



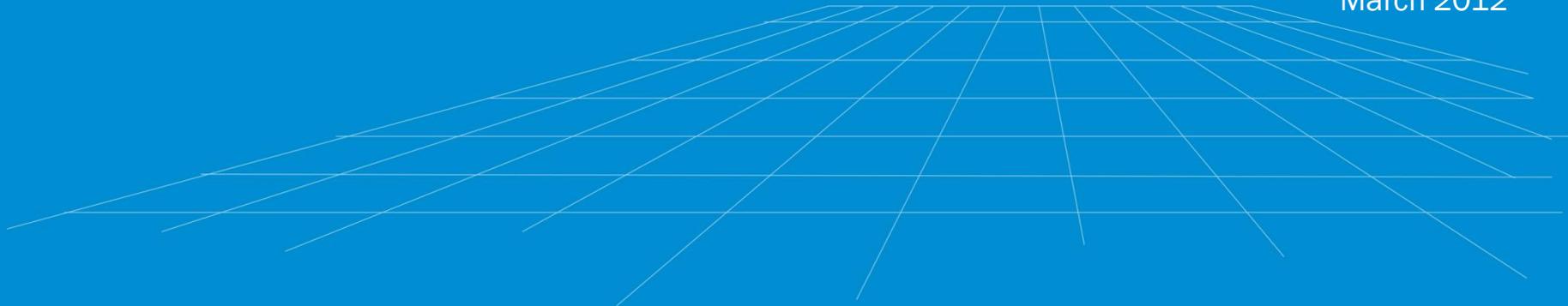
State of California
Franchise Tax Board



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Annual EDR Update

March 2012





Topics for today...

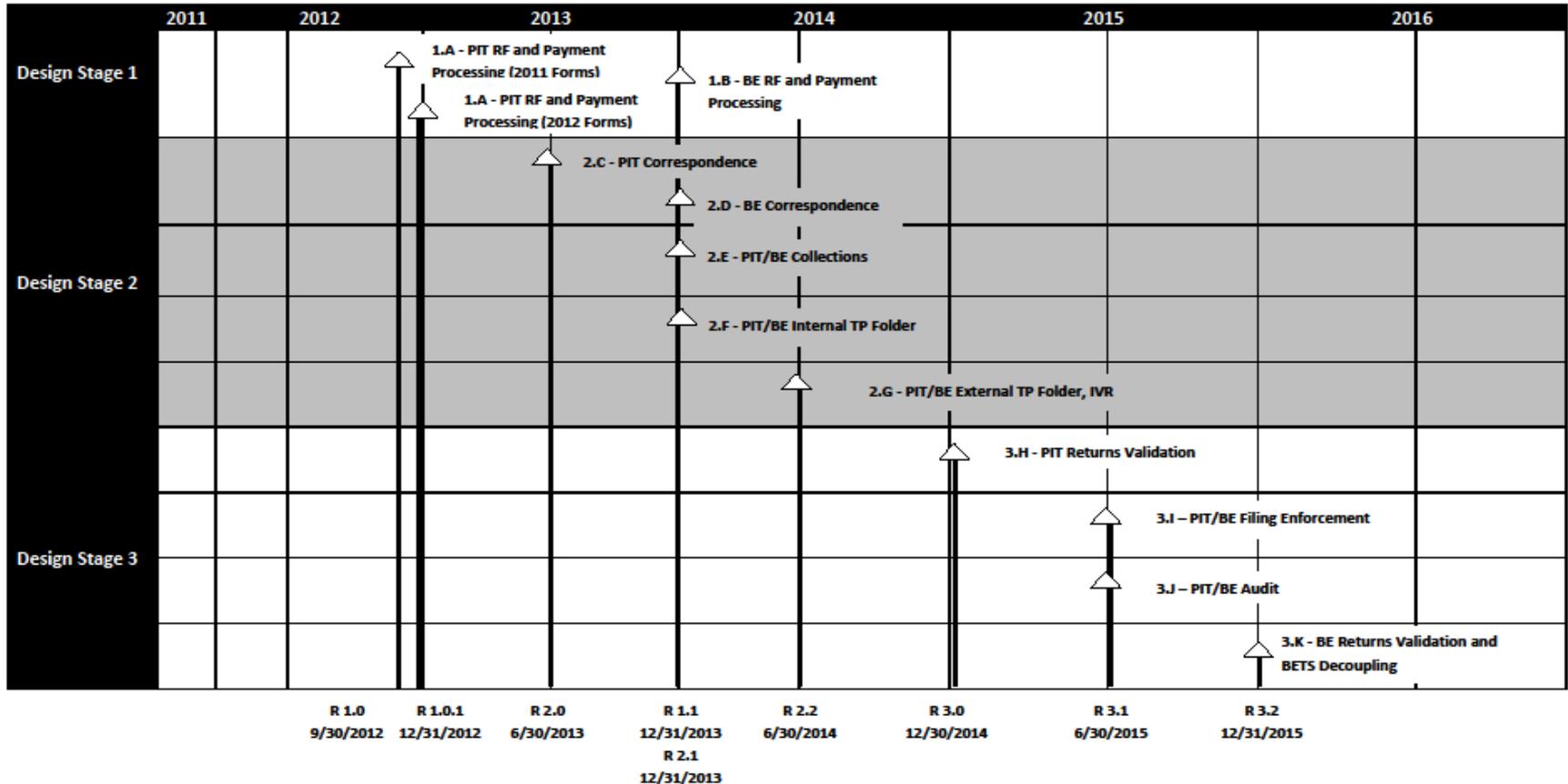
- EDR Phasing Roadmap and Schedule.
- Modernizing Infrastructure.
- Design Stage 1.
- Early Initiatives.
- Cost and Revenue Update.





