

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 7730	Department Franchise Tax Board	Priority No. 1
Budget Request Name 7730-001-BCP-BR-2016-GB		Program 6280	Subprogram 6280010/6280019

Budget Request Description  
 Enterprise Data to Revenue Project

Budget Request Summary

The Franchise Tax Board (FTB) requests 268 positions and \$72 million General Fund (\$53.3 million is the anticipated Solution Provider payment) in 2016-17 and \$65 million General Fund (\$27 million is the anticipated Solution Provider payment) in 2017-18 to support FTB's maintenance and operations of the Enterprise Data to Revenue (EDR) project and support ongoing operational programs. 2016-17 is the final year of the EDR project. The proposal also requests an ongoing augmentation supporting ongoing expenditures beginning in 2018-19 associated with maintaining and refreshing the multiple new hardware and software implemented as a result of the EDR project. To date, the project is on schedule with all deliverables and revenue. Revenue generated from the EDR project is anticipated to be between \$800.5 million and \$1.1 billion for 2016-17 and \$973.4 million and \$1.2 billion for 2017-18. The EDR project is a 66 month IT project that will modernize FTB's processes and systems and will generate between \$4 billion and \$4.7 billion in revenue for the state over the life of the project.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
---	--

Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
---	----------------	------

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.  
 FSR  SPR #2                      Project No. 7730-191                      Date: 6/09/14

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

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

Pending Board Approval

**Department of Finance Use Only**

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

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA	Date submitted to the Legislature
------	-----------------------------------

## Analysis of Problem

### A. Budget Request Summary

The Franchise Tax Board (FTB) requests 268 positions and \$72 million General Fund (\$53.3 million is the anticipated Solution Provider payment) in 2016-17 and \$65 million General Fund (\$27 million is the anticipated Solution Provider payment) in 2017-18 to support FTB's maintenance and operations of the Enterprise Data to Revenue (EDR) project and support ongoing operational programs. 2016-17 is the final year of the EDR project. The proposal also requests an ongoing augmentation supporting ongoing expenditures beginning in 2018-19 associated with maintaining and refreshing the multiple new hardware and software implemented as a result of the EDR project. To date, the project is on schedule with all deliverables and revenue. Revenue generated from the EDR project is anticipated to be between \$800.5 million and \$1.1 billion for 2016-17 and \$973.4 million and \$1.2 billion for 2017-18. The EDR project is a 66 month IT project that will modernize FTB's processes and systems and will generate between \$4 billion and \$4.7 billion in revenue for the state over the life of the project.

### B. Background/History

As of June 30, 2015, the EDR project is 81 percent complete and is approaching the last year and warranty period for the project. Since the project is now near completion, an assessment of the actual on-going needs to perform the maintenance and operations post-project for 2016-17 through 2020-21 has been completed. The proposed changes are necessary for the project to sustain its on-going annual \$1 billion revenue projection once the state takes over the full maintenance and operations of the EDR solution post-project. The project continually undergoes a thorough review and approval process, as well as scheduled reporting at appropriate milestones.

The EDR Feasibility Study Report (FSR), project number 7730-191 (formerly 1730-191) was approved on January 10, 2009. A Special Project Report (SPR#1) was approved on March 24, 2011, prior to awarding the contract to the Solution Provider. Subsequent legislation establishing the Financial Institution Record Match (FIRM) program required an SPR Addendum, approved on November 14, 2011, which added FIRM to the scope of the EDR contract. A Special Project Report (SPR#2) was approved on June 9, 2014, to modify the project objective related to Business Entities Tax System maintainability. A Special Project Report (SPR#3) was approved on April 1, 2015, to allow for a Business Entities Return Analysis (RA) ramp-up approach employing temporary help positions for business area support and an upgrade to vendor staff expertise to support knowledge management in 2015-16.

Since EDR was approved in 2009-10, funding for the project has been subject to annual review through the budget process, requiring approved Budget Change Proposals or Finance Letters to support the project. The EDR project was created to solve the following business problems. The business problems that EDR will solve have remained unchanged with the exception of #6 below, which was modified under SPR#2 to account for the resolution of end-of-service issues for certain software:

1. Filing Business Processes – Return processing uses limited data and is labor intensive.
2. Data Availability – Data is stored in multiple systems and is difficult to access. Needed data is often in separate systems, and, therefore, data is underutilized, redundant and untimely, resulting in lost revenue opportunities.
3. Data Analysis – Data analysis tools are limited.
4. System Redundancy and Reuse – Systems are not leveraged.
5. Filing Self-Services – Taxpayer self-services are limited.
6. Business Entities Tax System (BETS) Modifications – Per SPR#2, certain intended modifications will not be made based on the vendor's continued support of the software and risk mitigation factors. However, consistent with the original plan, other processes currently performed within BETS will be simplified and provide data back to the BETS accounting system in a real time environment resulting in more efficient and intuitive processes.

## Analysis of Problem

The solution adopted by the EDR project implements improvements to FTB's enforcement capabilities as well as taxpayer self-assessment and better positions the department to address the business problems identified in the FSR as well as the current annual tax gap of over \$10 billion in taxes that are owed to the state but currently unpaid. The EDR solution also offers significant improvements to FTB's operational efficiency through an enterprise approach to data sharing and modernization of existing IT systems. This improved sharing of existing data is resulting in significant new and improved revenue streams. Additionally, EDR will enable FTB to implement new self-help tools for taxpayers and tax practitioners to simplify the process of filing a return or paying taxes due.

EDR is a "benefits-based" project which means the Solution Provider will be paid from the revenue generated by the EDR solution, up to a fixed amount, as project deliverables are achieved. The Solution Provider will be paid on a quarterly basis, based on their completed deliverables and the available benefits generated during that quarter. The first 25 percent of revenue will go directly into the state's General Fund and will not be available for the Solution Provider's compensation. Once the Solution Provider has been paid the total contract amount, 100 percent of revenue generated by the EDR solution will be deposited into the General Fund. During the project reporting period (2009-10 to 2017-18), EDR is expected to generate between \$4 billion and \$4.7 billion, and it is estimated that annual revenue after completion of the project will be \$1 billion more than FTB collected prior to the project beginning.

EDR touches all of FTB's tax systems and existing business processes, transforming the way FTB does business. FTB and the Solution Provider started the project with initial assumptions regarding existing processes, resource needs, opportunities, and solutions that needed to be validated by both parties. Over the last several years, FTB and the Solution Provider have worked collaboratively to validate and evolve the initial assumptions to improve operations to collect revenue, enhance taxpayer compliance, and provide superior taxpayer service.

EDR comprises four major components: return processing system, data warehouse, taxpayer folder (which includes additional taxpayer tools to enable self-compliance) and legacy systems changes. In addition to the services and efficiencies offered by these components, developing these four building blocks also allows FTB to implement technologies along the way that help generate additional revenue now. As of July 31, 2013, the EDR project has successfully implemented 20 Early Initiatives. These Early Initiatives have allowed FTB to maximize the collection of revenue and has provided enhanced customer service making it easier for taxpayers to do business with FTB.

As of June 30, 2015, the EDR project has also completed eight major releases on time and is on-track to deliver its one remaining release on schedule. The major releases are the larger and more complex implementation efforts associated with the project and have led to ongoing process improvements in individual and business entity return and payment processing functions, captured additional data from the returns, fully implemented the Enterprise Image Cash Letter process, fully implemented the scanning of correspondence to allow for electronic routing of correspondence based workloads, installed infrastructure necessary to continue building the enterprise data warehouse, deployed the Taxpayer Folder for use and testing by internal staff members with expected deployment to taxpayers by January 4, 2016, pilot implementation of the PIT Return Analysis system, enhanced taxpayer folder and fraud modeling, and expanded noticing service.

Design Stage 1, implemented between September 2012 and December 2013, resulted in reengineered business processes, installation of four new scanners, and new software that will allow FTB to realize the following improvements:

- Enhanced scanning capabilities allowing for faster processing of tax returns and refunds.
- Scan all pages of individual and business entity tax returns.
- Capture more data off the tax return and select attachments without requiring manual keying of this information.
- Deposit payments electronically into California's bank accounts.

## Analysis of Problem

- Permanently put in place a new return and refund processing system for individual and business entity income tax returns.

The expanded data capture from returns and attachments is a key component to realizing the project's revenue target. Capturing full images of the returns and payments allows FTB to eliminate paper, speed up processing, access more data via automated tools for compliance activities, and improve customer service. Consistent with the terms of the EDR contract, effective March 2014, the new processes and tools described above were transitioned to FTB for ongoing maintenance and operations.

Design Stage 2, implemented between June 2013 and September 2014 saw the implementation of:

- Initial functionality for the enterprise data warehouse.
- Full scanning and electronic routing of specific correspondence to the appropriate business areas, prioritizing it for access by a user, viewing certain tax returns and documents, and allowing comments.
- Deployment of the Taxpayer Folder and Case Management to internal staff.
- Delivery of the new MyFTB application to FTB:
  - The existing MyFTB Account application available today on FTB's public website will be enhanced with the implementation of the new MyFTB. The new MyFTB was made available to FTB's external security experts to conduct internal security testing before implementation to the public January 4, 2016.
  - After initial security testing was completed, but prior to releasing the application to the public, the new MyFTB was released to a limited group of internal users for additional testing to ensure it meets the highest levels of security, privacy and confidentiality.

Design Stage 3 implementation began December 2014 and continues through June 2016 and includes:

- Deployment of the PIT Return Analysis (RA) system
- Enhancements to the Taxpayer Folder to support the PIT RA workload
- Increased fraud data to support the new fraud modeling functionality
- Implementation of the Enterprise Noticing system to support RA and fraud functionality
- Increased collection data to support enhanced collection models

Upcoming releases will focus on final functionality for the enterprise data warehouse, deployment of the new MyFTB to taxpayers, and the deployment of the enhanced business entities return analysis. FTB has also begun and will continue to ramp up activities related to the successful transferring of knowledge regarding maintenance and operations of the new systems and processes.

Pursuant to Senate Bill 80 (Statutes 2015, Chapter 21), FTB is responsible for implementing California's Earned Income Tax Credit effective with the 2015 tax year. The approved 2015-16 Finance Letter #2 Earned Income Tax Credit, included \$13.4 million associated with the EDR schedule adjustments required to implement Earned Income Tax Credit within the mandated timeframe.

Revenue to date has exceeded projections for the first four years of the project. For 2009-10 through June 30, 2015, projections were \$1.2 billion, while actual revenue was \$1.8 billion (152 percent of projection). The EDR project will generate between \$4 billion and \$4.7 billion (with a continued emphasis on the \$4.7 billion) in revenue for the state over the life of the project.

As the review of the project related enhancements continue, FTB continues to watch the level of resources to address increasing and new workloads. As workloads decreased in volume or time commitment, FTB has redirected resources to other workloads with increased volumes or time commitments or to new workloads to maximize operations and revenue generating capabilities.

## Analysis of Problem

Through June 30, 2015, the EDR project has expended \$398 million (70.3 percent) of its \$565.9 million total cost (includes BCP expenditures plus redirected staff and OE&E). This proposal requests resources to continue with the implementation of the project in 2016-17, in accordance with the FTB FSR, SPR#1, SPR#2, SPR#3, SPR#4 and the EDR Contract.

See Attachment 1 for Resource History and Attachment 2 for Program Workload Measures (workload metrics).

### C. State Level Considerations

The EDR project will significantly improve the department's ability to address the state's annual \$10 billion tax gap through a strategically planned Tax Systems Modernization effort consistent with the FTB IT Strategic Plan, FTB IT Capital Plan, and enterprise vision incorporating state IT goals and objectives. The EDR project is a key step for aligning FTB's tax systems with the FTB Strategic Plan and FTB Enterprise Tax Business Vision. Approval of this request is critical to the success of the EDR project and sets the stage to achieve the corresponding state revenue objectives and IT goals at the lowest possible costs.

This proposal supports FTB's mission to fairly and effectively administer the state's tax system and the Strategic Plan Goals for Taxpayer Centric Service, Effective Enforcement, a Strong Organization and Operational Excellence.

The added revenue coupled with the improvement to taxpayer compliance will provide many long-term benefits to the state. Associated benefits not only increase the General Fund, but also improve the public's perception and awareness in order to fully support and accurately participate in the taxation process for the benefit of all Californians.

### D. Justification

Over the last 25 years, FTB's IT investments focused on improving the effectiveness of enforcement processes with the objective of bringing non-compliant taxpayers into compliance. These investments have generated measurable, positive results, including the filing of more tax returns and the collection of more past due taxes. While these investments were effective, the enforcement processes are the most costly way for FTB to conduct its business because they concern the recovery of noncompliance revenue. One of the goals of the EDR project is to improve the effectiveness of filing processes and thereby maximize compliance, and thus revenues, much sooner in the filing process—when the returns are filed and taxes are due. The EDR project costs are funded by the revenue benefits generated from the EDR solution. Upon implementation, the EDR solution will allow for operational improvements, taxpayer benefits, and tax revenue. More specifically the EDR project will assist in narrowing the \$10 billion tax gap by:

- Replacing the current return filing processes to improve efficiency, image and capture more return data, and correct more returns earlier in the filing process.
- Providing additional tools to identify noncompliance patterns and prevent fraudulent activity.
- Providing data as an enterprise asset to all authorized users, including taxpayers.
- Improving the assignment of non-filer, audit, and collection cases based on highest CBR.
- Providing reusable services to make functionality available and reduce maintenance cost.
- Providing the ability to retire redundant systems in the future.
- Expanding customer self-services by implementing new self-help tools for taxpayers and tax practitioners to ease burdens that may currently exist related to filing a return or paying taxes due.

