipient is Golden State  
10 Opportunity Fund. Based on the records I've received  
11 from CDS, Golden State's bookkeeping is opaque with  
12 questionable entries. I do not believe they would pass  
13 an audit. I've tried to contact them many times and  
14 have never been able to reach a human. Public tax  
15 records indicate that they spend their money mostly on  
16 salaries for themselves and tax lobbyists to get more  
17 money for this program. It appears they pass token  
18 amounts of money onto legitimate NGOs, then take credit  
19 for the work done by these other organizations.

20 We taxpayers want more transparency about how  
21 the NGOs are vetted and chosen, how it is determined how  
22 much money each receives, and to make auditing a regular  
23 part of the program.

24 Three, United Way receives a lot of money,  
25 too. Their bookkeeping is excellent. I have confirmed

1 they have multiple tax filing programs in place, and I  
2 commend them for their good work. However, their San  
3 Diego subsidiary, Dreams for Change, has had multiple  
4 allegations of staff sexually assaulting clients. It  
5 concerns me that United Way is sending vulnerable people  
6 to known sexual predators. I asked United Way about  
7 their oversight criteria and they never responded to me.  
8 We taxpayers want transparency about oversight.

9 In closing, since 2016, I have been accusing  
10 FTB of intentionally providing bad service as a cover  
11 for bona fide criminal schemes to fraudulently impose  
12 penalties. In Grab vs. FTB, in San Diego Superior  
13 Court, FTB never denied the allegations that my  
14 penalties were a result of an embezzlement and  
15 racketeering scheme. FTB simply stated that was  
16 irrelevant to the case. Failure to deny constitutes  
17 admission of truth. While I am not low income, these  
18 criminal schemes seem to primarily target people of low  
19 socioeconomic status.

20 From my perspective, it appears that FTB is  
21 paying NGOs to find them victims. FTB's perpetual  
22 inability to improve customer service confirms my  
23 beliefs. I expect a written response that thoroughly  
24 addresses the concerns I've raised. Thank you.

25 CHAIR COHEN: Thank you for your comment. Are

1 there any other comments online?

2 MALE PHONE OPERATOR: There are no other  
3 participants queued up at this time.

4 CHAIR COHEN: All right. Thank you very much.  
5 Again, Ms. Maples, we appreciate you and your  
6 presentation. The next item is actually going to have  
7 to be closed session, okay? And the board will be going  
8 into closed session at this time to discuss agenda item  
9 A in a neighboring room. What room is that? It will be  
10 in Golden State Room. We will return to the auditorium  
11 upon the conclusion of the closed session. We ask that  
12 the audience remain seated while the Board Members exit  
13 to closed session. Thank you very much.

14 (Whereupon, a recess was taken)

15 CHAIR COHEN: All right. Good afternoon,  
16 everyone. We are back in open session. The board met  
17 in closed session to discuss pending litigation. What  
18 I'd like to do now is move on down our agenda and call  
19 item number five.

20 Item number five is a legislative update.  
21 It's presented by Jennifer Barton. Again, this is an  
22 informational interview. Jennifer, welcome. The floor  
23 is yours.

24 MS. BARTON: Thank you, and good afternoon,  
25 Madam Chair and Board Members. I'm Jennifer Barton, the

1 Legislative Services Director of the Franchise Tax  
2 Board, and I'm here today to provide an update on key  
3 legislative items impacting FTB. I will begin with an  
4 overview of Senate Bill 132, the budget trailer bill  
5 that was chaptered on June 27th.

6 Senate Bill 132 has eight provisions impacting  
7 FTB. The first provision extends the pass-through  
8 entity elective tax election and tax credit for taxable  
9 years beginning January 1st, 2026 and before January  
10 1st, 2031. In addition, there's a new provision that  
11 would allow an entity to make the election, even if the  
12 June 15th prepayment was not made or was less than the  
13 amount required.

14 The election could be allowed, but the credit  
15 allowed to the qualified taxpayer would be reduced by  
16 12.5 percent of the qualified taxpayer's pro rata share  
17 of the amount due but not paid.

18 Beginning on July 1st, 2025, the second  
19 provision requires that historical rehabilitation tax  
20 credits, not allocated during the 2025 calendar year, be  
21 made available within 90 days to taxpayers with  
22 qualified rehabilitation expenditures of one million or  
23 more if the expenditures were for affordable housing  
24 projects eligible for but did not receive a credit  
25 allocation and would have been the next project

1 application to receive an award.

