

FTB SUCCESSION PLANNING

According to State Personnel Board statistics, up to 35%, or more than 70,000 employees, will be eligible to retire in the next five years. In comparison, the Franchise Tax Board's workforce statistics show a somewhat lower percentage: 22% of employees and 31% of managers. In fiscal year 2005/2006, the Franchise Tax Board experienced a 9.37% overall attrition rate among permanent employees.

Although the department's retirement statistics are better than the state average, the FTB has taken a proactive role in workforce and succession planning. The department has defined workforce planning as "Having the right number of people with the right skills, experiences, and competencies, in the right jobs, at the right time." Succession planning then focuses upon the availability of resources ready and able to manage the organization.

Our department workforce planning and succession planning efforts have focused on employee recruitment, employee development and leadership development.

EMPLOYEE RECRUITMENT

The department's vacancy rate is currently 3.8%. This figure is significantly lower than the historical vacancy rate for the department. The department is engaged in a variety of new efforts to continue to meet its hiring needs.

- The Tax Auditor exam was moved to an internet exam format with continuous testing in October 2006. Both the Compliance Representative and Tax Counsel Internet exams are currently in development with SPB and should be available by May 2007 and July 2007 respectively.
- The department has formed a recruiting team to coordinate and network individual program area recruiting efforts to leverage expertise and exposure.
- The department is implementing program changes resulting from the reengineering of the hiring process to reduce the time to fill a vacancy to 53 days.
- The department is developing a state-wide retired annuitant data base that will be housed and maintained by the Department of Technology Services.

EMPLOYEE DEVELOPMENT

Training includes both the development of the knowledge, skills and abilities in an employee's current job classification as well as development of key qualifications necessary for movement into new levels in an employee's chosen career path.

- The department offers the SkillSoft self-paced online learning tool that provides over 2,000 courses in Business Skills, IT Skills and Desktop Skills.

- Each program area provides business specific training for new hires. This training generally consists of eight-week training modules for most of our program areas.
- A new web-based Employee Training Plan is being developed to link job classification skills and abilities with the department's training resources to create an individualized training program for each employee.
- The department maintains on-site college classes offered through the Los Rios Community College District.
- The department is contracting with Sac State to provide targeting training for the Analyst classification to strengthen core analytical skills.
- The department has developed a Project Management training module to provide both classroom training and mentored experience to strengthen the project management capabilities in the department.
- An annual education fair provides employees the opportunity to meet with representatives from local colleges and other education institutions along with various seminars concerning personal and professional development.
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LEADERSHIP DEVELOPMENT

Leadership development includes both classroom training and hands-on experience to provide the opportunity for supervisors and managers to participate in increasing levels of decision making and leadership responsibility in the department.

- The department's Management Development Program was created with Sac State to provide a year-long program based upon the department's management competencies. The program includes a coaching component with experienced managers and group projects to create solutions for real issues facing the department.
- A biennial manager rotation program has been implemented to move managers with four or more years of experience in a current job into new program areas to gain a broader perspective on department operations.
- Action Committees allow Bureau Directors from each of our program areas to meet and resolve a variety of issues facing the department.
- A 360° review process for all supervisors and managers will be implemented in June 2007 to help managers identify strengths and development needs through confidential ratings made by employees, peers and management.
- Quarterly 99-Minute Supervisor Workshops provide ongoing training for supervisors and managers on a wide variety of issues.

WORKFORCE-PLANNING IMPLEMENTATION MODEL

In order to meet the department's future hiring needs, over the past year we have developed and are in the process of testing a workforce-planning model that will serve as a repeatable process for each of our program areas. It has been designed to allow

for flexibility in the application of its various components and the needs of respective program areas. In creating this new model, staff has built on the expertise provided through both the California DPA/SPB Model as well as that of New York. The model is intended to help our programs to maintain the workforce needed to achieve our strategic and operational goals.

The model builds upon the following elements:

- Scope—Defines the parameters of effort based on FTB's strategic goals, resources and customer (internal and/or external) expectations.
- Context—Focuses on program area's current and future business needs, vision, trends, environment, external/internal factors.
- Work Function—Defines current and future workloads and tools needed to be effective in meeting organizational objectives.
- Demand—How many of what type of staff will be needed to meet workloads identified above?
- Supply—How many staff with the necessary skills would you have to meet the need without any proactive intervention?
- Gap Analysis—Determines the difference between projected supply and demand.
- Gap Priorities—Determines the most critical shortfalls to address.
- Solutions—Based upon the above, identifies how to address the gap between existing and future workforce needs through maximizing and expanding upon in-house resources and creative problem-solving.
- Implementation—Work plan developed with resource needs, identified timeframes, stakeholder support, and change management strategy.
- Evaluation—Review overall effectiveness post-implementation and modify, as needed.

A copy of the Workforce-Planning Module will be provided to the Board upon finalization following completion of the testing phase.