## Analysis of Problem

The following requests are needed to support EDR’s needs covering workload growth, maintenance, operations, and hardware/software needs—as outlined in the Department of Technology’s Maintenance & Operations (M&O) Plan Guidelines<sup>1</sup>—covering a 5-year timeframe from 2016-17 through 2020-21.

- a) Exercise the EDR contract M&O options for 2016-17 and 2017-18.
- b) Refresh EDR hardware/software and purchase EDR M&O hardware, software, and 3<sup>rd</sup> party maintenance and support 2016-17 through 2020-21.
- c) Perform major version upgrades of the Security Database in 2016-17, and Case Management and Data Stage software in 2017-18.
- d) Make permanent in 2016-17 the 20 (three-year, limited-term) IT positions received in 2015-16.
- e) Increase FTB program resources to support full adoption and usage of the new EDR tools.
- f) Upgrade IT position classifications for increased knowledge levels required for M&O.
- g) Independent Project Oversight funding.
- h) Compensation payments to the Solution Provider in 2016-17 and 2017-18.

### a. Exercise the EDR contract M&O options for 2016-17 and 2017-18

FTB will exercise the first two years only (2016-17 and 2017-18) of the optional five-year M&O options written in the EDR contract. This will provide FTB support for the critical EDR solutions for a total of 18 months at a cost of \$40.5 million. This option includes full support by the Solution Provider for all areas of M&O of the EDR solution while FTB finishes the full transition and knowledge transfer to the state. These costs do not include product upgrade costs.

#### 2016-17 (\$13.4 million)

January 1, 2017 to June 30, 2017 -  $\$26.8/2 = \$13.4$  million

#### 2017-18 (\$27.1 million)

July 1, 2017 – December 31, 2017 -  $\$26.8/2 = \$13.4$  million

January 1, 2018 – June 30, 2018 -  $\$27.3/2 = \$13.7$  million

### b. Refresh EDR Hardware/Software and Purchase EDR M&O Hardware, Software and 3<sup>rd</sup> Party Maintenance and Support 2016-17 through 2020-21

The EDR project doubled FTB’s IT infrastructure. The department will therefore require additional baseline funding to assume the costs for on-going hardware and software licenses, equipment refreshes, and 3<sup>rd</sup> party support contracts. Beginning in 2018-19, FTB requests an ongoing augmentation of \$36 million a year to allow funding for these critical costs. In addition, FTB seeks approval to submit annual Planning Estimate Adjustments beginning in 2021-22 to address ongoing refresh costs and price increases. These amounts as estimated vary substantially from year to year depending on the refresh schedule.

(Dollars in thousands)

Request Category	2016-17	2017-18	2018-19	2019-20	2020-21
Hardware Refresh	\$264	\$10,092	\$5,953	\$21	\$1,725
Software Refresh	\$50	\$5,204	\$2,758		
Hardware Maintenance		\$1,348	\$5,723	\$5,497	\$5,881
Software Maintenance		\$1,588	\$24,962	\$26,210	\$27,720
Contract Support	\$23	\$188	\$23	\$23	\$323
<b>Total</b>	<b>\$337</b>	<b>\$18,420</b>	<b>\$39,419</b>	<b>\$31,751</b>	<b>\$35,649</b>

<sup>1</sup> Per the SIMM 160 Maintenance Operations Plan Guideline dated April 2011

## Analysis of Problem

### **c. Perform major version upgrades of the Security Database in 2016-17, and Case Management and Data Stage software in 2017-18**

Vendors for three main technologies supporting EDR are ending software version support shortly after the transition of the EDR solution to FTB. To avoid delays to taxpayer refunds and check cashing, which is a risk associated with upgrading such key technologies during filing season, FTB is requesting contract services with the EDR Solution Provider to help us upgrade the technologies in 2016-17 and 2017-18. These services are not covered by the current EDR contract or the EDR contract option period requested above.

#### 2016-17 (\$2.5 million)

Security Database Upgrade - \$2.5 million

#### 2017-18 (\$4.6 million)

Case Management Upgrade - \$2.75 million

Data Stage Upgrade - \$1.8 million

### **d. Make permanent in 2016-17 the 20 three-year, limited term IT positions received in 2015-16**

In 2015-16, EDR received 20 three-year, limited term IT positions. To support the ongoing EDR solution FTB is requesting to make these positions permanent in 2016-17.

FTB concluded there are insufficient resources to accomplish the remaining project work in 2015-16 and 2016-17, plus begin the transition of the project infrastructure to FTB. The position review analysis concluded that 20 additional permanent IT positions, in addition to the previously approved project positions, and the internal redirection of IT positions due to system functionality replacement and efficiencies gained by the EDR technologies, are needed to support the deliverables in the final years and ongoing. The cost of these positions is projected at \$2.4 million annually

### **e. Increase FTB program resources for the EDR M&O period**

In order to ensure that FTB is able to fully utilize the tools delivered under the EDR contract and meet the revenue obligation under the terms of the contract, FTB is requesting additional program resources for business operations.

#### **Administrative Services**

##### *Human Resources (2 permanent positions)*

The Business and Human Resources Bureau provides services that enable the FTB to recruit, develop, and maintain its workforce. In 2016-17, the EDR BCP will add 199 new permanent and temporary employees to the department. Human Resources staff will be deeply impacted by processing all of the new hire paperwork and ongoing processing, and the tracking and managing of several mandated tasks.

#### **Audit Division**

##### *Audit Modeling (3 permanent positions)*

FTB requests three staff members to join FTB's existing modeling team and provide the subject matter expertise needed to use the data modeling tool for predictive modeling. All members of the modeling team must understand the business process, understand the complex tax laws, understand the tax strategies used by taxpayers, have an in-depth knowledge of the data sources available, and develop the requirements needed for predictive models. Using this knowledge, they will:

- Evaluate datasets for data mining tasks
- Perform exploratory data analysis
- Evaluate performance metrics
- Analyze outliers
- Perform data consolidation and transformation
- Evaluate model performance

## Analysis of Problem

With the use of the predictive modeling tool, and included in the \$4.7 billion EDR project revenue commitment, ongoing audit revenue related to EDR deliverables include an increase in net assessments of up to \$30 million (approximately \$15 million in cash) starting in 2016-17 and \$45 million (approximately \$22.5 million in cash) in 2017-18 related to working more productive cases. For 2018-19 and ongoing, stated audit revenue related to EDR deliverables includes an increase in net assessments of up to \$70 million annually (approximately \$35 million in cash) related to working more productive cases and pursuing new issues or trends identified via the predictive modeling tool. These amounts are stated at net assessment value. Without the subject matter experts' development, analysis, and evaluations of the models, the data in the Enterprise Data Warehouse will be underutilized, and taxpayer noncompliance will be more difficult to detect.

### *Federal and State Audit (6 limited term to permanent positions)*

In 2014-15 FTB received six limited term positions to address issues related to noncompliance of personal income taxpayers claiming non-refundable credits and non-reimbursed employee business expense deductions. FTB has always known that there was a level of noncompliance in this area, however EDR has identified ways to model these cases and to work them more efficiently (spending less time per audit). These resources will continue to support the issuance of correspondence and Notices of Proposed Assessment to taxpayers who have erroneously claimed credits and/or deductions that they are not entitled to under California law. These positions will generate cash revenue of \$9.2 million annually. These paraprofessional positions will be dedicated to examining returns for a single issue rather than a complete audit of the tax return.

### **Filing Division**

EDR has significantly impacted the Filing Division in the processing of income tax returns and the use of the information in return validation and fraud detection. This new process which captures the data from returns, payments, and correspondence is the crux of the EDR Project. This proposal requests the resources to sustain the revenue gains brought about by the successful implementation of EDR. These ongoing workloads will preserve and support FTB's full adoption and utilization of the EDR deliverables.

### *Business Entity Return Processing (5 permanent positions)*

FTB requires a business analyst position that will provide valuable analytical and workload support for staff processing the most complex business entity returns. This analyst will work as a liaison between the Business Entities Section (BES) business area and other areas of the enterprise such as Filing Division, ARM Division, Audit Division, Administrative Services Division, and Financial and Executive Services Division to ensure that the processing of business entity returns are being handled correctly, timely, and have proper oversight and analytical support to ensure downstream operations such as collections and audit are not impacted with late or incorrect data. This staff member will:

- Be the point of contact for business users supporting other compliance activities regarding technical questions that arise.
- Provide technical and analytical assistance to staff and management within BES for workload questions, procedure changes, problem identification and resolution, and reporting.

With the greatly increased amount of data being captured due to EDR, this position will be critical to support the analysis and reporting of that data to the compliance areas throughout the department.

In addition, the Business Entity Return and Payment Validation is moving from an overnight batch-oriented process where returns and payments post to the legacy accounting systems overnight, to an online real-time environment where returns and payments will be posted to the legacy accounting systems in real-time as soon as staff validates them. This change in workflow process impacts the quality review cycle of these cases from less urgent and time sensitive, to more urgent and time sensitive. FTB is requesting four additional positions to ensure FTB staff can clear review queues thus avoiding backlogs. This will greatly enhance the efficiency of the online real-time processing, and bills and refunds will not be artificially delayed.

## Analysis of Problem

### *Fraud (2 limited term to permanent positions and 4 permanent positions)*

FTB's Fraud unit detects and prevents fraud related to refundable credits, identity theft, and preparer driven issues related to fraudulent deductions and fraudulent claims of nonrefundable credits. The EDR fraud capabilities have increased FTB's opportunity to detect and stop fraud, not only on refundable credits (wage withholding), but also on other tax compliance/abuse areas (credits, deductions, etc.). Two permanent positions are requested to replace two limited term positions and two additional permanent positions to continue the tax preparer fraud work. As part of the EDR project deliverables, enhanced modeling tools have allowed FTB to refine detection processes to allow for better identification and targeting of fraudulent activity. The new preparer fraud model provides FTB with a list of suspicious preparers based on patterns and anomalies, by tax year. These positions will generate \$1.4 million in annual revenue by helping to support the evaluation and implementation of new EDR fraud models.

FTB also requests one position to actively work protests related to Notice of Proposed Assessments issued by fraud auditors on preparer fraud, tax gap, and audit referral cases. Expanding capabilities to attack fraud saves the state from losing revenue, discourages further efforts to conduct fraudulent activities, and ensures the safety and confidence of taxpayers in the tax system and in FTB's administration while allowing for the timely processing of tax returns.

A Fraud manager position is being requested to plan and direct the activities of a unit of tax professionals engaged in activities aimed at increasing compliance, self-assessment, and the detection and prevention of fraud. The manager will direct the staff responsible for research, detection, and remediation of fraudulent claims of credits and/or tax, and for program evaluation, effectiveness, and publicity.

### *Data Capture (1 permanent position, 15 temporary help to permanent positions, 78 temporary help positions)*

Key Data Operators perform the keying activities needed in order to update taxpayer information to the taxpayer accounts and various departmental systems. Prior to EDR, only the first three pages of personal income tax and business entity return information was data captured (schedules and attachment information was not captured). With the implementation of EDR, annually there has been an increase in personal income tax data and business entity data capture as more forms, tax years and fields are added. With EDR, the entire return including schedules and W-2s are data captured. The number of fields data captured has increased from 2,400 fields prior to EDR to 5,700 fields with EDR. For personal income tax returns, the addition of Optical Character Recognition (OCR) and 2 Dimensional (2D) Barcode creates an offset to data entry costs, however due to vendor participation and business decisions, not all forms include OCR and 2D Barcode and require full Key From Image data entry. OCR technology is also used for business entity returns, however, vendors are not participating in 2D Barcode for business entity returns and do not plan to in the future due to the complexity associated with business entities.

### *Returned Mail (3 permanent positions and 17 temporary help positions)*

Returned Mail is all mail that is returned to FTB as undeliverable by the US Postal Service (USPS). The current Returned Mail process involves opening and sorting the envelopes into bins based on the last line of the return address listed on the envelope. If the letter sorter machine does not read or identify the last line of the return address the mail falls into the reject bin and staff manually sorts these notices that need to be routed to compliance staff throughout the department or the Information Capture and Banking Section (ICBS) for keying. All return mail is related to correspondence or communications FTB has issued to taxpayers. The most common types of return mail are for balance due notices, nonfiler contacts, or taxpayer notifications related to errors on tax returns.

Beginning January 2016, returned mail will be keyed into the Taxpayer Folder. In addition to the Returned Mail being extracted and sorted, the new process requires a technician to analyze an account to determine if the Returned Mail indicator has been updated with a current address by either the system or another user in the department. The new process involves searching for the account, researching the contact information and updating the address with the Returned Mail indicator and source (USPS) of the Returned Mail. The new Returned Mail workload provides better due process, allowing the taxpayer to respond to notices and other correspondence, therefore being tax compliant.

## Analysis of Problem

### *Return Analysis (1 permanent position and 33 temporary help positions)*

One of the key components of the EDR Project is the new Return Analysis (RA) system, which is the final stage of return processing. RA is the new EDR process by which tax returns and payments are validated in order to correctly post to the accounting system. RA replaces the current return validation processes and systems. In the new RA system, expanded data from all pages of the return and supporting schedules will go through edit checks and those that don't meet new and existing logic criteria will 'fall out' to IVS for further analysis and processing by staff. EDR has enabled FTB to automate some of the most routine validation work. However, the validation edits (based on additional tax return data that is now captured) are also being expanded resulting in an increase in resources needed to process returns. This additional data is used throughout the department in the compliance activities and allows FTB to increase revenue from these compliance activities by up to \$1 billion annually. These additional validation rules also detect common mistakes on tax returns up front and allow FTB to issue notification to taxpayers regarding additional tax owed or of a refund if applicable. FTB requests additional resources to allow FTB to edit and validate more tax return data currently not captured from paper returns.