2 The third provision increases the aggregate  
3 amount of motion picture credits that may be allocated  
4 annually by the California Film Commission from \$330  
5 million to \$750 million for fiscal years 25-26 through  
6 29-30.

7 The fourth provision excludes up to \$20,000  
8 from gross income for retirement pay received for  
9 service in the uniform services and for annuity payments  
10 received from a survivor benefit plan for taxable years  
11 beginning on or after January 1st, 2025 and before  
12 January 1st, 2030.

13 The fifth provision allows a gross income  
14 exclusion for amounts received from a settlement entity  
15 in connection with wildfires in California.

16 The exclusion applies retroactively to amounts  
17 received on or after January 1st, 2021 and before  
18 January 1st, 2030.

19 The sixth provision allows taxpayers to  
20 exclude from gross income payments received as  
21 compensation for damages from the Chiquita Canyon  
22 elevated temperature event. This exclusion applies  
23 retroactively to amounts received on or after January  
24 1st, 2024, and before January 1st, 2029. The provision  
25 also provides that these amounts are not considered

1 income for various means-tested social programs.

2 The seventh provision increases the  
3 administrative rate the Franchise Tax Board can charge  
4 to collect on accounts that have been referred by a  
5 court from 15 percent to 20 percent of the amount  
6 collected beginning with fiscal year 25-26.

7 The final provision requires financial  
8 institutions to use the single-sales factor  
9 apportionment formula when apportioning multi-state  
10 income to California for taxable years beginning on or  
11 after January 1st, 2025.

12 In addition to Senate Bill 132, there are four  
13 additional bills recently chaptered that impact FTB.  
14 Assembly Bills 130, 1138, 703, and 1518.

15 Assembly Bill 130, chaptered on June 30th,  
16 increases the renter's credit for qualified renters  
17 contingent upon an annual appropriation in the Annual  
18 Budget Act.

19 For taxpayers filing joint returns, head of  
20 household, or surviving spouses with gross income of  
21 \$50,000 or less, the credit amount will increase from  
22 \$120 to \$250. For renters with no dependents, and from  
23 \$120 to \$500 with dependents. For all other individuals  
24 with gross income of \$25,000 or less, the credit amount  
25 will increase from \$60 to \$250 for renters with no

1 dependents, and from \$60 to \$500 with dependents.

2 Assembly Bill 1138, chaptered on July 3rd,  
3 modifies definitions for purposes of the Motion Picture  
4 Credit 3.0 and 4.0, modifies the credit percentage  
5 amount allowed for a qualified motion picture, and  
6 modifies the qualified taxpayer requirement for purposes  
7 of a certified studio construction project. This bill  
8 would also remove the requirement that a credit exceed  
9 the qualified taxpayer's tax liability in order to sign  
10 any portion of the credit. Additionally, for purposes  
11 of Motion Picture 1.0 and 2.0, this bill allows credit  
12 assignment by disregarded single-member limited  
13 liability company for credits assigned and claimed on a  
14 tax return that was timely filed with the Franchise Tax  
15 Board on or before January 1st, 2025.

16 Assembly Bill 703, chaptered on July 28th,  
17 allows taxpayers to designate a contribution to the  
18 California Pediatric Cancer Research Voluntary  
19 Contribution Fund on their personal income tax return  
20 beginning January 1st, 2026.

21 Assembly Bill 1518, chaptered on July 28th,  
22 removes the January 1st, 2026 sunset date and makes  
23 permanent the group return election for nonresident  
24 aliens. The bill would make permanent the exemption  
25 from the requirement that nonresident aliens provide a

1 social security number or individual tax identification  
2 number when filing a state return, statement, or other  
3 document with the FTB, and make estimate payment  
4 penalties inapplicable for nonresident individuals  
5 electing to file in a group return.

6 FTB is in the preliminary stages of  
7 implementing these enacted bills. In addition to the  
8 recently chaptered bills, there are many proposed bills  
9 still moving through the legislative process. One is  
10 Senate Bill 711, which would change the California  
11 Revenue and Taxation Code's general specified date of  
12 conformity to the Internal Revenue Code from January 1,  
13 2015 to January 1st, 2025 for taxable years beginning on  
14 or after January 1st, 2025. Changing the specified date  
15 would mean that California tax laws would conform to the  
16 changes made to federal tax laws during the ten-year  
17 period to the extent California conforms to those laws  
18 by reference, except as otherwise provided. Finally,  
19 FTB is in the process of analyzing the recently enacted  
20 federal HR-1 Act.

