

## **Summary of FY 2008/09 Budget Change Proposal (BCP) Concepts**

This document is a summary listing of the department's BCP concepts currently under development of FY 2008/09. The department will present the completed BCPs for the Board's approval at a future board meeting.

Franchise Tax Board  
Summary of Proposed BCPs  
Fiscal Year 2008/09

BCP #	BCP ISSUE	2008/09 Revenue	2008/09 Cost Estimate	Positions	Summary
		(In Thousands)			
1	Contact Center Resources	TBD	\$5,700	92	This BCP requests 92 2-year Limited Term positions to restore staffing levels to Contact Centers and supporting business areas. This request supports the Department's objective of answering 95% of taxpayer and tax practitioner calls, and responding to 80% of those calls within two minutes.
2	Education & Outreach-Volunteer Assistance	\$0	\$390	5	This BCP requests 5 additional positions to increase and enhance the Statewide VITA program. Opening additional sites will increase the number of low-income, seniors, non-English speaking and disabled taxpayers assisted by the VITA program by 20,000 - 40,000. Within the additional sites, FTB will increase our bilingual sites by 30 - 50 for Spanish, Chinese, Russian, Vietnamese and/or Korean Community locations.
3	BETS Decoupling	\$0	\$3,200	4	This proposal provides the FTB with an opportunity to proactively address the eventual loss of vendor support for two critical proprietary system components and improves the strategic position of BETS by moving away from highly integrated proprietary software products. The BETS architecture is dependent upon proprietary products owned and supported by Accenture and are at risk due to the company's removal of these products from its strategic business plans.
4	Encoder Replacement	\$0	\$1,500	0	This BCP request proposes to ensure FTB's check deposit capabilities remain intact by replacing all 3 DP 500 encoders and their associated transaction management system. This also adds encoder-imaging capabilities to allow diversion of small documents and check imaging from the high-speed scanners to encoders and perform MICR/Check amount recognition.
5	Withhold at Source System Project	\$0	\$1,510	0	This proposal is requesting project funding to replace the existing Nonresident Withholding System (NRWS) with a withholding payment clearinghouse. This request represents year one of a multi-year project in which total costs are projected to be \$6.5 million (FTB FSR 06-02). The new system will increase revenue and compliance, improve operational efficiencies, as well as better secure customer data, provide stability, and ensure flexibility to handle new withholding programs.

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	Fraud Prevention Expansion	\$12,000	\$3,000	28	This component of the Tax Gap BCP proposes to increase the prevention of refund fraud as it applies to California's two major refundable credits - Withholding Credits and Child and Dependent Care Credit (CDC), as well as investigate additional areas of fraud.
	Audit Workload Growth	\$5,000	\$4,000	37	This component of the Tax Gap BCP proposal would increase audit coverage and generate additional revenue to the State's General Fund.
	Voluntary Compliance Research	\$0	\$500	0	This component of the Tax Gap BCP proposal is for a study to analyze the "ripple effect" of voluntary compliance.

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7	Court Ordered Debt Expansion (CODE)	\$21,200	\$7,459	56	This BCP proposes additional funding and positions for the Court Ordered Debt Expansion (CODE) Project and the Court Ordered Debt Collection Program. This proposal will continue to fund the existing 30 Limited Term positions and augment the collection staff with an additional 26 positions, as outlined in the approved FSR.
8	LLC Protective Claims - Denial of FTB Appeal	\$0	\$902	8	This BCP is based on the possibility that the LLC fee will ultimately be declared unconstitutional. Should the Supreme Court of the State of California deny FTB's appeal, FTB will be required to issue refunds on approximately 30,000 LLC accounts impacting more than 82,775 tax years. This will ultimately result in a new workload for the Business Entities Section (BES).
9	<i>Security Workload Growth</i> Information Security Audit Unit	\$0	\$300	3	This component of the Security Workload Growth BCP requests augmentation of 3 positions to meet Information Security Audit Unit's (ISAU) current obligations and workload growth due to increases in: 1) The number of security audit logs; 2) the number and complexity of routine security audits and; 3) special audit requests by management.
	Compliance Monitoring Unit	\$0	\$225	2	This component of the Security Workload Growth BCP will enable the Compliance Monitoring Unit (CMU) to meet its current obligations and manage the increased workload growth due to the addition of a real time system vulnerability-monitoring tool, the increase in the number of server compliance and accreditation assessments it must perform, and the new workloads resulting from the assessment and certification of applications developed in-house.
10	Budget Realignment	TBD	TBD	TBD	This BCP request will enable the department to more appropriately realign our budget authority to our actual cost allocations under Activity Based Costing.

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11	District Office Closed Circuit TV	\$0	\$1,700	0	This proposal replaces existing VCR technology in district offices to Digital Video Recording (DVR) technology. This proposal will also change the Central Office closed circuit TV (CCTV) system to enable live viewing of the district offices and retrieval of recorded images from Central Office location.
12	California Child Support Automation System	TBD	TBD	TBD	
13	Sea Otter Voluntary Contribution	\$0	\$10	0	This proposal will provide FTB with the funds needed to cover the implementation costs of including this fund on tax returns.
14	Rent Realignment	TBD	TBD	TBD	This BCP request will enable the department to more appropriately realign our Rent allocations.