### *Scanning, Correspondence Association and Electronic Tingle Table (4 permanent positions, 20 temporary help to permanent positions, and 20 temporary positions)*

FTB requests resources for the ongoing year-round scanning workload. With the implementation of EDR, all pages of personal income and business entity returns and correspondence are scanned. This enhances the ability to capture data, allows downstream users with a business need to access the image of the document at the earliest possible point, reduces the physical storage required for the paper returns, and moves the department toward a paperless work environment. Pages scanned went from around 20 million in 2010-11 to an estimated 83 million for fiscal year 2014-15.

Correspondence Association was a new workload that began the pilot phase in July 2013 with the processing of correspondence in the EDR solution. The Association workload links incoming correspondence with the appropriate entity in order to enable staff from throughout the department to process correspondence. This workload requires staff to 'associate' paper mail to the taxpayer within the MyFTB applications. It allows correspondence to be viewable on the taxpayer's account in the taxpayer folder at the earliest possible point. This helps contact centers and other areas provide the best service to the customers when they receive a taxpayer contact or they are working on a taxpayer's account. Prior to correspondence being added to the taxpayer folder, the paper correspondence was routed to the appropriate business area to be worked. If a taxpayer contacted FTB or if a business area worked the taxpayer's account, they would not know that the taxpayer had sent correspondence. In July 2014, the EDR correspondence pilot expanded, increasing the amount of correspondence scanned into the EDR solution. FTB has been using temporary help funds to do this workload, but the work is ongoing and permanent funding and position authority is needed.

There are 33 FTB forms that are formatted for auto-association. Approximately 500 other FTB and non-FTB form correspondence will require association by Association staff. The workload requires staff to link incoming correspondence with the appropriate entity in order to enable staff from throughout the department to process correspondence. The Association workload has grown significantly since fiscal year 2013-14 and will be a permanent workload moving forward.

The Electronic Tingle Table workload is a new workload to address fallout from Form Based Routing. Currently correspondence is manually sorted by mail stop or PO Box into cubbies or boxes and prepared for scanning. A batch separator is placed on every batch. The batch separator has identifying information that allows the system to route the entire batch to the appropriate workbasket. With form based routing, FTB forms formatted for auto-routing will be separated out, scanned, and auto-routed to the appropriate workbasket. A final sort to the mail stop and multiple batch separators will no longer be required. Forms not recognized will fall out to staff, analyzed, and then electronically routed by Association staff. Correspondence not formatted for auto-routing will continue to be sorted and routed by batch separator. Beginning July 1, 2015, FTB will implement Form Based Routing (auto-routing) of most FTB generated correspondence forms. This will be a new workload that will address forms that fail to auto-route. Staff will be required to electronically route the image of these forms to the appropriate workbasket in the Case Management system.

## Analysis of Problem

### *MyFTB Name & ID Changes (1 permanent position)*

Enhanced MyFTB will allow taxpayers or Power of Attorney representatives to update FTB entity Information online, including name, address and ID, phone number and email address. A case will be created and sent to a staff workbasket for review and consideration of acceptance based on defined business rules. Business rules will dictate situations when staff must contact the taxpayer or their representative for additional information and/or supporting documentation before changes can be approved. If the requested position is not approved, entity information will not be updated to EDR timely causing risk of inaccurate notices being sent to taxpayers and other third parties including employers and financial institutions for purposes of collection actions. This could cause delay or loss in revenue or result in a disclosure issue.

### *Power of Attorney (9 permanent positions, 6 temporary help to permanent positions)*

The enhanced MyFTB will be available to authorized users such as individuals, business representatives, and tax preparers. MyFTB allows customers self-service options to view and update demographic information, view tax returns, payments, notices and correspondence, submit correspondence online, and view, create, and update Power of Attorney authorizations. FTB requests additional resources to address the Power of Attorney workload.

EDR has implemented a new Power of Attorney case management system to ensure valid representatives are able to view their clients in the new MyFTB taxpayer folder. In 2014-15, FTB received approximately 10,000 incoming Power of Attorney declarations each month. The volume of incoming Power of Attorney declarations is expected to increase with the implementation of MyFTB due to additional use by tax representatives. The resolution of taxpayer accounts and the ability of tax representatives to work with FTB staff are vital to efficient tax administration. Current Power of Attorney information is critical as FTB staff is able to work directly with tax representatives regarding specific taxpayer account issues. When a valid Power of Attorney is on file, the tax issue can be resolved within the earliest possible timeframe and over the least amount of time.

These resources are necessary in order to timely process new Power of Attorney declarations into the new case management system. If the declarations are not timely processed, backlogs will grow, revenue will be delayed, and FTB will get increased contacts by taxpayers and their representatives requesting the status of their Power of Attorney. Delays in revocations of Power of Attorney may result in unauthorized disclosure of confidential taxpayer information.

### *MyFTB Registration (10 permanent positions)*

Additional resources are requested in order to provide technical assistance to taxpayers using the new MyFTB. The enhanced MyFTB will be available to authorized users such as individuals, business representatives, and tax preparers. It provides users with secure online access to more information and self-service options than what is currently available today. It is anticipated the volume of hits to the enhanced MyFTB webpage will increase 50 percent, from 1 million to 1.5 million. It is estimated that 10 percent of these taxpayers and their representatives will contact us for registration and password reset issues to gain access to their information in MyFTB.

FTB encourages taxpayers to use the web-based services and applications because they are cost effective and they give taxpayers the ability to manage and update their own taxpayer information and data. By providing quick access to assistance FTB is providing a positive experience with automation and therefore encouraging continued use of self service.

### *Withhold at Source (1 permanent position)*

FTB requests a position to provide ongoing analytical, technical, and workload support for the Withhold at Source System (WASS) as it interacts with the various EDR applications, particularly MyFTB and other legacy systems. This position will primarily focus on the following:

- EDR and WASS interface – validation of WASS information for interfacing with EDR data systems and applications. Data includes demographics, notices, and withholding credits. Prior to EDR, this information was not displayed to the public.

## Analysis of Problem

- Withholding Credits on MyFTB Account – With the release of MyFTB, nonwage withholding data will become viewable for taxpayers. It is imperative that nonwage withholding credits are applied to taxpayers' accounts accurately and timely. Issues exist today where this does not occur and results in erroneous notices sent to taxpayers. In an effort to mitigate these erroneous notices, this analyst continuously troubleshoots system issues as they arise. Depending on situations, the analyst works with program staff to adopt manual workarounds or generate adhoc report solutions to address inaccurate data. This is an ongoing process as forms and payments are received daily for the nonwage withholding program. It is imperative that these credits be applied correctly to display in MyFTB to ensure taxpayers can view and claim the accurate credit amounts. This position will ensure the integrity of the data on the legacy system, and make sure that it converts accurately to EDR.

There are also low level defects within the WASS and PIT accounting system interfaces which directly impact the display of the credits in MyFTB. This analyst will perform validation and work with technical staff to incorporate programming changes to address these low level defects causing inaccurate data to populate on MyFTB accounts. This is a multiyear process to implement a technology solution across EDR, MyFTB, WASS, and PIT accounting system.

Without this position, the department is at risk of displaying inaccurate withholding information in MyFTB, including demographics, notices, and withholding credits amounts. Furthermore, without this position, the analytical and technical duties required will be shifted to other positions at lower classifications and technical abilities. This will put the department goals and objectives at risk by creating situations where staff will be tasked with duties they are not equipped to complete. With the addition of EDR and the need for MyFTB to accurately display withholding credits, there is an ongoing need for analytical and technical support to facilitate the interface between WASS and EDR (both permanent systems).

### **Finance & Executive Services Division**

*Business Process Management and Reengineering (4 permanent positions)*

Business Process Management (BPM) and reengineering allows FTB to look at processes across the organization to determine if they are running at peak efficiency. It applies to processes that are manual or performed by a computer application.

FTB currently has a list of over 100 requests pending for expansion or enhancement of the recently deployed EDR deliverables. These enhancements are outside of the scope of the project but will enhance the operations if these changes are pursued. These enhancements could generate additional revenue, make the processes more cost efficient, or optimize processes to reduce or eliminate backlogs. These enhancements will also allow FTB to fully optimize EDR deliverables. If BPM resources are not received, FTB runs the risk of not being able to implement these enhancements or could modify a business process that is not at its most efficient thus not allowing FTB to maximize automated enhancements.

On an annual basis, FTB updates the systems for recent law changes and desired enhancements proposed by the business areas. As a result of the significant changes to the systems due to EDR, FTB has an opportunity to continue to look for and address system enhancements.

These staff will be responsible for working with process owners throughout the department to identify and prioritize areas where process improvements can be pursued to increase revenue or decrease costs or duration of an activity. These staff must first document the existing process – 'As Is' including an analysis of all inputs and outputs (upstream and downstream operations) to that the process. Inputs and outputs are staff, processes, or systems that support or rely on the specific process desired to be improved. These staff members must understand and document the full process flow of work and then work with the business area and IT staff to determine and document the 'To Be' new process. Again, this new process must consider impacts to all upstream and downstream processes. Similar work efforts by the EDR vendor have shown the analysis work to take between 200 – 1500 hours depending on complexity of the process, risks to modifying the process, and number of inputs and outputs. Successfully completing this process will allow FTB to enhance

## Analysis of Problem

operations with controlled or no risks to FTB operations as well as assisting with the development, testing, and deployment of the solution.

Additionally, staff will also work closely with the business areas to understand potential processes, do an initial evaluation of benefits, risk, and complexity to allow for easier prioritization of the process. Staff will also be required to annually review the "As-Is" processes to ensure they are kept up to date and thus allow for easier enhancements in the future either to the same process or an upstream or downstream process.

### *Procurement (1 permanent position)*

Although FTB is exercising an M&O Option Period, there are still additional procurements that FTB is responsible for conducting. In 2016-17 FTB estimates up to 52 of contracts, due to third party software license agreements and refresh and upgrade efforts will need to be negotiated. FTB's existing universe of IT contracts is roughly 500. In addition to the procurement activities in 2016-17 there will be extensive planning required, in some cases six months to work with the Technology Services staff, in order to plan and execute the procurements for 2016-17 and especially as FTB moves towards 2017-18 and 2018-19.

### **Legal Division**

#### *Legal Appeals (1 permanent position)*

This position will support the appeals workload in the Legal Division attributed to the auditors authorized in the 2014-15 EDR BCP. The requested position will prepare and argue income tax cases in administrative appeal hearings before the State Board of Equalization. The position will be responsible for:

- Analysis of relevant facts
- Review of the taxpayer's arguments
- Research of applicable law
- Preparation of appeal briefs
- Presentation of oral arguments at hearings
- If appropriate, resolve cases through written correspondence and conferences with taxpayers and/or their representatives

The Legal Division does not have the staff resources to handle the increase in appeals from the EDR initiatives related to PIT taxpayers. Increased backlogs will result in additional accrued interest for taxpayers with balances due, which in turn results in more requests for interest abatement. Delays cause FTB to incur additional interest on PIT claims for refund that are granted. Revenue is delayed on those cases with proposed assessments. Delays affect quality of work and availability of records for taxpayers.

### **Technology Services Division**

#### *IT Help Desk (1 permanent position)*

Now that EDR has delivered eight out of its nine major deliverables, all the new EDR systems are now in production. These are the Taxpayer Folder/MyFTB, Return Filing, Return Analysis, and Case Management systems with over 10,000 combined users across the applications. To date, the Solution Provider has been providing IT service desk support for these systems. Now that the project is entering the final year of the project, service desk support must now transition over to the state staff. One permanent IT resource is now required to provide the service and support of the new EDR applications.

The Service Desk analyst will be responsible for managing intake of all incidents (technical issues, defects and system errors) and requests (customer service requests such as software installs, "how to" questions or hardware replacements) in support of the new EDR applications.

Based on the complexity of the new systems and the Solution Provider support resolution rates for 2014-15, FTB has found the rate to resolve and support the new EDR applications is lower than the usual IT service desk analyst resolution rates. This is primarily due to the increase in the complexity and knowledge required to support the newer technologies, multiple interfaces and data feeds used to develop these systems. Based on

## Analysis of Problem

the last year of Solution Provider support, the analyst position is needed to support 625 incidents and 150 service request at a resolution rate of 2 hours and 4 hours respectively.

As EDR implements its final deliverable in 2015-16, FTB is projecting another increase in the number of incidents and requests the IT service desk will be required to support. FTB is not requesting additional IT service desk resources for this increase, at this time, since the current EDR resolution rates should increase enabling these calls to be handled with this one additional resource being requested.

### **f. Upgrade IT positions for increased knowledge levels required for M&O**

Due to the increased knowledge and skills required to support the EDR solution, FTB is also requesting \$1.3 million in additional funding to increase the classification levels of the staff that will now be required to support and maintain the EDR solution. This funding is needed starting in 2016-17.