21 In accordance with Revenue and Taxation Code  
22 Section 19522, FTB will publish a summary of the federal  
23 income tax changes by January 10, 2026.

24 Thank you, Madam Chair and Board Members, for  
25 your time today. I'm happy to answer any questions you

1 may have.

2 CHAIR COHEN: Thank you, Ms. Barton. We  
3 appreciate the presentation. I'm going to go in a  
4 different direction today, Senator. I'm going to go  
5 down to DOF. Nope, no questions. Your lucky day.

6 MEMBER GAINES: If I could, thank you. Thank  
7 you for your presentation, and I was wondering if maybe  
8 you could speak a little bit to the movie credit; it  
9 looks like it's been increased from \$330 million to \$750  
10 million, but I think you referenced it in a second  
11 assembly bill, too, so I'm just curious as to the  
12 credits increased, but is there anything more than that  
13 that's happening?

14 MS. BARTON: Okay. Those two bills were  
15 actually kind of moving together. Well, I'm sorry. AB  
16 1138 was moving, and the budget trailer bill had this  
17 one piece in there.

18 MEMBER GAINES: Okay.

19 MS. BARTON: That is increasing the amount of  
20 the credit allocation. There's some other similar  
21 pieces in the budget trailer bill, but this was the one  
22 that is highlighted. And then AB 1138 is changing some  
23 of the percentages, some of the definitions, and then,  
24 again, allowing single member LLCs to allocate the  
25 credit.

1 MEMBER GAINES: Okay. All right. And then you  
2 mentioned as part of SB 132, uniformed services. Could  
3 you expand on that? What is that?

4 MS. BARTON: Yes. And I can give you a list of  
5 the folks that would be impacted, if that would be  
6 helpful?

7 MEMBER GAINES: Yeah.

8 MS. BARTON: But if your AGI is \$125,000 or  
9 less, if single, \$250,000, if married filing joint, you  
10 can exclude up to \$20,000 of income from military  
11 services, or from survivor benefit plan payments from  
12 your income.

13 MEMBER GAINES: Okay. Great. Thank you. And  
14 then could you speak to the wildfire exclusion?

15 MS. BARTON: Yes, I can. The wildfire  
16 exclusion is broader than some of the other bills that  
17 have passed that were specific to certain fires. This  
18 would cover all fires in California, and it's for  
19 payments made to taxpayers from a settlement entity on a  
20 class action settlement.

21 MEMBER GAINES: Okay.

22 CHAIR COHEN: How much is it?

23 MEMBER GAINES: Yeah. How much is that? Thank  
24 you.

25 MS. BARTON: There isn't a limitation on that

1 exclusion.

2 MEMBER GAINES: Okay.

3 MS. BARTON: It's dependent on the amount of  
4 the settlement.

5 MEMBER GAINES: Okay. So, I'm just trying to  
6 follow the train of thought here. If the settlement is  
7 less than the actual loss, there's an opportunity for an  
8 exclusion from a tax standpoint, or how does it work?

9 MEMBER ANDRIANARIMANANA: If I may, this was a  
10 proposal as part of the Budget Act. So, this was the  
11 administration proposal, and so up until now, there has  
12 been several policy bills that had excluded from taxable  
13 income any income that you receive from settlements  
14 related to fires.

15 MEMBER GAINES: Yes.

16 MEMBER ANDRIANARIMANANA: Our prior approach  
17 has been there has been policy bills that did that for  
18 specific fires, as well as some that were included as  
19 part of the budget, and so, this is a broader approach  
20 that goes back to 2021 through 2029, where any fires  
21 that are subjected to class action lawsuits, instead of  
22 going through that one-by-one approach, you would  
23 qualify. So, if you receive any qualifying amount from  
24 those settlements, you would be automatically excluded  
25 from taxable income.

1 MEMBER GAINES: Okay.

2 MEMBER ANDRIANARIMANANA: So, you would not pay  
3 taxes on them.

4 MEMBER GAINES: Excellent.

5 MEMBER ANDRIANARIMANANA: And there is no  
6 income threshold.

7 MEMBER GAINES: Yeah. Thank you very much.  
8 Appreciate it.

9 CHAIR COHEN: No further questions? All right.  
10 Thank you very much. Thank you very much. We  
11 are going to go to public comment.

