

Franchise Tax Board
Summary of Proposed BCPs
FY 2008/09

BCP #	BCP ISSUE	2008/09 Revenue	2008/09 Cost Estimate	Positions	Summary
		(In Thousands)			
1	Contact Center Resources	\$0	\$5,800	96	This BCP requests 96 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	\$545	7	This BCP requests 7 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	Business Entities Tax Systems (BETS) INSTALL/ 1 Decoupling	\$0	\$3,200	15	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.
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	\$654	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 \$7.3 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.
6	Tax Gap	\$22,000	\$6,200	68.5	The following three new Tax Gap initiatives in this proposal will result in an estimated \$22 million in FY 2008/09, growing to \$40 million in FY 2009/10: 1. Fraud Prevention and Detection 2. Audit Workload Growth 3. Compliance Behavior Study
7	Court Ordered Debt Collection Expansion	\$20,000	\$7,400	56.5	This BCP proposes additional funding and positions for the Court Ordered Debt Collection 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 26.5 positions, as outlined in the approved FSR.

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8	LLC Protective Claims - Denial of FTB Appeal	\$0	\$34,000	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) costing \$483 thousand. This proposal further requests \$33.5 million to satisfy judgment for attorney fees and litigation costs awarded by the court in these cases.
9	Secutiry Workload Growth	\$0	\$449	5	This BCP requests augmentation of 5 positions to assist with workload growth associated with increased demands for securing FTB's critical assets and ensuring confidentiality and privacy of taxpayer data from both internal inappropriate access and external hackers.
10	Budget Realignment Pending/ Information Item	TBD	TBD	TBD	Late BCP. This BCP request will enable the department to more appropriately realign our budget authority and rent allocation to our actual cost allocations under Activity Based Costing.
11	CA Child Support Automation System (CCSAS) Budget Realignment Information Item	\$0	TBD	TBD	Late BCP. This Budget Change Proposal (BCP) requests to realign the California Child Support Automation System-Child Support Enforcement (CCSAS-CSE) and CCSAS-State Disbursement Unit (CCSAS-SDU) baseline budget in accordance with the approved Special Project Report (SPR#9) and SPR#3. This proposal also requests discontinuing (XX) positions for CSE after Version 2 and the SDU reduction. This realignment is an increase of \$8.7 million in General Fund (GF) with a decrease of \$14.4 million in Reimbursement for a net reduction of \$5.7 million.
12	CA Child Support Automation System (CCSAS) Transition Plan Information Item	\$0	TBD	TBD	Late BCP. This Budget Change Proposal (BCP) requests a transfer of \$43.9 million General Fund and 114 positions from the Franchise Tax Board (FTB) to the Department of Child Support Services (DCSS) to assume direct responsibility of the California Child Support Automation System (CCSAS) project. Accordingly, the proposed transfer of funds is to occur on July 1, 2008 followed by a transfer of FTB position authority and existing staff on January 1, 2009.
13	Sea Otter Voluntary Contribution	\$0	\$6	0	This proposal will provide FTB with the funds needed to cover the implementation costs of including this fund on tax returns.