The EDR project has introduced highly complex technical environments needed to support both the custom EDR software and the many commercial-off-the-shelf (COTS) software solutions being delivered to FTB as part of the EDR project. In addition, the EDR Solution is comprised of the most sophisticated set of data integration technology and toolsets that FTB has seen to date. The data architecture comprises over 400 tables alone and synchronizes data between 12 FTB legacy and COTS systems, 35 Third Party data sources and impacts the majority of FTB program areas as well as external MyFTB customers. EDR project success is dependent on FTB IT staff's ability to manage, maintain, and operate these highly complex technical environments. The complexity of these workloads and expanding responsibilities necessitates higher classification levels of staff.

### **g. Independent Project Oversight Funding**

The EDR project requests funding of \$77,000 to cover the cost of the Independent Project Oversight Consulting services required to be conducted by the California Department of Technology through inter-agency agreement. The project oversight manager will perform independent, unbiased assessments of the project management processes and methodologies to:

- Determine performance trends that might affect the project's successful completion.
- Provide independent perspective for reviews and meetings.
- Prepare reports as mandated by the California Department of Technology.
- Monitor project activities.
- Evaluate the project's adherence to industry standard project management methodologies.
- Evaluate project risk management efforts.
- Evaluate project progress towards completion of the project.

### **h. Compensation Payments to the Solution Provider in 2016-17**

The EDR project is using a benefits-based compensation model. This means that payments to the Solution Provider are based on the benefits (revenue) generated from the EDR solution that the state receives. If the state does not receive increased revenue, then the contractor does not receive payment. This approach shifts much of the financial risk to the contractor. Payments are computed and made quarterly based on designated revenue streams and can move between quarters. Quarterly payments can be delayed if certain project management and performance objectives are not met by the Solution Provider. The estimated Solution Provider quarterly payments for 2016-17 (July through December) is \$39.9 million (projected 10 percent holdback amount across the entire project).

## **E. Outcomes and Accountability**

FTB SPR#4 which was submitted to Government Operations Agency on July 3, 2015, updates the previous FTB SPR#3 (approved February 20, 2015), FTB SPR#2 (approved June 9, 2014), SPR#1 (approved November 14, 2011), FSR 08-05 (Project number 7730-191) and provides project authority and details about the project scope, requirements and solution. A cross-section of state staff participates in the FSR and SPR analysis and requirements, including the EDR Project Director, EDR Business Project Director, and dedicated

## Analysis of Problem

Project Management staff, working with the department's Project Oversight Guidance (POG) Section to oversee project activities, as well as representatives from California Department of Technology who oversee all procurement activities, to ensure all applicable policies, rules, guidelines and procedures are followed. The EDR Project Manager works with POG to monitor project progress and perform communication management, including status reporting consistent with stakeholder and overseer needs. The SPR is the responsibility of the department's Chief Information Officer or delegate. The fiscal oversight of the project is the responsibility of both the California Department of Technology and the Chief Financial Officer (CFO).

See Attachment 2 for Projected Outcomes.

### F. Analysis of All Feasible Alternatives

**Alternative 1 - Approve BCP as written. To ensure the current and on-going success and revenue estimates forecasted with the EDR project, the 18 month M&O options, HW/SW refresh and maintenance, 3<sup>rd</sup> party consulting, and IT and Program resource request need to be fully funded and approved.**

Approving this request also allows FTB to fully upgrade the key components of the EDR solution, like the security database or case management system, with a full, highly-experienced expert support team skilled in performing this type of work and thus minimizing any risk to the department, customer service and tax processing. If not fully funded and approved, FTB's ability to maintain and support the EDR solution or achieve and sustain the revenue estimates forecasted with the project will be impacted.

**Alternative 2 - Approve BCP except for the program positions for business operations.**

Without the program positions FTB will not be able to fully utilize the tools delivered under the EDR contract and meet the EDR revenue obligations. The program positions are needed to sustain the revenue gains brought about by the successful implementation of EDR. These ongoing workloads will preserve and support FTB's full adoption and utilization of the EDR deliverables. Failure to secure requested program positions would result in a decrease in the project revenue estimates for 2016-17 and the on-going \$1 billion revenue estimate.

**Alternative 3 - Approve BCP except for the 18 month M&O option with the prime Solution Provider.**

This alternative would require FTB to incur costs for ongoing hardware and software maintenance for the 18 months that are equivalent to the costs included in the M&O option with the Solution Provider. Although equivalent in cost, this alternative does not include program services, which are covered under the M&O option with the Solution Provider. Not funding the request to extend the M&O period with the Solution Provider would put FTB at risk of not having the appropriate knowledge, skills and abilities to support the EDR solution, causing unnecessary system outages, impacts and revenue delays. FTB would also be at risk of being unable to perform enhancements, implement new legislation, or perform critical M&O tasks necessary to keep the EDR systems functioning properly and not impacting FTB's revenue generating capabilities.

**Alternative 4 – Do not approve the request.**

Failure to have the funding and key positions in place will result in the department not meeting their contractual obligations associated with the EDR project and risk the 2016-17 revenue and hundreds of millions of dollars in revenue anticipated in subsequent fiscal years associated with the EDR initiatives.

### G. Implementation Plan

- June 2016 – all documentation to establish permanent positions is prepared and approved by the FTB Budget Officer and forwarded to the Department of Finance.
- June 2016 – Department of Finance notifies FTB of position approval.
- July 1, 2016 – positions are established and FTB begins hiring.
- Payments for Independent Project Oversight Consultant services will continue in 2016-17.

## Analysis of Problem

- Ongoing Solution Provider payments will occur quarterly beginning July 2016 through December 2016.
- Solution Provider payments will occur monthly during the Maintenance and Operations period beginning January 2017 through June 2018.

### H. Supplemental Information

- Consultant Professional Services (External Contracts) for Solution Provider payment and California Department of Technology Procurement Services.

### I. Recommendation

**Alternative 1 is recommended.** This alternative is the most desirable alternative to minimize costs and risks and maximize revenue and benefits of the EDR Project. If not fully funded and approved, FTB's ability to maintain and support the EDR solution or achieve and sustain the revenue estimates forecasted with the project will be impacted.

**EDR BCP  
Resource History**

*(Dollars in Thousands)*

<b>EDR Project</b>	<b>PY - 4</b>	<b>PY - 3</b>	<b>PY - 2</b>	<b>PY - 1</b>	<b>PY</b>
Authorized Expenditures	6,935	39,115	96,491	152,152	75,114
Actual Expenditures	4,835	37,680	96,491	152,152	75,114
Revenues	25,380	115,740	338,456	482,722	744,033
Authorized Positions	40	72	165	184	71
Filled Positions	40	71	165	184	71
Vacancies	0	1	0	0	0
<b>Audit Division</b>					
Authorized Expenditures	93,375	94,242	93,533	100,795	106,560
Actual Expenditures	89,210	91,290	93,780	99,112	107,209
Revenues	1,951,750	1,357,165	1,537,252	1,445,242	1,491,770
Authorized Positions	1,070	1,100	1,033	1,037	1,076
Filled Positions	992	990	1,004	970	1,019
Vacancies	77	110	29	67	57
<b>Filing Division</b>					
Authorized Expenditures	100,732	97,696	99,517	104,294	112,409
Actual Expenditures	93,327	94,806	98,334	105,258	112,529
Revenues	681,898	759,883	813,214	810,937	879,331
Authorized Positions	1,289	1,280	1,243	1,224	1,284
Filled Positions	1,181	1,179	1,185	1,144	1,189
Vacancies	108	101	57	80	95
<b>Procurement Section</b>					
Authorized Expenditures	2,562	2,579	2,343	2,625	2,700
Actual Expenditures	2,247	2,212	2,172	2,366	2,728
Revenues	NA	NA	NA	NA	NA
Authorized Positions	26	27	25	25	25
Filled Positions	24	24	23	23	23
Vacancies	2	3	2	2	2
<b>Legal Division</b>					
Authorized Expenditures	15,906	15,888	16,422	17,870	20,876
Actual Expenditures	16,292	15,871	16,079	17,942	20,314
Revenues	NA	NA	NA	NA	NA
Authorized Positions	135	137	129	133	146
Filled Positions	131	128	126	126	140
Vacancies	4	9	3	7	6
<b>TSD - Help Desk</b>					
Authorized Expenditures	5,799	6,849	5,569	3,678	4,714
Actual Expenditures	5,854	6,979	5,743	3,897	5,415
Revenues	NA	NA	NA	NA	NA
Authorized Positions	59	58	60	38	34
Filled Positions	55	66	52	33	44
Vacancies	4	-8	8	5	-10

**EDR BCP  
Workload Metrics**

Workload Measures	Past Year 4	Past Year 3	Past Year 2	Past Year 1	Past Year	Current Year	Budget Year	Budget Year 1	Budget Year 2	Budget Year 3	Budget Year 4
<b>VOLUMES</b>	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Audit</b>											
Other State Tax Credit - case units per year	NA	NA	NA	3,200	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Business Expense - case units per year	NA	NA	NA	1,100	143	11,700	11,700	11,700	11,700	11,700	11,700
Expired Credits - case units per year	NA	NA	NA	11,600	13,617	10,050	10,050	10,050	10,050	10,050	10,050
Predictive modeling tool with 3 modelers will attribute to the following revenue	NA	NA	NA	NA	NA	NA	\$30 Million	\$45 Million	\$70 Million	\$70 Million	\$70 Million
<b>Business Entities</b>											
Quality Review, Validation & Analysis	209,050	209,050	209,050	209,050	209,050	209,050	209,050	209,050	209,050	209,050	209,050
<b>Fraud &amp; Discovery</b>											
Preparer Fraud	NA	NA	NA	NA	165	200	400	400	400	400	400
Protest	92	92	92	92	88	88	152	152	152	152	152
Fraud Data Models	5	5	5	5	5	5	55	55	55	55	55
<b>Information Capture &amp; Banking</b>											
Data Capture - Personal Income Tax - Returns	4,836,000	4,430,000	4,201,000	3,813,000	3,600,000	3,400,000	3,200,000	3,000,000	2,900,000	2,900,000	2,900,000
Data Capture - Personal Income Tax - fields keyed	600	1,300	2,100	2,000	2,200	2,300	2,400	2,500	2,600	2,600	2,600
Data Capture - Business Entity - Returns	1,466,000	551,000	764,000	800,000	608,000	456,000	347,000	330,000	320,000	320,000	320,000
Data Capture - Business Entity - fields keyed	1,800	1,400	2,100	3,500	3,500	3,550	3,600	3,650	3,700	3,700	3,700
Data Capture - Keystrokes	NA	240,000,000	788,000,000	1,531,000,000	1,820,000,000	2,230,800,000	2,678,735,000	3,133,051,250	3,615,663,763	3,615,663,763	3,615,663,763
Return Mail Workload	1,635,000	1,733,000	1,999,000	2,165,000	2,097,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
<b>Information Validation</b>											
Routine Validation	1,231,635	1,246,892	952,186	949,193	1,053,544	389,407	3,630				
Complex Validation	2,705,270	2,901,222	2,601,678	2,641,536	2,613,456	1,035,289	9,650				
Return Analysis	NA	NA	NA	NA	NA	3,224,512	4,947,930	4,961,864	4,961,864	4,961,864	4,961,864
<b>Receiving &amp; Data Storage</b>											
Extractions & Document Preparation	8,569,000	7,346,000	7,597,000	7,410,000	6,226,000	6,763,000	6,434,000	6,217,000	6,107,000	6,107,000	6,107,000
Scanning of Documents (pages)	20,100,000	19,800,000	47,200,000	87,000,000	90,052,000	93,000,000	93,000,000	93,000,000	93,000,000	93,000,000	93,000,000
Electronic Tingle Table	NA	NA	NA	NA	NA	50,000	50,000	50,000	50,000	50,000	50,000
Electronic Association Group	NA	NA	NA	129,000	818,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Correspondence, Analysis, Support and Education (CASES)</b>											
# of MyFTB Name & ID changes cases sent for review and validation	NA	NA	NA	NA	NA	2,775	4,998	6,497	8,447	8,869	9,312
Power of Attorney cases	72,084	83,176	92,184	132,897	95,916	215,000	143,500	150,675	158,209	166,119	174,425
Power of Attorney quality review cases	15,672	41,530	47,911	85,154	62,500	77,700	38,850	40,793	42,832	44,974	47,222
<b>Taxpayer Services Center</b>											
Contacts to resolve log-in or on-line account issues	45,000	65,000	65,000	65,000	65,000	100,000	135,000	135,000	135,000	135,000	135,000
<b>Procurement</b>											
Total IT Contracts	\$35,919,285	\$436,483,890	\$30,033,617	\$36,897,396	\$41,655,556	\$38,000,000	\$40,800,000	\$59,000,000	\$77,000,000	\$69,000,000	\$73,000,000
Number of Contracts	366	465	456	459	423	442	478	484	558	477	486
<b>Legal</b>											
Beginning Inventory	995	799	827	924	978	837	860	883	906	929	952
Appeals accepted by BOE	585	683	636	714	593	642	684	684	684	684	684
Closed	782	655	540	661	734	619	661	661	661	661	661
Ending Inventory	798	827	923	977	837	860	883	906	929	952	975
<b>TSD - Help Desk</b>											
EDR Service Requests	NA	NA	NA	NA	302	375	450	450	450	450	450
EDR Incidents	NA	NA	NA	NA	1,254	1,560	1,875	1,875	1,875	1,875	1,875