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EDR Phasing Roadmap





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Modernizing Infrastructure

- Tier 3 Data Center.
- Doubling computing power.





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Modernizing Infrastructure

- Adding more than 80 servers.
- Using overhead wiring to reduce the need for complex rewiring through the floors.





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Design Stage 1: Return and Payment Processing: Scanning

- Scanners will be used for PIT and BE tax returns and payments.





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Design Stage 1: Return Processing: Scanning

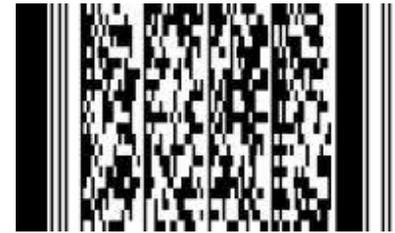
- **October 2012:**
 - Expanded data capture for PIT returns - except 541s.
- **January 2014**
 - Expanded data capture for BE returns.





Design Stage 1: Return Processing-2D Bar Code

- Embed all tax form data in 2D bar code.
- Currently use scanband:
 - includes only data needed to process the return.
- Jan 2013-PIT.
- Jan 2014-BE.





Design Stage 1: Payment Processing-*Check 21*

- October 2012:
 - Scanning paper checks and converting to electronic images.
 - Making bank deposits electronically.
 - Encoding, bundling of checks, and creating deposit slips eliminated.
 - Accruing more interest due to multiple deposits throughout the day.





EDR Initiatives: Implemented

- Adding more data to payer files resulting in more effective collections.
- Implemented in two phases between September and December 2011.



EDR Early Initiatives: March Implementation

- Improving the prioritization process for collection cases.
- Using predictive modeling and improved matching to enable staff to focus on the most productive cases.



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EDR Early Initiatives: March Implementation

- Improving taxpayer service by enabling installment agreements by phone.
- Partnering with financial institutions to match asset info to collection accounts thus improving collections. *Financial Institutions Record Match (FIRM).*





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EDR Early Initiatives: March Implementation

- Expanding the use of the IRS data to identify additional nonfilers and increase collections.





EDR Early Initiatives: Planned

- Reducing refund fraud through automation of detection tools.
- Contacting delinquent taxpayers through an automated phone process that connects collectors with available taxpayers.





EDR Early Initiatives: Planned

- Exchanging data with other jurisdictions to improve interstate compliance for PIT taxpayers.
- Optimizing use of data resulting in more effective audits.