12 Ladies and gentlemen in the chamber, if you'd  
13 like to speak to this legislative agenda, please do so.  
14 All right. Seeing no public comment in the chamber,  
15 let's go to the operator online to see if there's any  
16 public comment. Again, this is for item number five.

17 MALE PHONE OPERATOR: Members of the public on  
18 the phone lines, if you would like to place yourself in  
19 the queue for public comment, as a reminder, you may  
20 press one and then zero at this time. No members of the  
21 public are queuing up at this time. Please continue.

22 CHAIR COHEN: All right. Thank you. Thank you  
23 very much for your presentation. Again, this is just an  
24 informational item.

25 We're going to go to item six, which is

1 administrative matters. First, we have Thi Luong and  
2 Abel Escobar presenting the 2026-27 budget change  
3 proposal, which is a board approval item.

4 Then we will have David Velo, who will then  
5 present a request for board approval of two contracts  
6 over two million. Okay. The floor is yours. Thank  
7 you.

8 MS. Luong: Thank you. And, yes, I'm here to  
9 ask for the money now. So, good afternoon, Chair Cohen  
10 and Members of the board.

11 My name is Thi Luong, Financial Management  
12 Director, here at FTB. I am joined by Abel Escobar, our  
13 Assistant Director, and we are here today to present  
14 FTB's five fiscal year 2026-27 budget change proposals  
15 for your approval. We'll first provide a brief overview  
16 of each of the proposals, and then we'll take any  
17 questions that you may have.

18 CHAIR COHEN: Thank you.

19 MS. Luong: Our first proposal is the  
20 Enterprise Data to Revenue Phase 2, EDR2. The start of  
21 fiscal year 2026-27 will see FTB enter into the sixth  
22 and final year of the EDR2 project. We will continue to  
23 build on the foundation set by EDR1 for centralizing our  
24 technology solutions that support our key business  
25 functions.

1           EDR2 will expand enterprise case management  
2 and modeling services for audit, legal, file  
3 enforcement, and our accounts receivable functions, as  
4 well as expand on our customer service tools. Following  
5 the statewide process to support funding for larger  
6 projects, an annual BCP is required for new costs  
7 related to that year.

8           This year's proposal is requesting an  
9 augmentation of \$61 million for 2026-27 and includes  
10 funding for 27 permanent positions. The request also  
11 includes payments for solution partners and funds for  
12 the IT asset transition. Costs within this BCP can be  
13 ongoing, limited term, or one time, as noted within the  
14 BCP narrative.

15           The requested resources are needed to support  
16 various stages of data analytics, tools, and models,  
17 enhanced data capture, data management, and oversight  
18 functions, including independent verification and  
19 validation, quality assurance, and an independent  
20 security assessment.

21           The second proposal is for mainframe workload  
22 growth and requests \$13.1 million in fiscal year 26-27  
23 and \$389,000 in fiscal year 27-28 and ongoing. This is  
24 needed to replace our primary and disaster recovery  
25 mainframe servers.

1           The FTB's primary disaster recovery mainframe  
2 servers have reached end of market, necessitating a  
3 critical refresh to ensure that our systems continue to  
4 be reliable and that performance and security is not  
5 impacted. These mainframe servers process data that is  
6 essential to FTB's mission-critical tax and non-tax  
7 applications that support filing, collections, audit,  
8 and non-filer processes, as well as our web sub-  
9 services. A timely refresh of these critical hardware  
10 and software components allows FTB to maintain  
11 operational stability, current and future mainframe  
12 needs, to back up our data, and also to mitigate risks  
13 associated with running a system that is past end of  
14 market.

15           The third proposal I'd like to discuss with  
16 you is for campus security guards, and it's requesting  
17 four million in fiscal year 26-27 and ongoing to fund  
18 increased costs for our central office security guards  
19 and to procure security guards for our Santa Ana field  
20 office. While the number of guards needed at central  
21 office has not changed, there has been a steady increase  
22 in guard rate paid in the last five years. While FTB  
23 has been able to temporarily self-fund some of these  
24 increases, we are unable to do so on an ongoing basis  
25 without impacting other parts of the department.