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
<b>ADMINISTRATIVE SERVICES DIVISION</b>								
Personnel Services	Personnel Specialist	Perm	<p><b>Personnel Services:</b> In 2016-17 the EDR BCP will add 199 new permanent and temporary employees to the department. Personnel Services Section will be deeply impacted by processing all of the new hire paperwork and ongoing processing, tracking and managing various of mandated tasks:</p> <p>These tasks include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Process payroll and benefits for all perm and temp employees</li> <li>- Process separations</li> <li>- Manage all leave balances and months of service to ensure employees receive proper pay increases</li> <li>- Process all State Disability Insurance/Non- Industrial Disability Insurance, Worker's Comp, and Family and Medical Leave Act (FMLA) paperwork</li> <li>- Process Merit Salary Adjustments and promotions</li> <li>- Process transfers</li> <li>- Verify and report on employee leave balances</li> </ul> <p>Various new mandates and workloads have increased the Personnel Specialists workloads. Some of these include:</p> <ul style="list-style-type: none"> <li>- Affordable Care Act</li> <li>- Dependent Eligibility Verification Project</li> <li>- Annual audits by control agencies (State Personnel Board and CalHR)</li> <li>- New/changes to laws, rules and regulations</li> </ul> <p>The statewide ratio is 1 personnel specialist for every 250 employees.</p>	Each Personnel Specialist will be responsible for 387 employees in the department	NA	1,850	1	If this position is not approved, other Personnel Specialists will have to take on additional employees, therefore increasing the ratio of employees to specialists. Increasing the ratio may increase the errors in processing payroll, where employees may not be paid timely, processing benefits timely, where employees may not receive proper medical coverage and processing pay incorrectly resulting in Accounts Receivables. This could also impact our ability to respond timely to SDI, FMLA and Worker's Compensation claims, putting FTB at risk to violating various State and Federal laws, rules and regulations. The department may not be able to meet the 72 hour requirement for timely payment of wages for separating employees as outlined in the government code. Garnishment of wages may also be affected by not meeting the 10 day implementation and processing of new or modified garnishments.
Personnel Resources	Associate Personnel Analyst	Perm	<p><b>Personnel Resources:</b> In 2016-17 the EDR BCP will add 199 new permanent and temporary employees to the department. Personnel Resources Section will be deeply impacted by mandated tasks related directly to the appointment process in support of the classification plan and managing various mandated tasks:</p> <p>These tasks include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Review requests on classification and appointment issues submitted by managers/supervisors</li> <li>- Provide technical advice and assistance to managers/supervisors on sensitive employee disciplinary matters</li> <li>- Process Adverse Actions (increased tax non-compliance activity has been significant)</li> <li>- Act as departmental representative in discussions with State Personnel Board, CalHR, Controller's Office, and union representatives on disciplinary issues</li> </ul> <p>Various new mandates and workloads have increased the Personnel Specialists workloads. Some of these include:</p> <ul style="list-style-type: none"> <li>- Increased responsibility due to receiving CalHR delegation</li> <li>- Changes to Rule 250 (requires that an employee transferring from one classification to another must meet the minimum qualifications (MQs) of the "to" classification)</li> <li>- Annual audits by control agencies, such as the State Personnel Board and CalHR</li> <li>- Requirements to monitor the completion of Annual/Probationary reports</li> <li>- More actions go to appeal and require additional staff time to prepare attorneys for settlement and hearing.</li> </ul> <p>Mandated tasks directly related to the appointment process in support of the classification plan. This includes the analysis for position authority, hiring authority as well as overseeing any restructures necessary in the program in response to business practice changes. Program also provides critical guidance on the Perf Mgmt and Prog Disc process to mgmt to ensure consistency and efficiency for 750+ managers who supervise 5000-7000 employees.</p>	<p>444 class &amp; pay issues</p> <p>833 employee issues</p> <p>573 projects in support of allocation guidelines, program structures, and classification and pay functions.</p>	NA	1,850	1	Failure to respond to personnel issues in a timely manner could result in delays in hiring staff to perform the work needed to bring in General Fund revenue. Delays in reviewing Request for Personnel Actions could result in employees being classified incorrectly. This results in complaints, grievances and Merit Issue Complaints (SPB) which directly impacts the Personnel Management Unit workload associated with responding to these issues. These issues also impact the productivity of the program and undermine management's ability to manage their respective programs. Subsequently, these issues have a direct impact on the Performance Management as well as the progressive discipline functions, further reducing productivity and diminishing FTB's ability to bring in cash efficiently. In addition, the increase in cases that arise out of our inability to manage the classification plan also increases our fees associated with adverse actions that we must defend in front of the 5-member SPB Board, which is a constant risk to our department for back pay and penalties as well as a risk to our reputation to our employees, undermining our ability to effectively manage staff.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
<b>AUDIT DIVISION</b>								
Personal Income Tax, Pass Through Entity, Federal State Audit	PS III (2) PS II (1)	Perm	<p><b>Audit Modeling:</b> These additional staff members will join FTB's existing modeling team and provide the subject matter expertise needed to use the data modeling tool for predictive modeling. All members of the modeling team must understand the business process, understand the complex tax laws, understand the tax strategies used by taxpayers, have an in-depth knowledge of the data sources available, and develop the requirements needed for predictive models. Using this knowledge, they will:</p> <ul style="list-style-type: none"> <li>• Evaluate datasets for data mining tasks</li> <li>• Perform exploratory data analysis</li> <li>• Evaluate performance metrics</li> <li>• Analyze outliers</li> <li>• Perform data consolidation and transformation</li> <li>• Evaluate Model performance</li> </ul> <p>With the use of the predictive modeling tool, and included in the \$4.7 billion EDR project revenue commitment, ongoing audit revenue related to EDR deliverables include an increase in net assessments of up to \$30 million (approximately \$15 million in cash) starting in 2016/17 and \$45 million (approximately \$22.5 million in cash) in 2017/18 related to working more productive cases. For 2018/19 and ongoing, stated audit revenue related to EDR deliverables includes an increase in net assessments of up to \$70 million annually (approximately \$35 million in cash) related to working more productive cases and pursuing new issues or trends identified via the predictive modeling tool. These amounts are stated at net assessment value.</p> <p>The requested staff would provide modeling activities supporting the following workloads. For reference 2013-14 statistics are included.</p> <p>PIT - audits of personal income taxpayers</p> <ul style="list-style-type: none"> <li>• \$143 million annual revenue</li> <li>• Approximately 5,000 notices</li> <li>• 119 staff</li> </ul> <p>PTE - audits of Pass Through Entity taxpayers</p> <ul style="list-style-type: none"> <li>• \$106 million annual revenue</li> <li>• Approximately 3,000 notices</li> <li>• 112 staff</li> </ul> <p>FSSAS - Federal State Tax Differences</p> <ul style="list-style-type: none"> <li>• \$554 million annual revenue</li> <li>• Approximately 20,000 notices</li> <li>• 31 staff</li> </ul>	NA	NA	5,550	3	Without the additional staffing levels, the new tools implemented as a result of EDR will not be optimized and FTB will continue to be unnecessarily limited in our ability to detect noncompliance and address the Tax Gap approaching \$10 billion annually.
Federal State Special Audit	Associate Tax Auditor	LT to Perm	<p><b>Federal State Audit Workloads &amp; Discovery Efforts:</b> We request six permanent positions to replace six limited term positions to continue the following audit workloads as well as additional audit workloads which are identified and beneficial to pursue:</p>				6	
			Other State Tax Credit	742 case units	5.5 hours per case	4,081		Total estimated revenue: \$3M (cash)
			Employee Business Expense	1,422 case units	2.5 hours per case	3,555		\$4.3M (cash)
			Expired Credits	1,242 case units	2.75 hours per case	3,416		\$1.9M (cash)
			<b>TOTAL HOURS</b>			<b>11,052</b>		

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
<b>FILING DIVISION</b>								
Business Entities (BES)	Associate Operations Specialist	Perm	<p><b>BES Technical &amp; Analytical Support:</b> The business analyst in this position will provide valuable analytical and workload support for staff processing the most complex business entity returns. This analyst will work as a liaison between the BES business area and other areas of the enterprise such as Filing Division, ARM Division, Audit Division, Administrative Services Division, and Financial and Executive Services Division to ensure that the processing of business entity returns are being handled correctly, timely, and have proper oversight and analytical support to ensure downstream operations such as collections and audit are not impacted with late or incorrect data. This staff member will:</p> <ul style="list-style-type: none"> <li>• Be the point of contact for business users supporting other compliance activities regarding technical questions that arise,</li> <li>• Provide technical and analytical assistance to staff and management within BES for workload questions, procedure changes, problem identification and resolution, and reporting.</li> </ul>	NA	NA	1,850	1	Without this position, these technical duties must be shifted to other people in a small team and at lower classifications and technical ability levels. These other staff members are already working at capacity and in many situations are working overtime throughout the year to ensure processing occurs. This would result in staff being tasked with things they are not skilled to complete and are likely outside their classification skills which violate employment rules. Additionally, overtime pay is being paid for a task that should be accomplished at straight pay. Additionally, with the greatly increased amount of data being captured due to EDR, this position will be critical to support the analysis and reporting of that data to our compliance areas throughout the department.
Business Entities (BES)	Tax Program Technician II	Perm	<p><b>BES Quality Review, Validation &amp; Analysis:</b> This position will perform quality review, new return/payment validation and analysis. BE Return and Payment Validation is moving from an overnight batch-oriented process where returns and payments post to our legacy accounting systems overnight, to an online real-time environment where returns and payments will be posted to our legacy accounting systems in real-time as soon as staff validates them. This change in workflow process impacts the quality review cycle of these cases from less urgent and time sensitive, to more urgent and time sensitive. In order for bills and refunds to be issued on cases requiring quality review, they must be worked by a lead/reviewer so that review items can be cleared quickly and transactions approved. With the new real-time processing, the time sensitivity of the review is greatly escalated in order to realize the benefits of the faster processing timeframes- a benefit of the EDR deliverables. Furthermore, with the move to real-time processing, multiple transactions will need to be reviewed at once. This will increase the complexity of the review process, lengthening the time it takes to review each case to ensure accuracy. This workload fluctuates, but historically, BES has approximately 20 full time positions dedicated to this quality review work at any given time. Enhanced processing time allows for taxpayers to get their refunds sooner, receive their bills sooner, and allows compliance staff throughout the department to access data from the most recently filed return which could be related to a phone call, or an audit of an earlier year.</p>	33,300 quality review cases	4.75 cases per hour	7,011	4	Without additional staff to help clear review queues, these transactions will become backlogged. This will greatly reduce the efficiency of the online real-time processing, because bills and refunds will be artificially delayed for longer periods of time. However, if the review process is bypassed in the interest of efficiency, the risk of bills and refunds being incorrect increases dramatically. This leads to additional phone calls and correspondence into the department, along with decreased satisfaction among our customers. Therefore, these staff are needed in order to allow review to be conducted quickly and efficiently and preserve the benefits obtained by shifting return and payment validation to real-time.
Fraud and Discovery	Tax Auditor (2) Associate Tax Auditor (2)	LT to Perm (2)	<p><b>Preparer Fraud/Audit:</b> The EDR fraud capabilities have increased FTB's opportunity to detect and stop fraud, not only on refundable credits (wage withholding), but also on other tax compliance/abuse areas (credits, deductions, etc.). We request two permanent positions to replace two limited term positions and two additional permanent positions to continue our tax preparer fraud work.</p>				4	FTB will pursue less preparer driven fraud models ultimately resulting in a potential loss of over \$1,445,000 in revenue a year. (Based on initial findings with this workload - average 2.5 Tax Years per case, 340 cases worked per year, average revenue per tax year is \$1,700). This allows FTB to evaluate and contact cases related to approximately 4 suspicious preparers. FTB could evaluate more suspicious preparers and close the tax gap with additional resources.
		Perm (2)	<p>Support the evaluation of suspicious preparers identified by the new EDR Preparer Fraud model by:</p> <ul style="list-style-type: none"> <li>-Working closely with the fraud analyst to scope the preparer and determine if it is worth pursuing (i.e. is there relevant abuse and revenue impacts).</li> <li>-Performing compliance activities (scoping and auditing) of tax returns prepared by suspicious preparers to ensure the proper amount of tax and credits were taken on the accounts.</li> <li>-Perform follow up activities for returns filed after the initial contact to the tax preparer and the taxpayer to ensure behavior has changed and assess relevant penalties if the behavior has not changed.</li> <li>-Report on the audit results to the fraud analyst.</li> </ul>	400 cases	17.5 hours per case	7,000		
			<p>Work with Criminal Investigation Bureau (CIB) to prepare cases for potential prosecution after contact with the preparer has not changed the behavior or the initial behavior appears to be purposeful (i.e. criminal in nature). This may include follow up efforts (i.e. additional returns/taxpayers identified) after a search warrant has been served by CIB on the preparer.</p>	4 to 8 cases referred per year	90 to 180 hours per case (depends on complexity and volume)	700		
			<p>Work other audit referrals from fraud technicians and return processing technicians. Assist and/or manage projects leading to the continued closure of the Tax Gap.</p>	30 referral cases	25 hours per case	750		
			TOTAL HOURS					