**2007 Succession Planning Report
Franchise Tax Board**

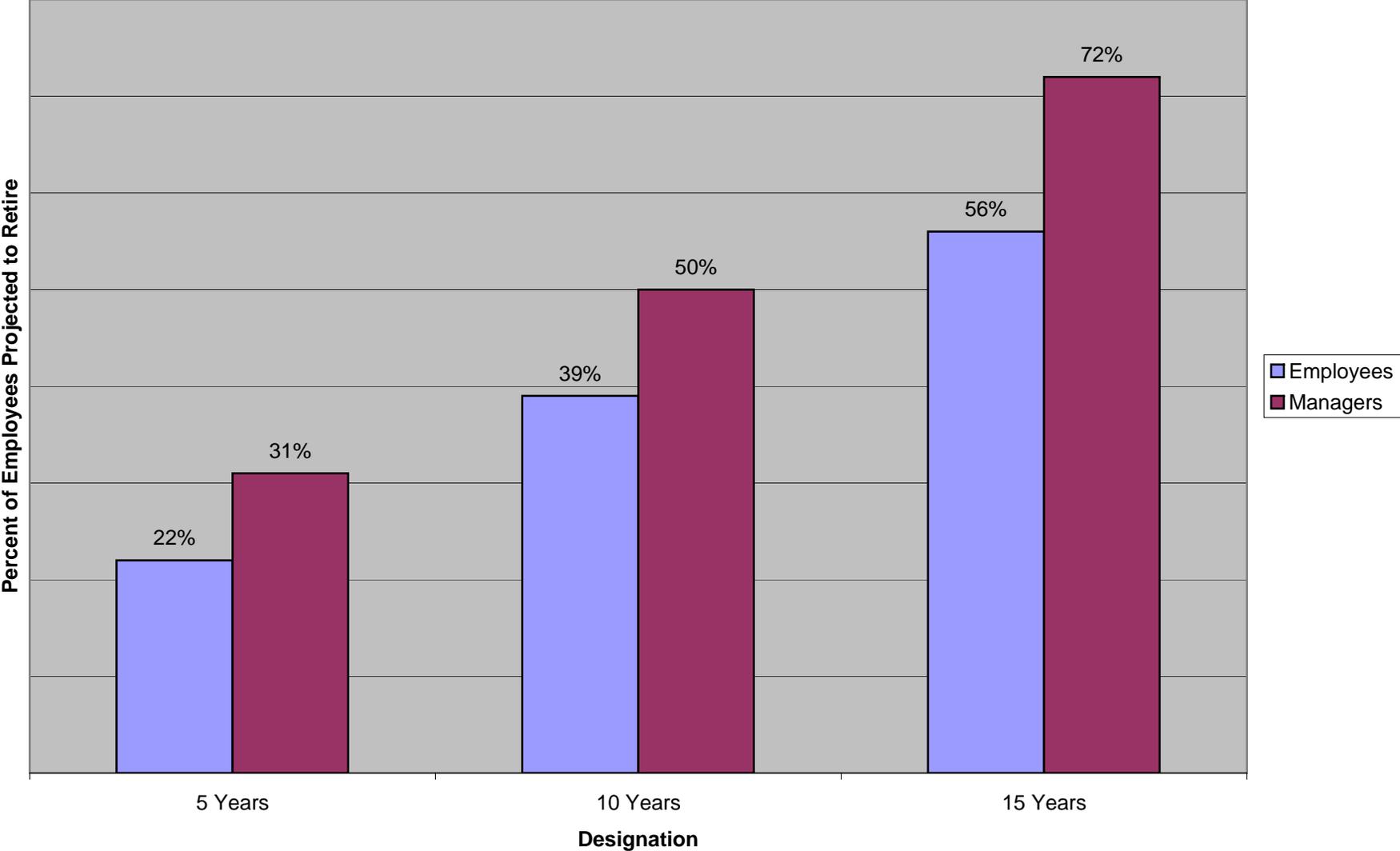
DEPARTMENT OPERATIONS:		
Current Staffing Structure:		Comments
Total Number of Employees	6,702	This includes 5,535 Active Employees and 1,167 Temporary Employees (hired during tax filing season).
Estimated Percentage of Department Employees and Management Projected to Retire in 5 Years .	22% of Employees and 31% of Managers	Estimates are based on the average age of retirement at FTB (58) and excludes Seasonal Clerks, Student Assistants, Youth Aids, Graduate Student Assistants (because we do not expect them to retire with us) and Retired Annuitants (because they are already retired).
Estimated Percentage in 10 Years .	39% of Employees and 50% of Managers	See above.
Estimated Percentage in 15 Years.	56% of Employees and 72% of Managers	See above.

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Vacancies:		
Current Number of Vacancies.	199 or 3.8 %	This is based on 5, 128 budgeted positions. The remainder of our staffing is Temporary Help (Permanent Intermittent Staff or Seasonal Clerks or Students hired for Tax Filing Season).
Average Length of Time to Hire a New Employee?	Franchise Tax Board is currently in the process of reengineering and streamlining our hiring process. This effort will be completed by June 30, 2007. When fully implemented, this will reduce the average time to hire a new employee from 145 days to 54 days.	FTB's hiring process includes a mandatory background investigation process which includes submission of fingerprints to the Department of Justice prior to employment and often takes up to 2 weeks to complete.
Current and Future Needs and Vulnerabilities		
Program Staff		Estimate a 23% Retirement Rate in 5 Years, a 39% Retirement Rate in 10 Years and a 56% Retirement Rate in 15 Years
IT/Technical Staff		Estimate a 21% Retirement Rate in 5 Years, a 41% Retirement Rate in 10 Years and a 61% Retirement Rate in 15 Years
Legal Staff		Estimate a 32% Retirement Rate in 5 Years, a 56% Retirement Rate in 10 Years and a 70% Retirement Rate in 15 Years
Administrative Staff (HR, Budget, etc.)		Estimate a 25% Retirement Rate in 5 Years, a 49% Retirement Rate in 10 Years and a 64% Retirement Rate in 15 Years

* All data used in the survey is as of 1/16/2007.
Retirement data is based upon actual age of FTB employees.

Projected Retirements by Designation in 5, 10 and 15 Years



Projected Retirements by Job Category in 5, 10 and 15 Years