1 Security and safety are essential functions  
2 that protect FTB's facilities, equipment, and data, and  
3 also to ensure the safety of our employees, our vendors,  
4 and visitors. An internal or external threat could  
5 cause disruption to FTB's operations, thus adversely  
6 affecting our ability to process returns, issue refunds,  
7 or collect taxes. This augmentation will enable FTB to  
8 retain qualified security for monitoring and protecting  
9 FTB's vital infrastructure, work processes, and staff.

10 I will now turn it over to Abel to cover our  
11 last two proposals.

12 CHAIR COHEN: Thank you.

13 MR. ESCOBAR: Good afternoon, Chair Cohen and  
14 members of the Board. My name is Abel Escobar,  
15 Assistant Director with the Financial Management Bureau.  
16 So, proposal number four, FTB Data Platform  
17 Modernization, requests an augmentation of \$4.4 million  
18 and 11 permanent positions and four two-year limited  
19 term positions beginning in 26-27. These resources will  
20 lay the foundation for updating FTB's legacy data  
21 infrastructure to deliver data more timely and  
22 effectively. FTB's existing data platforms are  
23 characterized as siloed data repositories, rigid data  
24 models, and prolonged processing times. This impedes  
25 FTB's ability to harness the full value of advanced

1 analytics, artificial intelligence, and machine learning  
2 to drive innovation and automation to improve business  
3 outcomes.

4 One primary beneficiary of the updated data  
5 platform is FTB's Fraud Analysis and Detection section.  
6 In recent years, this team prevents over \$one billion in  
7 fraud annually. However, the rate at which technology  
8 is advancing is higher than ever before and past fraud  
9 prevention strategies are no longer sufficient. This  
10 new solution will allow the program to have near real-  
11 time access to data and enhanced analytics to stay ahead  
12 of the fraudsters and their ever-evolving schemes.

13 Now, moving on to our final proposal, this is  
14 for the political reform audit resources. The request  
15 is for an augmentation of \$2.1 million and 14 permanent  
16 positions in fiscal year 26-27 and ongoing for the  
17 political reform audit program to timely and effectively  
18 complete mandated audits as required by the Political  
19 Reform Act of 1974. Since 2000, there have been 10  
20 significant acts, bills, and regulation changes that  
21 have led to an increase in the political reform audit  
22 workloads without a corresponding increase in resources.  
23 As a result, FTB has only been able to complete a  
24 minimal portion of the mandated work. FTB's inability  
25 to adequately administer the program hinders the

1 Political Reform Act's goal of instilling public trust  
2 of California's elected officials and initiative  
3 campaigns, which is vital to the citizens of California  
4 and the transparency that California's government  
5 mandates.

6 Compliance with the law is obtained by the  
7 presence of formal auditing that includes the potential  
8 enforcement, education, warning letters, and fines.  
9 These resources are needed to adequately staff the  
10 political reform audit program to complete this  
11 important work. Please note, California Government Code  
12 Section 90006 provides that audits and investigations of  
13 candidates for controller and the California Board of  
14 Equalization are conducted by the Fair Political  
15 Practices Commission instead of FTB.

16 At this time, we'd like to request your  
17 approval and thank you for your support and we'd be  
18 happy to answer any questions you may have.

19 CHAIR COHEN: All right, thank you very much.  
20 We are going to take this item in two votes, okay? But  
21 first, we're going to answer questions or take  
22 questions. Senator, we'll start with you.

23 MEMBER GAINES: Thank you. Thank you for your  
24 presentation, and I'm just trying to " I don't know if  
25 you can give me an indication or us an indication in

1 terms of what are the odds of these items being funded  
2 through the budget change proposals. I know that the  
3 state budget has been tight.

4 MS. Luong: Hi, thank you for the question.  
5 Unfortunately, I cannot give you the odds. However, the  
6 way we approach budget change proposals here at FTB,  
7 we're very cognizant of the challenging fiscal  
8 environment.

9 So, what we do first is always look at all of  
10 the things that we need to do. What are the most  
11 critical and which are the ones that we need funding for  
12 and the ones that we have a solid and justifiable case  
13 for, and those are the ones that you see before you  
14 today. And hopefully with your support, it will be able  
15 to move along in the process.