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Fraud and Discovery	Program Specialist I	Perm	<b>Fraud Protest and Complex Audits:</b> As a result of the preparer fraud audits completed annually by the fraud auditors taxpayers will protest the Notice of Proposed Assessments issued by the auditors. The average rate of protest for FTB's preparer fraud cases is approximately 38% and for other cases types is 10% (audit referrals).				1	FTB will not be able to respond timely to protest and oral hearing requests. This will impact the ability to support the assessment of over \$807,500 in revenue a year for the preparer fraud and Tax Gap programs.
			Actively work protests related to Notice of Proposed Assessments issued by fraud auditors on preparer fraud, tax gap, and audit referral cases. Communicate findings in writing and/or verbally, which involves requesting pertinent information and responding timely to taxpayer inquiries. While working the protest resulting from the Notice of Proposed assessment, perform research using internal and external sources based on the arguments presented by the taxpayer or their representative. This may involve working with the IRS, private sector researchers, departmental staff, and other state agencies to support FTB's positions in the NPA. Analyze facts and make appropriate audit determinations in a fair and impartial manner based on the above research and application of the tax laws, Board of Equalization and tax court decisions, legal memoranda and opinions, department policy and other available authority.	64 protests	Avg. 26 hrs per case	1,664		
			Work the most complex audit referrals from fraud technicians and return processing technicians. Assist and/or manage projects leading to the continued closure of the Tax Gap.	4 referral cases	40 hrs per case	160		
			<b>TOTAL HOURS</b>			1,824		
Fraud and Discovery	Administrator II	Perm	<b>Fraud Assistant Section Manager:</b> Through subordinate supervisors, the AD II will plan and direct the activities of a unit of tax professionals engaged in compliance activities aimed at increasing compliance, self-assessment, and the detection and prevention of fraud. The AD II will manage and direct the staff responsible for research, detection, and remediation of fraudulent claims of credits and/or tax, and for program evaluation, effectiveness, and publicity. Responsible for the oversight through subordinate supervisors for the processes, policies and procedures needed for detecting false claims for credits and deductions. Staff activities include researching, scoping, and analyzing data sources, establishing fraud models, and implementing changes. The AD II represents the section, bureau, and branch on a number of departmental teams and provides guidance and direction to supervisory staff in the areas of hiring, training, staff development and workload management. The AD II provides guidance and direction in the management of section projects and activities related to the implementation, maintenance and enhancement of various program and system applications.	NA	NA	1,850	1	Given the number of staff and complexity of workloads in the Fraud and Discovery Section additional leadership is required to ensure the proper ratio between staff to leadership.
Information Capture & Banking	Tax Program Supervisor	Perm	<b>Keying Supervisor:</b> Management is needed to provide supervisory guidance on a daily basis and to ensure the daily incoming returns are processed effectively and efficiently.	NA	NA	1,850	1	If this supervisory position is not approved, supervision to daily operations will suffer resulting in loss of productivity and efficiencies and accuracy due to lack of guidance for processing issues, reduced reporting and monitoring. This would compromise the quality and efficiency of data captured resulting in potential erroneous notices, delays in return, payment, refund, and correspondence processing, delays in resolving taxpayer accounts and increased phone and correspondence contacts to the contact centers.
Information Capture & Banking	Key Data Operator	TH to Perm	<b>Keying:</b> KDOs perform the keying activities needed in order to update taxpayer information to the taxpayer accounts and various departmental systems. This data is instrumental in achieving EDR efficiencies and revenue generating goals. EDR has implemented significant scanning opportunities to image correspondence and PIT and BE returns to help reduce manual data capture. Keying and utilizing the data with automated tools allows FTB to generate revenue from our collection, audit, and filing enforcement activities at the least amount of cost to the state. This data also allows us to better serve taxpayers when they have questions or concerns about their tax obligations and thus allows these taxpayers to file their returns and pay their correct tax liabilities as quickly as possible. The P/I yearly hour limit is not sufficient and contribute to high attrition rate within the unit.	555,000 returns	20 returns per hour	27,750	15	If ICBS does not have sufficient staffing, work would be prioritized with only the top priority of work being done resulting in loss in revenue; as less data would be captured or data capture would be delayed. This would result in less or delayed asset and tax return data being provided to collectors and auditors and errors identified on returns not being addressed timely or at all. This would also result in delays in return, payment, refund, and correspondence processing.
Information Capture & Banking	Key Data Operator	TH	<b>Keying:</b> KDOs perform the keying activities needed in order to update taxpayer information to the taxpayer accounts and various departmental systems. This data is instrumental in achieving EDR efficiencies and revenue generating goals. EDR has implemented significant scanning opportunities to image correspondence and PIT and BE returns to help reduce manual data capture. Keying and utilizing the data with automated tools allows FTB to generate revenue from our collection, audit, and filing enforcement activities at the least amount of cost to the state. This data also allows us to better serve taxpayers when they have questions or concerns about their tax obligations and thus allows these taxpayers to file their returns and pay their correct tax liabilities as quickly as possible.	2,340,000 returns	20 returns per hour	117,000	78	If ICBS does not have sufficient staffing, work would be prioritized with only the top priority of work being done resulting in loss in revenue; as less data would be captured and data capture would be significantly delayed. This would result in less or delayed asset and tax return data being provided to collectors and auditors and errors identified on returns not being addressed timely or at all. This would also result in delays in return, payment, refund, and correspondence processing.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Information Capture & Banking	Key Data Operator	Perm	<b>Returned Mail Workload:</b> Beginning January 2016, returned mail (mail that was sent by FTB and returned) will be keyed into the Taxpayer Folder. Previously, returned mail was processed with minimal data captured. The Returned Mail workload will be a permanent workload moving forward. The workload will be consistent throughout the year. Permanent full time staff are requested to ensure continuity of workload processing.	305,250 returned mail going through Taxpayer Folder	55 pieces of mail per hour	5,550	3	Without these resources, return mail would not be keyed or would be significantly delayed. This could result in refunds or other correspondence being sent to a bad address if mail is not coded. Taxpayers may not receive due process if addresses are not coded that return mail has been received. In addition, the required second notice would be sent to a bad address. Erroneous letters could be sent out to taxpayers and the cost of sending out erroneous letters, postage, paper, envelopes, fees and manpower would increase. Erroneous assessments would go to collections, which may cause taxpayer accounts to be levied erroneously. Some notices mailed would need to be manually reproduced if they come back as return mail and are not processed.
Information Capture & Banking	Key Data Operator	TH	<b>Returned Mail Workload:</b> Beginning January 2016, returned mail (mail that was sent by FTB and returned) will be keyed into the Taxpayer Folder. Previously, returned mail was processed with minimal data captured. The Returned Mail workload will be a permanent workload moving forward. The workload will be consistent throughout the year.	1,406,000 returned mail going through Taxpayer Folder	55 pieces of mail per hour	25,564	17	Without these resources, return mail would not be keyed or would be significantly delayed. This could result in refunds or other correspondence being sent to a bad address if mail is not coded. Taxpayers may not receive due process if addresses are not coded that return mail has been received. In addition, the required second notice would be sent to a bad address. Erroneous letters could be sent out to taxpayers and the cost of sending out erroneous letters, postage, paper, envelopes, fees and manpower would increase. Erroneous assessments would go to collections, which may cause taxpayer accounts to be levied erroneously. Some notices mailed would need to be manually reproduced if they come back as return mail and are not processed.
Information Validation	Office Services Manager I	Perm	<b>Information Validation Section (IVS) Supervision:</b> The IVS management team directs and reviews the additional fallout work resulting from expanded data capture and new validation rules associated with personal income tax return and payment processing through Return Analysis.  The OSM will direct and review the work performed by IVS staff responsible for working the fallout from the new business rules implemented with EDR. EDR represents a significant change in how IVS manages its return and payment inventories and introduces numerous new tools and reports to manage inventory. The OSM I ensures the section's first line supervisors are sufficiently trained to use the new EDR tools and reports to effectively monitor staff production and accuracy in the production environment throughout the year.	NA	NA	1,850	1	Without the additional management oversight to daily operations, timely and accurate processing of returns and payments may be impacted resulting in revenue delays, potential interest paid on refunds, slower processing time, and incorrect taxpayer notices resulting in increased calls, correspondence and Priority Processing requests.
Information Validation	Tax Program Technician I	TH	<b>Personal Income Tax Return Analysis (RA)</b> - RA is the new EDR process by which tax returns and payments are validated in order to correctly post to the accounting system. RA replaces our current return validation processes and systems. In the new RA system, expanded data from all pages of the return and supporting schedules will go through edit checks and those that don't meet new and existing logic criteria will 'fall out' to IVS for further analysis and processing by staff. EDR has enabled the FTB to automate some of the most routine validation work. However, the validation edits (based on additional tax return data that is now captured) are also being expanded resulting in a net increase in resources needed to process returns. This additional data is used throughout the department in our compliance activities and allows FTB to increase revenue from these compliance activities by up to \$1 billion annually. These additional validation rules also detect common mistakes on tax returns up front and allows FTB to issue notification to taxpayers regarding additional tax owed or of a refund if applicable. These resources allow FTB to edit and validate more tax return data currently not captured from paper returns.	1,024,305 documents that fallout for further analysis and processing	20.8	49,245	33	Lack of sufficient staffing will result in backlogs in both RA and existing inventories, causing a delay in processing returns and payments, which increases the risk of paying interest, issuing incorrect assessments, increased calls and correspondence. Lack of sufficient staffing could also result in FTB not utilizing these new rules or capturing additional data which impacts our ongoing ability to generate an additional \$1 billion annually.
Receiving & Data Storage (RDSS)	Office Services Manager I	Perm	<b>RDSS Office Services Manager:</b> This position will manage ongoing permanent workloads associated with EDR including correspondence association (Enterprise Association Group) and the Electronic Tingle Table. The Office Services Manager provides oversight for the day to day operations of these workloads. This includes monitoring and reporting incoming and processed workload volumes and priorities, establishing and reporting workload and performance metrics, monitoring accuracy, identifying and reporting workload trends, identifying and resolving workload issues, and ensuring procedures are accurate and up to date.	NA	NA	1,850	1	If this management position is not approved, oversight to daily operations will suffer resulting in loss of productivity and efficiencies and accuracy due to lack of guidance for processing issues, reduced reporting and monitoring. This would result in delays in resolving taxpayer accounts, interfere with taxpayer due process, delay processing of payments, increase phone calls to contact centers and correspondence (repeat correspondence due to lack of response).