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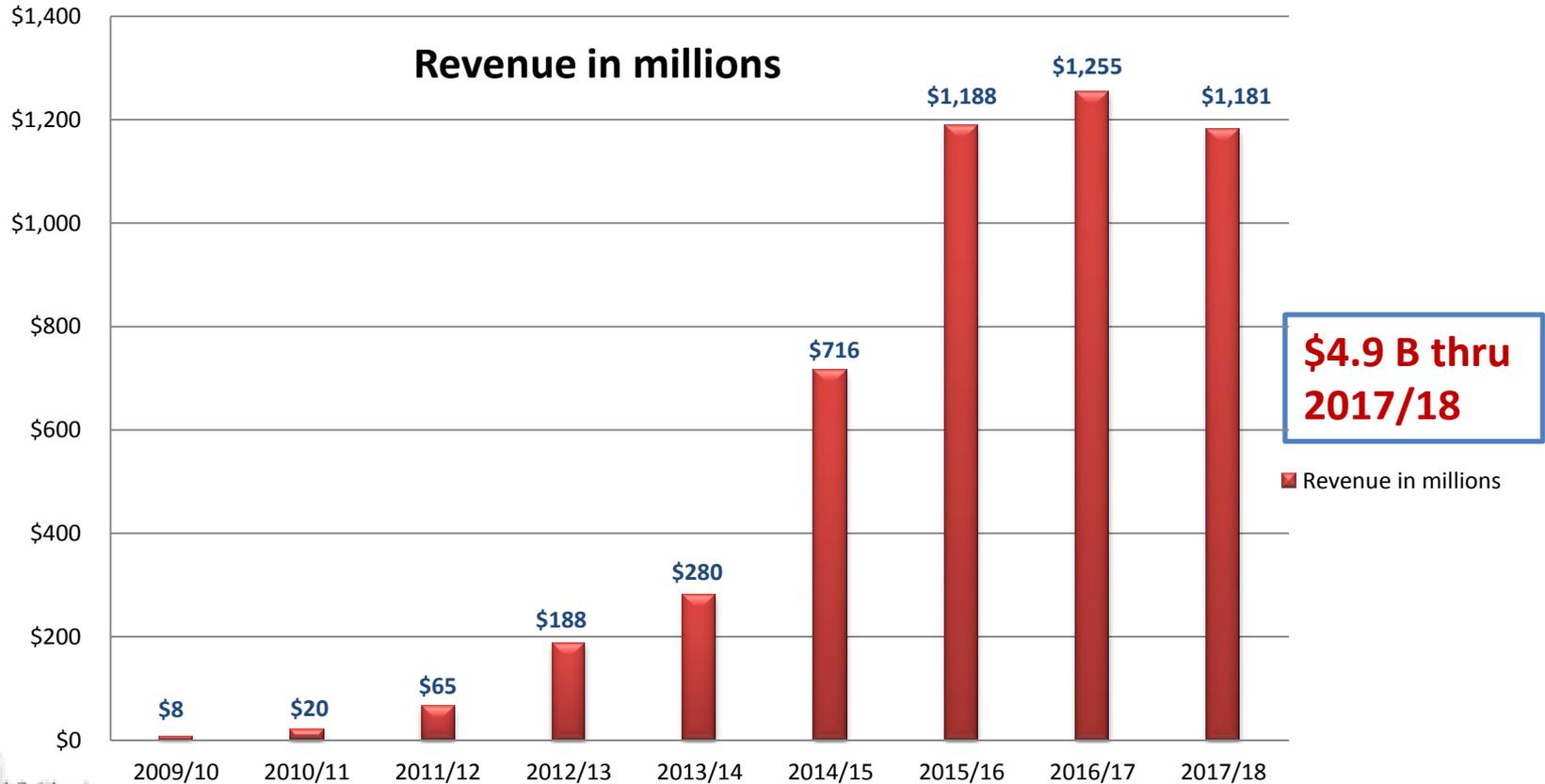
Cost and Revenue

- Fixed price at \$399 M.
- Benefits based payment model.



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Revenue



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Thank you!