16 MEMBER GAINES: Right. And so, is there a lot  
17 of communication with the administration as you prepare  
18 these?

19 MS. Luong: We do. So, as we work through part  
20 of the statewide process, we do work with our agency.  
21 So, all of the proposals, before we submit them  
22 externally to the Department of Finance, they do get  
23 prior approval.

24 MEMBER GAINES: Okay. That's great. And have  
25 we spoken on contracts over \$2 million?

1 CHAIR COHEN: Not yet.

2 MEMBER GAINES: Okay. All right. Great.

3 Thank you.

4 CHAIR COHEN: Not yet. Okay. Thank you very  
5 much. Let me see. Do you have any questions or  
6 comments on this part? No. Thank you very much. We're  
7 going to hear from the presentation from David Velo  
8 next.

9 MR. VELO: Good afternoon, Madam Chair and  
10 Board Members. My name is David Velo, Supervisor of the  
11 Franchise Tax Board's Procurement Bureau. I'm here  
12 today to present two proposed procurements, each  
13 resulting in contracts of over \$2 million for the  
14 Board's approval.

15 The first request seeks approval to renew our  
16 software subscription support agreement for IBM  
17 products. This renewal includes critical components  
18 such as licenses, software upgrades, version upgrades,  
19 software subscriptions, and technical support. The  
20 Franchise Tax Board has utilized this IBM software and  
21 support under this program for about 22 years now.

22 This agreement supports several of FTB's core  
23 systems, such as case management, taxpayer folder, and  
24 MyFTB. Without this agreement in place, these mission-  
25 critical applications would be unavailable, thus

1 limiting our ability to process tax returns and serve  
2 taxpayers. Our current contract expires on December 31,  
3 2025, and the proposed renewal would extend coverage for  
4 one year at an estimated cost of \$16.3 million. If  
5 approved, we will work with the Department of Technology  
6 to conduct a bid.

7 Our second request is for the Board's approval  
8 to enter into an interagency agreement with the  
9 California Department of Community Services and  
10 Development, or CSD, to support the California Earned  
11 Income Tax Credit Program, or CalEITC. The  
12 Administration's fiscal year 2025-26 budget includes \$10  
13 million in education and outreach funds dedicated to  
14 increasing awareness and access to CalEITC.

15 CalEITC is a refundable credit for qualifying  
16 low- to moderate-income Californians. Each year, FTB  
17 partners with CSD to distribute the education outreach  
18 funds to nonprofit and community-based organizations  
19 through CSD's existing grant infrastructure. The  
20 proposed agreement will be for a one-year term for  
21 \$10,718,000. This includes \$10 million to be  
22 distributed, as well as an estimated reimbursement for  
23 CSD's administrative and operational costs during the  
24 2025-2026 fiscal year. I'm requesting approval to  
25 proceed with the proposed procurement and would be happy

1 to answer any questions you may have.

2 CHAIR COHEN: Thank you very much. Colleagues,  
3 any questions for Mr. Velo?

4 MEMBER GAINES: If I could. Please. Just a  
5 question of clarification for the budget change  
6 proposals versus contracts over \$2 million. Do we have  
7 the funding, the existing funding, for these requests on  
8 Item 6B?

9 MR. VELO: Are you referring to the IBM PPA  
10 agreement?

11 MEMBER GAINES: Yes.

12 MR. VELO: Yes, we do.

13 MEMBER GAINES: Yes, okay.

14 MR. VELO: We do.

15 MEMBER GAINES: So, it's just board approval at  
16 this point, at this level?

17 MR. VELO: You're correct.

18 MEMBER GAINES: For budgeting or expenses or  
19 money that's already available?

20 CHAIR COHEN: Correct.

21 MR. VELO: Correct.

22 MEMBER GAINES: Thank you.

23 MEMBER ANDRIANARIMANANA: And then I had a  
24 quick question. I'm just curious. How long has FTB  
25 been in the interagency agreement with CDCS? This would

1 be the how many of year for that.

2 MR. VELO: Yeah, I date this back to, I  
3 believe, as far as our procurement workload database  
4 goes, back to 2017.

5 MEMBER ANDRIANARIMANANA: 2017?

6 MR. VELO: Yeah.

7 MEMBER ANDRIANARIMANANA: Okay, thank you.  
8 Just curious.

9 CHAIR COHEN: All right. Let's take public  
10 comment on these two items, Item 6, both A and B. If  
11 there's any member of the public that would like to  
12 comment on 2026-27 budget change proposals or contracts  
13 over \$2 million, please come up to the podium.