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Receiving & Data Storage (RDSS)	Tax Program Supervisor	Perm	<b>RDSS Tax Program Supervisors (TPS):</b> supervise ongoing permanent workloads associated with EDR including correspondence association (Enterprise Association Group) and the Electronic Tingle Table. The TPS provides supervision for the day to day activities for these workloads. This includes assigning work according to priorities, reporting incoming and processed workload volumes, monitoring and reporting workload and performance metrics, monitoring accuracy, identifying and resolving workload issues, and ensuring procedures are accurate and up to date and handling personnel issues.	NA	NA	3,700	2	If these supervisory positions are not approved, supervision to daily operations will suffer resulting in loss of productivity and efficiencies and accuracy due to lack of guidance for processing issues, reduced reporting and monitoring. This would result in delays in resolving taxpayer accounts, interfere with taxpayer due process, delay processing of payments, increase phone calls to contact centers and correspondence (repeat correspondence due to lack of response).
Receiving & Data Storage (RDSS)	Tax Program Technician II	Perm	<b>Correspondence Association &amp; Electronic Tingle Table Lead:</b> The Association workload has grown significantly since fiscal year 2013-14 and along with the Electronic Tingle Table will be a permanent workload moving forward.				1	If this lead position is not approved, daily operations will suffer resulting in loss of productivity and efficiencies and accuracy due to lack of guidance for processing issues, reduced reporting and monitoring. This would result in delays in resolving taxpayer accounts, interfere with taxpayer due process, delay processing of payments, increase phone calls to contact centers and correspondence (repeat correspondence due to lack of response).
			Tasks: - Review the Association and Tingle Table workloads - Write and update procedures for the Association workload - Resolve PIT & BE account issues - Special projects - analyze new workloads - Electronic Tingle Table, Bad Address and Return Mail - Train new staff on Case Management, Association of accounts and Electronic Tingle Table - Serve as technical lead for Case Management, Association of accounts and Electronic Tingle Table	NA	NA	1,480		
			Correspondence Association	3,300 transactions	18 transactions per hour	184		
			Association/Electronic Tingle Table Quality Review	NA	NA	186		
			<b>TOTAL HOURS</b>			<b>1,850</b>		
Receiving & Data Storage (RDSS)	Tax Program Technician I	TH to Perm	<b>Correspondence Association, Electronic Tingle Table and Scanning Workloads:</b>				20	Without these resources there would be a delay in processing for incoming PIT and BE returns, payments, and correspondence. This would result in a loss or delay of revenue, potential interest paid on refunds, delays in resolving taxpayer accounts, increased calls, increased correspondence, and interfere with taxpayer's due process. The use of P/I's for these workloads creates a high attrition rate and loss of knowledgeable staff.
			Association Workload - Workload requires staff to link incoming correspondence with the appropriate entity in order to enable staff from throughout the department to process correspondence. The Association workload has grown significantly since fiscal year 2013-14 and will be a permanent workload moving forward. The workload will be consistent throughout the year and require some of the TPTI's to be permanent full time. The P/I yearly hour limit is not sufficient and contribute to high attrition rate within the unit.	466,200 transactions	18 transactions per hour	25,900		
			Electronic Tingle Table Workload - The Electronic Tingle Table will be implemented in fiscal year 2015-16. This new workload will require the TPT I's to process incoming correspondence that was not automatically recognized by the Form ID by the OCR on the scanner. The Electronic Tingle Table workload will be a permanent workload moving forward. The workload will be consistent throughout the year and require some of the TPTI's to be permanent full time. The P/I yearly hour limit is not sufficient and contribute to high attrition rate within the unit.	50,000 documents	27 documents per hour	1,852		
			Scanning - This is the first step of the data capture process where an image of the return is captured for processing including scanning and data extraction tools (2D barcode and OCR).	20,747,750 pages scanned	2,243 pages	9,250		
			<b>TOTAL HOURS</b>			<b>37,002</b>		
Receiving & Data Storage (RDSS)	Tax Program Technician I	TH	<b>Scanning:</b> This is the first step of the data capture process where an image of the return is captured for processing including scanning and data extraction tools (2D barcode and OCR).	67,290,000 pages scanned	2,243 pages	30,000	20	Processing timeframes for incoming PIT and BE returns, payments, and correspondence would suffer due to a limited amount of resources to manage the new EDR processes, additional workload, and existing workloads. This could result in a loss or delay of revenue, potential interest paid on refunds, delays in resolving taxpayer accounts and increased calls. Any delays in the processing of correspondence impacts taxpayers and could result in duplicate responses to FTB notices. The use of P/I's for these workloads creates a high attrition rate and loss of knowledgeable staff.
Correspondence, Analysis, Support and Education (CASES)	Tax Technician	Perm	<b>MyFTB Name &amp; ID Changes:</b> Enhanced MyFTB will allow taxpayers or Power of Attorney representatives to update FTB Entity Information online, including Name, Address and ID, Phone number and Email Address. A case will be created and sent to CASES workbasket for review and consideration of acceptance based on defined business rules. Business rules dictate situations when staff must contact the taxpayer of their representative for additional information and/or supporting documentation before changes can be approved.	4,998	3 Cases	1,666	1	Entity information will not be updated to EDR timely causing risk of inaccurate notices being sent to taxpayers and other third parties including employers and financial institutions for purposes of collection actions. This could cause delay or loss in revenue.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved	
Correspondence, Analysis, Support and Education (CASES)	Tax Technician	TH to Perm (6)	<p><b>Power of Attorney (POA):</b> In January 2016, new POA functionality is being introduced via MyFTB. There will be two options available to taxpayers and their representatives for submitting POAs. They will be able to:</p> <ol style="list-style-type: none"> <li>1. Use the online POA tool to enter POA information and have their client access and approve the submission via their MyFTB account, or</li> <li>2. Use the online POA tool to enter POA information and upload a signed POA declaration to show client approval (CR 252).</li> </ol> <p>While we will encourage representatives to submit POAs via Option 1, we do anticipate that a significant number will use Option 2. POAs submitted through Option 1 will come into the POA workbasket categorized, and will require quick verification by a POA agent, who upon completion will make it available to the taxpayer so they can approve it at their convenience. POAs submitted through Option 2 will require a POA agent to validate that what was entered by the representative via the online tool, to ensure the information matches what is shown on the uploaded image of the signed POA declaration. If all data matches and there are no other concerns, the POA will be approved and appropriate updates will occur. If there is a discrepancy, the POA agent will create and send a rejection letter (FTB Form 4267) through the EDR notification process.</p> <p>We project an increase in the volume of incoming POAs with the implementation of MyFTB. This increase will be a direct result of the planned education/outreach to tax representatives explaining the steps needed to continue receiving notifications for POAs received by FTB. The increase may also be a result of information that will be shared with representatives, regarding those POAs received prior to October 1, 2014. In addition, based on historical data, POA incoming volumes are expected to increase at a rate of 5%/yr.</p> <p>We request to replace 6 permanent intermittent Tax Program Technicians with 6 permanent Tax Technicians and 8 new Tax Technician positions. We request to reclass the positions due to the sensitivity of the POA workload. The new POA Case Management (CM) system is now more complex due to the critical nature of the POA being a legal document. The workload has a high risk associated to it (granting access to a third party on taxpayer data) and the staff must be at the appropriate level. The new POA CM system is not just a database (as was the former Legacy POA system); more analysis, validation, account setups, and research is needed, along with completing more complex transactions.</p>				14	Up to date POA information is critical, as FTB staff are able to work with the POA representative regarding specific taxpayer accounts when a POA is on file, and resolve the tax issue within the earliest possible timeframe and over the least amount of time. If these positions are not approved the POA backlog will grow, prompting delays in account resolution, and increased contacts to the department by taxpayers and their representatives requesting the status of their POA. And while it is true that we do not report revenue, we do have established the value of an account resolution contact. For these type contacts the department generates revenue of approximately \$160 for each PIT contact and approximately \$400 for each BE contact. Another risk is that we will not meet the expectation set forth to our external customers/tax representatives. These expectations include but are not limited to, being able to view their client's folder, get email notification upon activity on clients' accounts, or view their client list. With the rollout of the new MyFTB, tax representatives will no longer receive copies of their clients' notices, which is a service that they currently receive. The POA representative's inability to view their client information would minimize their ability to self-serve and represent their client. This could result in additional phone calls or duplicate correspondence to check the status of the POAs due to delayed processing. In addition, POA revocations may not be processed in a timely manner potentially resulting in unauthorized disclosure of confidential taxpayer information. Delays in processing will result in FTB staff being unable to view POA information in existing systems, which is a critical component to resolving taxpayer accounts, and it will limit FTB's ability to assist representatives.	
		Perm (8)			143,500	7 cases			20,500
					16,200	3 cases			5,400
									25,900
Correspondence, Analysis, Support and Education (CASES)	Compliance Representative	Perm	<p><b>Power of Attorney (POA):</b> Act in a lead capacity by performing quality review, providing training, coaching for processing staff. They answer questions, provide feedback and technical guidance to staff in order to process POA's timely and accurately.</p> <p>The new POA Case Management (CM) system is now more complex due to the critical nature of the POA being a legal document. The workload has a high risk associated to it (granting access to a third party on taxpayer data) and the staff must be at the appropriate level. The new POA Case Management system is not just a database (as was the former Legacy POA system); more analysis, validation, account setups, and research is needed, along with completing more complex transactions.</p>	12,950	7 Cases	1,850	1	If the position is not approved for lead and quality review work, there could be a significant risk of unauthorized disclosure due to authorizing POA's that should not be and/or failing to revoke POA's per taxpayer request. In addition, letters and communication could be sent to incorrect parties and/or have incorrect information if not caught and corrected in quality review. This could create a negative image of FTB's accuracy, quality of information and trust to the public.	

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Taxpayer Services Center	Tax Technician	Perm	<p><b>Resolve Log In Issues with MyFTB:</b> The Tax Technician positions will provide technical assistance to taxpayers using the new MyFTB. The enhanced MyFTB will be available to authorized users such as individuals, business representatives, and tax preparers. It provides users with secure online access to more information and self-service options than what is currently available today. We anticipate the volume of hits to the enhanced MyFTB webpage will increase 50%, from 1 million to 1.5 million. We estimate that 10% of these taxpayers and their representatives will contact us for registration and password reset issues to gain access to their information in MyFTB.</p> <p>FTB encourages taxpayers to use our web-based services and applications because they are cost effective and they give taxpayers the ability to manage and update their own taxpayer information and data. By providing quick access to assistance we are providing a positive experience with automation and therefore encouraging continued use of self service.</p>	75,000	4 Calls	18,750	10	It is imperative that taxpayers and tax practitioners be able to contact FTB at the time they are having difficulties logging into their MyFTB account. These individuals are trying to self serve and manage their own information. From experience, we know this is the least expensive way for FTB to service our customers. Unanswered calls will either be deflected (callers received a busy signal and are forced to hang up) or abandoned (callers hang up after waiting for their call to be answered). These abandoned calls represent a significant number of missed opportunities for the department to minimize cost and move these taxpayers and tax practitioners toward self service. The risk of underfunding this process/task is to devalue the self service options that EDR will make available for our customers.
Withholding Services & Compliance (WSCS)	Associate Operations Specialist	Perm	<p><b>WASS Analytical &amp; Technical Support:</b> This analyst provides ongoing analytical, technical, and workload support for the Withhold at Source System (WASS) as it interacts with the various EDR applications, particularly MyFTB and other legacy systems. This position will primarily focus on the following:</p> <p>EDR and WASS interface – validation of WASS information for interfacing with EDR data systems and applications. Data includes demographics, notices, and withholding credits. Prior to EDR, this information was not displayed to the public.</p> <p>Withholding Credits on MyFTB Account – With the release of MyFTB, nonwage withholding data will become viewable for taxpayers. It is imperative that nonwage withholding credits are applied to taxpayers' accounts accurately and timely. Issues exist today where this does not occur and results in erroneous notices sent to taxpayers. In an effort to mitigate these erroneous notices, this analyst continuously trouble shoots system issues as they arise. Depending on situations, the analyst works with program staff to adopt manual workarounds or generate adhoc report solutions to address inaccurate data. This is an ongoing process as forms and payments are received daily for the nonwage withholding program. For example, a study was conducted on the Form 593, Real Estate Withholding Tax Statement last year covering January through October 2014. The study showed that 70% of the forms processed successfully; however, the other 30% or 15,000 did not and required manual intervention to apply the credits to the taxpayers' accounts. This is an example of a situation that warrants the analysts' assistance. It is imperative that these credits be applied correctly to display in MyFTB to ensure taxpayers can view and claim the accurate credit amounts. This position will ensure the integrity of the data on our legacy system, and make sure that it converts accurately to EDR.</p> <p>There are also low level defects within the WASS and TI interfaces which directly impact the display of the credits in MyFTB. This analyst will perform validation and work with technical staff to incorporate programming changes to address these low level defects causing inaccurate data to populate on MyFTB accounts. This is a multiyear process to implement a technology solution across EDR, MyFTB, WASS, and TI.</p>	NA	NA	1,850	1	Without this AOS position, the Department is at risk of displaying inaccurate withholding information in MyFTB, including demographics, notices, and withholding credits amounts. Furthermore, without this position, the analytical and technical duties required will be shifted to other positions at lower classifications and technical abilities. This will put the Department goals and objectives at risk by creating situations where staff will be tasked with duties they are not equipped to complete. With the addition of EDR and the need for MyFTB to accurately display withholding credits, there is an ongoing need for analytical and technical support to facilitate the interface between WASS and EDR (both permanent systems).

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
			<p>Currently, there are 44 Change Requests pending with anticipated changes being implemented over the next four to six years. There are 3 WASS Release packages each calendar year; however, only up to 3 Changes Requests may be included. The remaining technology resources are allocated to WASS maintenance and annual changes.</p> <p>In addition, there are 418 Clear Quest items pending review. The Clear Quest issues require analysis and can take anywhere from 20 – 30 hours each. Clear Quest issues can become Change Requests, data fixes, a procedural issue or not feasible.</p> <p>EDR User Group – This position participates on the EDR User Group Team. Originally, the function of this team was a collaborative forum to support the implementation, usage, and adoption of EDR applications. That has now shifted to a team supporting ongoing enhancements to the EDR applications. The analyst will be involved with ongoing system evaluation and analysis of various systems impacting the Withhold at Source workload and system, including MyFTB, Case Management, and correspondence, Power of Attorney (POA), and Return Analysis activities. The analyst will be involved with tasks such as: communication of information, development of common procedures and processes to support efficient and effective use of the applications, and prioritizing requested enhancements across the enterprise to bring awareness and understanding of the progress and status of requested changes. Each time an enhancement or revision is made to either EDR or WASS, new procedures and processes will be required from both systems.</p>					
<b>FINANCE &amp; EXECUTIVE SERVICES DIVISION</b>								
Business Process Management & Reengineering	Sr. ISA Specialist	Perm	<p><b>Business Process Management and Reengineering:</b> These staff will be responsible for working with process owners throughout the department to identify and prioritize areas where process improvements can be pursued to increase revenue or decrease costs or duration of an activity. These staff will address the most complex reengineering efforts.</p> <p>These staff will be responsible for working with process owners throughout the department to identify and prioritize areas where process improvements can be pursued to increase revenue or decrease costs or duration of an activity. These staff must first document the existing process – ‘As Is’ including an analysis of all inputs and outputs (upstream and downstream operations) to that the process. Inputs and outputs are staff, processes, or systems that support or rely on the specific process desired to be improved. These staff members must understand and document the full process flow of work and then work with the business area and IT staff to determine and document the ‘To Be’ new process. Again, this new process must consider impacts to all upstream and downstream processes. Similar work efforts by the EDR vendor have shown the analysis work to take between 200 – 1500 hours depending on complexity of the process, risks to modifying the process, and number of inputs and outputs. Successfully completing this process will allow FTB to enhance operations with controlled or no risks to FTB operations as well as assisting with the development, testing, and deployment of the solution.</p>	2 - 4 efforts a year	600 - 1500 hours per effort	3,300	2	FTB currently has a list of over 100 requests pending for expansion or enhancement of the recently deployed EDR deliverables. These enhancements are outside of the scope of the project but will enhance our operations if we are able to pursue these changes. These enhancements will generate additional revenue, make our processes more cost efficient, or optimize processes to reduce or eliminate backlogs. These enhancements will also allow FTB to fully optimize EDR deliverables. If BPM resources are not received, FTB runs the risk of not being able to implement these enhancements or could modify a business process that is not at its most efficient thus not allowing FTB to maximize automated enhancements.
			<p>Additionally, staff will also work closely with the business areas to understand potential processes, do an initial evaluation of benefits, risk, and complexity to allow for easier prioritization of the process.</p> <p>Staff will also be required to annually review the “As Is” processes to ensure they are kept up to date and thus allow for easier enhancements in the future either to the same process or an upstream or downstream process.</p>	2 - 4 efforts a year	50 - 200 hours per effort	400		
			TOTAL HOURS			3,700		