14 Seeing no one flinched, thatâ€™s a no. Let's  
15 go. Operator, let's go online, see if there's any  
16 public comment for this item.

17 MALE PHONE OPERATOR: Members of the public on  
18 the phone lines, if you would like to place yourself in  
19 the queue for public comment, as a reminder, you may  
20 press one and zero at this time. No members of the  
21 public are queuing up at this time. Please continue.

22 CHAIR COHEN: All right. Thank you. So, the  
23 first order that we're going to take up is the 2026-27  
24 budget change proposals.

25 Please let the record reflect that the

1 Department of Finance will be abstaining from this vote  
2 for obvious reasons. Could you please call a roll call  
3 vote?

4 MS. RUBALCAVA: Member Gaines?

5 MEMBER GAINES: Aye.

6 MS. RUBALCAVA: Member Andrianarimanana?

7 MEMBER ANDRIANARIMANANA: Abstain.

8 MS. RUBALCAVA: Chair Controller Malia Cohen?

9 CHAIR COHEN: Aye. Thank you. And I didn't  
10 make a motion for this before I made the vote. Do I  
11 need to go back and redo it? Yes. Okay.

12 I'd like to make a motion for Item 6. This is  
13 Section A, a motion to vote to affirm and give the  
14 Board's approval for items for 2026-27 budget change  
15 proposals. Again, could you please call a roll?

16 And that's a second by Senator Gaines.

17 MEMBER GAINES: That's right.

18 CHAIR COHEN: Okay.

19 MS. RUBALCAVA: Member Gaines?

20 MEMBER GAINES: Aye.

21 MS. RUBALCAVA: Member Andrianarimanana?

22 MEMBER ANDRIANARIMANANA: Abstain.

23 MS. RUBALCAVA: Chair Controller Malia Cohen?

24 CHAIR COHEN: Okay. Thank you. Yes. Aye.

25 All right. That motion passes with noting the

1 abstention.

2 The second part of Item 6 is B, contracts over  
3 \$2 million. That is the motion. We are making a motion  
4 for Board approval. Is there a second?

5 MEMBER ANDRIANARIMANANA: Second.

6 CHAIR COHEN: All right. Second by the  
7 representative from the Department of Finance. Please  
8 call a roll call vote.

9 MS. RUBALCAVA: Member Gaines?

10 MEMBER GAINES: Aye.

11 MS. RUBALCAVA: Member Andrianarimanana?

12 MEMBER ANDRIANARIMANANA: Aye.

13 MS. RUBALCAVA: Chair Controller Malia Cohen?

14 CHAIR COHEN: Thank you. Aye. Thank you.

15 This motion passes unanimously. I appreciate the  
16 presentation, David and Thi and Abel.

17 All right. Next we're going to have Item 7,  
18 the exciting part of the day. It's the Executive  
19 Officer's time.

20 MS.STANISLAUS: Thank you. Good afternoon,  
21 Madam Chair and the esteemed Board. For my time, I  
22 would like to reflect on several recent events that  
23 continue to showcase the incredible spirit and  
24 commitment of the FTB community.

25 First, I would like to thank the Board members

1 for your continued support to our department and to our  
2 employees. Your leadership allows us to not only meet  
3 our mission, but also foster a culture that values  
4 wellness, inclusion, and professional growth. We  
5 recently held our 2025 Advisory Board meeting on August  
6 28, where we had the opportunity to engage with key  
7 stakeholders, provide updates on department initiatives,  
8 and gather valuable feedback that will help shape our  
9 future efforts. We are grateful for all those who were  
10 in attendance for their perspectives and their  
11 partnerships.

12 On July 30th, we held one of our most  
13 uplifting events of the year, FTB Values You event.  
14 This was a celebration of the individuals who make up  
15 our department, from food to music to dress to art to  
16 hobbies and talents. It was a vibrant reminder of the  
17 diversity and the creativity we are so lucky and  
18 fortunate to have here at FTB. We also hosted our 28th  
19 Annual Wellness Fair back in April. Thank you,  
20 Controller, for attending our Wellness Fair.

21 With 35 exhibitors ranging from health and  
22 fitness to financial wellness and advocacy, this event  
23 continued to emphasize how seriously we take the well-  
24 being of our employees. Also, thank you for Deputy  
25 Controller Hasib Emran and Windie Scott for attending

1 these events as well. Just last spring, we had a series  
2 of career and hiring events aimed at attracting new  
3 talent at FTB, and also supporting our existing  
4 employees.

5 These events were well attended and reflect  
6 our ongoing commitment to investing in the future of our  
7 workforce. Of course, none of these events would be  
8 possible without the incredible work of our staff, from  
9 planners to volunteers to performers to presenters. A  
10 huge thank you to FTB employees.

11 You continually go above and beyond, and your  
12 efforts bring our values to life. And finally, Board  
13 Members, thank you again for your support and  
14 encouragement. These moments of connection and  
15 recognition and growth reflect a very strong, inclusive,  
16 and mission-driven board, and thank you for working so  
17 hard to build it at FTB. Thank you.

18 CHAIR COHEN: Thank you very much. Let's take  
19 public comment on the staff report executive officer's  
20 time.

21 Anyone? All right, seeing none. Operator,  
22 please check online for public comment.

23 MALE PHONE OPERATOR: Thank you. Members of  
24 the public on the phone lines, if you would like to  
25 place yourself in queue for public comment, as a

1 reminder, please press one followed by zero at this  
2 time; one followed by zero.

3 No members of the public are queuing up at  
4 this time. Please continue.

5 CHAIR COHEN: All right, thank you. Public  
6 comment is closed, and I'd like to give the floor to  
7 Senator Gaines.

8 MEMBER GAINES: Great, thank you. I was just  
9 curious on our retention rate. Do you know what that is  
10 for the Franchise Tax Board?

11 MS. STANISLAUS: Yes, we do. We have a very  
12 high retention rate. It's 94 percent of our employees  
13 come to FTB and they stay with us.

14 MEMBER GAINES: Very good.

15 MS. STANISLAUS: Very proud of it.

16 MEMBER GAINES: Excellent, great. So, I  
17 applaud you for that, and also your efforts of outreach  
18 to make sure we have talented people wanting to serve in  
19 this capacity. So, thank you.

20 CHAIR COHEN: Thank you. That's great. That  
21 was easy.

22 All right. All right, folks, we have  
23 concluded the Executive Officer's time. There's no  
24 public comment, so we're going to go to Item No. 8.  
25 Item No. 8 is the Board Member's time.

1           Let me check in with my colleagues to see if  
2 there's any items. Anything for discussion? Nothing  
3 for discussion on your part?

4           All right. Well, I'd like to close out in  
5 asking that we take a pause to honor the memory of the  
6 late Senator John Burton. For those of you that have  
7 not heard, Senator John Burton passed away yesterday at  
8 92 years old. He was a remarkable individual. He was  
9 dedicated to public service, and quite honestly, he has  
10 left an indelible mark on the State of California. His  
11 leadership, compassion, and tireless advocacy for the  
12 underserved shape many of the policies that we see today  
13 that uplift countless lives.

14           And as we mourn his passing, we also celebrate  
15 his legacy of fairness and commitment to the common  
16 good. Senator Burton was a constituent of mine, lived  
17 in San Francisco. I represented him when I was on the  
18 Board of Supervisors and, of course, as a State  
19 Controller.

20           And so, this has been a personal privilege to  
21 be able to honor his memory and to lift up. I would  
22 like to acknowledge his grandson and granddaughter and,  
23 most importantly, his beloved daughter, Kamiko Burton,  
24 who is left to cherish memories but also to grieve. So,  
25 if we may take a moment, just a moment of silence, just

1 to reflect on his contributions and the inspiration that  
2 he leaves behind.

3 I thank you -- I thank you for that moment,  
4 and I also am very grateful for Senator John Burton's  
5 legacy. We have no other business coming before us at  
6 this body, so we are going to conclude our board meeting  
7 today.

8 Thank you very much for your active  
9 participation, and I will see you at the next board  
10 meeting. This meeting is adjourned. Thank you.

11

12 (Board Meeting concluded at 12:37 p.m.)

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REPORTER'S CERTIFICATE

The undersigned does hereby certify:

That I recorded the foregoing proceedings by digital means, which were thereafter transcribed to written format; that the foregoing 100 pages represent a true, accurate, correct, and complete transcript to the best of my ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were held; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

In witness whereof, I have subscribed my name, this 22nd day of September, 2025.



VICTORIA SIMONYAK, CER

Cert # 1481