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Business Process Management & Reengineering	Staff ISA	Perm	<p><b>Business Process Management and Reengineering:</b> These staff will be responsible for working with process owners throughout the department to identify and prioritize areas where process improvements can be pursued to increase revenue or decrease costs or duration of an activity. These staff members will address the reengineering efforts designated as moderate to low complexity.</p> <p>These staff will be responsible for working with process owners throughout the department to identify and prioritize areas where process improvements can be pursued to increase revenue or decrease costs or duration of an activity. These staff must first document the existing process – ‘As Is’ including an analysis of all inputs and outputs (upstream and downstream operations) to that the process. Inputs and outputs are staff, processes, or systems that support or rely on the specific process desired to be improved. These staff members must understand and document the full process flow of work and then work with the business area and IT staff to determine and document the ‘To Be’ new process. Again, this new process must consider impacts to all upstream and downstream processes. Similar work efforts by the EDR vendor have shown the analysis work to take between 200 – 1500 hours depending on complexity of the process, risks to modifying the process, and number of inputs and outputs. Successfully completing this process will allow FTB to enhance operations with controlled or no risks to FTB operations as well as assisting with the development, testing, and deployment of the solution.</p>	3 - 5 efforts a year	200 - 800 hours per effort	3,400	2	FTB currently has a list of over 100 requests pending for expansion or enhancement of the recently deployed EDR deliverables. These enhancements are outside of the scope of the project but will enhance our operations if we are able to pursue these changes. These enhancements will generate additional revenue, make our processes more cost efficient, or optimize processes to reduce or eliminate backlogs. These enhancements will also allow FTB to fully optimize EDR deliverables. If BPM resources are not received, FTB runs the risk of not being able to implement these enhancements or could modify a business process that is not at its most efficient thus not allowing FTB to maximize automated enhancements.
			<p>Additionally, staff will also work closely with the business areas to understand potential processes, do an initial evaluation of benefits, risk, and complexity to allow for easier prioritization of the process.</p> <p>Staff will also be required to annually review the “As Is” processes to ensure they are kept up to date and thus allow for easier enhancements in the future either to the same process or an upstream or downstream process.</p>	3 - 5 efforts a year	50 - 100 hours per effort	300		
			TOTAL HOURS			3,700		
Procurement - Information Technology Acquisitions	Staff Information Systems Analyst	Perm	<p><b>IT Procurements:</b> This position will prepare solicitation documents and contracts for EDR related contracts (hardware and software refresh and services contracts). After the M&amp;O Option Period, with the transition of the EDR Solution to FTB, Procurement staff will be responsible for a significant increase in contracts for the technology supporting these new tools. Currently, the Solution Provider is responsible for these procurements. FTB anticipates numerous contracts as well as additional complexity for some of the existing contracts.</p> <p>- 2016-17 - Approximately 27 contracts (*14 third party license agreements, 9 hardware/software refresh, 1 contract support, 1 product upgrade, and 1 EDR contract amendment)</p> <p>*Third Party Software License Agreements - These are separate and distinct from the services (including hardware and software maintenance) that we are receiving for exercising the Maintenance and Operations periods. Per the terms of the EDR contract software for the EDR Solution must be purchased by and licensed to the Contractor, but a provision of acceptance is that the SP is required to work with software manufacturers/resellers and the State to enter into Third Party Software Contracts to transition the licenses to the State. These are zero dollar contracts, where the manufacturers/resellers enter into a contract with the State and accept the State's terms and conditions</p> <p>- Current staffing levels - 10</p> <p>- IT procurement transactions (Contracts, Purchase Orders, Contract and Purchase Order Amendments, Service Agreements, Trial Agreements, Financing Packages and participation on project teams and FSR development) per year - approx. 434 (43 per staff member)</p> <p>- Over past 3 years, not counting the \$401M EDR Solution Provider Contract, FTB has averaged \$38M in contract expenditures.</p>	27 transactions	24-78 hours per transaction.	1,377	1	Existing staff are not able to absorb all the incoming work without compromising their ability to meet the required implementation or expiration dates. If the Procurement Bureau cannot support all of the department's needs, in a timely way, FTB could be faced with not having adequate support in case of equipment failures resulting in numerous issues, including lost or delayed revenue, problems with providing services to taxpayers, being out of compliance with manufacturer requirements and health and safety concerns. FTB may face legal risks if contracts are not processed appropriately.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
			<p>Although FTB is exercising an M&amp;O Option Period, there are still additional procurements that FTB is responsible for. In addition to the procurement activities in 2016-17, there will be extensive planning required, in some cases six months to work with our customers in the Technology Services Division, in order to plan and execute the procurements for 2016-17 and especially as we move towards 2017-18 and 2018-19. Getting a resource on board in 2016-17 is critical because it can take 6-12 months to train and bring a procurement analyst up to speed to handle these more complex procurements.</p> <p>- 2017-18 - Approximately 24 contracts (20 hardware/software refresh, 1 contract support, and 3 product upgrades)</p> <p>- 2018-19 - Approximately 89 contracts (31 hardware/software refresh, 1 contract support, 63 hardware/software maintenance)</p> <p>TOTAL HOURS</p>	24 procurements in 2017-18	20 hours per procurement	480		
<b>LEGAL DIVISION</b>								
Tax Administration and Procedures	Tax Counsel III	Perm	<p><b>Appeals Workload-</b> This position will support the appeals workload in the Legal Division attributed to the auditors authorized in the 2014-15 EDR BCP. We estimate approximately 42 new appeal cases due to the increase in audit cases:</p> <p>Estimated New Audits = 42,000                      Estimate 5% Protests = 2,200                      Estimate 2% Appeals = 42</p> <p>Tasks: Prepare and argue income tax cases in administrative appeal hearings before the State Board of Equalization.</p> <ul style="list-style-type: none"> <li>- Analysis of relevant facts</li> <li>- Review of the taxpayer's arguments</li> <li>- Research of applicable law</li> <li>- Preparation of appeal briefs</li> <li>- Presentation of oral arguments at hearings</li> <li>- If appropriate, resolve cases through written correspondence and conferences with taxpayers and/or their representatives.</li> </ul>	42	44	1,848	1	The Legal Division does not have the staff resources to handle the increase in appeals from the EDR initiatives related to PIT taxpayers. Increased backlogs will result in additional accrued interest for taxpayers with balances due, which in turn results in more requests for interest abatement. Delays cause FTB to incur additional interest on PIT claims for refund that are granted. Revenue is delayed on those cases with proposed assessments. Delays affect quality of work and availability of records for taxpayers.
<b>TECHNOLOGY SERVICES DIVISION</b>								
IT Service Desk	Associate Information Systems Analyst	Perm	<p><b>IT Service Desk:</b> Now that EDR has delivered 7 out of its 8 major deliverables, all the new EDR systems are now in production. These are the Taxpayer Folder/MyFTB, Return Filing, Return Analysis, and Case Management systems with over 10,000 combined user across the applications. To date, the solution provider has been providing IT service desk support but now that the project is entering the final year of the project, service desk support must now transition over to the state staff. With that, one permanent IT resource is now required to provide the service and support of the new EDR applications.</p> <p>The Service Desk analyst is responsible for managing intake of all incidents (technical issues, defects and system errors) and requests (customer service requests such as software installs, "how to" questions or hardware replacements) in support of the new EDR applications.</p> <p>Based on the complexity of the new systems and the solution provider support resolution rates for 2014-15, we have found the rate to resolve and support the new EDR applications is lower than our usual IT service desk analyst resolution rates. This is primarily due to the increase in the complexity and knowledge required to support the newer technologies, multiple interfaces and data feeds used to develop these systems. Based on the last year of solution provider support, the analyst position is needed need to support 625 incidents and 150 service request at a resolution rate of 2 hours and 4 hours respectively.</p> <p>As EDR implements its final deliverable in FY 15/16, we are projecting another increase in the number of incidents and requests the IT service desk will be required to support. FTB is not requesting additional IT service desk resources for this increase, at this time, since we feel our current EDR resolution rates should increase enabling these calls to be handled with this one additional resource being requested.</p>	625 incidents  150 service requests	Incident = 0.5  Service request = 0.25	1,850	1	The IT Service Desk is unable to absorb this additional work on a long term basis without significant negative impact to the overall customer service levels provided FTB staff and taxpayers. Failure to approve this request will impact staff and taxpayers needing assistance with the new EDR applications and may affect taxpayer's ability to timely file and pay taxes and FTB's ability to collect revenue for the State of California. Failure to approve this request may also have a negative impact on customer service including longer wait times, reduced level of access and extended time frames resolve IT issues affecting taxpayers and FTB staff.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Tax Systems Modernization	System Software Specialist II (Tech)	LT to Perm	<b>Pega Developers:</b> Pega is FTB's new Case Management Solution in which EDR's new correspondence processing, taxpayer folder and Return Analysis systems are based. These positions are responsible for designing, building, and maintaining business applications using Pega Rules processes and other Pega frameworks. They will create and update design documents, assist in building application architecture, develop application flows and pages in Pega, provide methodology, solution design, business architecture and user interface design guidance to project teams developing business process management solutions using Pega. They are responsible to ensure Pega systems are built for change, scalability and reusability, review the designs developed and validate against the Pega guidelines and best practices. They will also be responsible to educate and govern FTB business teams on PEGA implementation methodologies and solution spectrums.	The positions are based upon the Solution Providers current Pega development work. We looked at their current staffing/hours and reduced/adjusted based on the applications moving into a lesser demanding maintenance and operations (M&O) role.	NA	7,400	4	FTB would not have positions or knowledge to support the EDR system. Potential impact would be lost revenue by increased outages, inability to change the application and support future legislation or mandates imposed by the state. **Note - This work is very specific to a key Pega technology in which FTB's current development staff have no experience or current development path. FTB will need to recruit and hire this expertise externally.
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	LT to Perm	<b>Data Stage/XSLT Developer:</b> Data stage/Extensible Stylesheet Language Transformations (XSLT) Developer for Return Filing and Return Validation systems. Builds case management and related functionality. Create technical specifications and develop 3rd party data feeds to Enterprise Operational Data (EOD) database. Develop Data Stage jobs to extract, transform, and load data capture systems into the EDR operational data marts.	The positions are based upon the Solution Providers current data stage development work. We looked at their current staffing/hours and reduced/adjusted based on the applications moving into a lesser demanding M&O role.	NA	7,400	4	FTB would not have positions or knowledge to support the EDR system. Potential impact would be lost revenue by increased outages, inability to change the application and support future legislation or mandates imposed by the state. **Note - This work is very specific skill set in which FTB's current development staff have no experience or current development path. FTB will need to recruit and hire this expertise externally.
Tax Systems Modernization Bureau	Staff Information Systems Analyst (Spec)	LT to Perm	<b>Test Analyst:</b> The Test Analyst is responsible for performing assigned task to meet testing objectives. Create test scripts in accordance with the approved design documentation. Execute test scripts, record test results in RQM and create defects as needed. Identify test data needs and create test data. Update requirement traceability to test cases. Follow test team processes and procedures. Understand the key technologies the EDR project is implementing and being able to apply best practices and industry standard testing methodologies used to accurately test those technologies. Use the current testing tools implemented with the project, being able to tailor the tools accordingly, understand the results of the tools, and applying automated processes with the tools to streamline testing and defect identification.	The positions are based upon the Solution Providers current testing work. We looked at their current staffing/hours and reduced/adjusted based on the applications moving into a lesser demanding M&O role.	NA	7,400	4	FTB would not have positions or knowledge to support the EDR system. Potential impact would be lost revenue by increased outages, inability to change the application and support future legislation or mandates imposed by the state. **Note - This work is very specific skill set in which FTB's current testing staff have no experience or current development path. FTB will need to recruit and hire this expertise externally.

EDR BCP Position Workload Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	New Positions Requested	Risk Impact if Position(s) Not Approved
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	LT to Perm	<b>Environment Specialist:</b> The Environment Specialist is responsible for the coordination, creation, and maintenance of all project related computing environments. These environments include: proof-of-concept, development, integration test, system test, system verification test, system qualification test, performance test, and production. The specialist must understand both the EDR technical tools but also the complex integration architect of the EDR systems.	The positions are based upon the Solution Providers current environment work. We looked at their current staffing/hours and reduced/adjusted based on the applications moving into a lesser demanding M&O role.	NA	7,400	4	FTB would not have positions or knowledge to support the EDR system. Potential impact would be lost revenue by increased outages, inability to change the application and support future legislation or mandates imposed by the state. **Note - This work is very specific skill set in which FTB's current staff have no experience or current development path. FTB will need to recruit and hire this expertise externally.
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	LT to Perm	<b>Operations Analyst:</b> Analyst is responsible to support the daily EDR operations including: Administering Security; Coordinate Changes and Communication; Coordinate Operational Documentation/Guides; Execute batch jobs; Fulfill Requests for Ad hoc Reports; Manage Problems; Monitor Services; Perform Data Fixes; Provide Application Support; Provide On-site support; Reconcile Data; Restart Services; Schedule Batch Jobs; Support Testing; Validate Operational Configuration. The analyst must understand both the EDR technical tools but also the complex operations environment of the EDR systems.	The positions are based upon the Solution Providers current operations work. We looked at their current staffing/hours and reduced/adjusted based on the applications moving into a lesser demanding M&O role.	NA	7,400	4	FTB would not have positions or knowledge to support the EDR system. Potential impact would be lost revenue by increased outages, inability to change the application and support future legislation or mandates imposed by the state. **Note - This work is very specific skill set in which FTB's current staff have no experience or current development path. FTB will need to recruit and hire this expertise externally.

New Permanent	51
New TH	148
LT to Perm	28
TH to Perm	41
<b>TOTAL POSITIONS REQUESTED</b>	<b>268</b>

