

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 07/14)

Fiscal Year 2015/16	Business Unit 7730	Department Franchise Tax Board	Priority No. 2
Budget Request Name 7730-002-BCP-BR-2015-GB		Program 6280	Subprogram 6280010/6280019

Budget Request Description
 Enterprise Data to Revenue Project

Budget Request Summary

The Franchise Tax Board (FTB) requests \$52.2 million (\$41.2 million is the anticipated Solution Provider payment) and 68 permanent positions and 86 temporary help positions in 2015/16 to continue implementation of the Enterprise Data to Revenue (EDR) project. Fiscal year 2015/16 is the fifth year of the five and a half year EDR project. The proposal includes a placeholder for the project's 2016/17 needs which includes \$63.6 million for maintenance and operations (\$39.9 million is the anticipated Solution Provider payment) and 152 temporary help positions. To date, the project is on schedule, within scope, and within budgeted project costs. Revenue generated from the EDR project is anticipated to be between \$800.5 million and \$1,146 million for 2015/16. 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 (with a continued emphasis on the \$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 No	Code Section(s) to be Added/Amended/Repealed	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	Date	Reviewed By	Date
Department Director	____/____/____	Agency Secretary	____/____/____

Pending Board Approval

Department of Finance Use Only			
Additional Review: <input type="checkbox"/> Capital Outlay <input type="checkbox"/> ITCU <input type="checkbox"/> FSCU <input type="checkbox"/> OSAE <input type="checkbox"/> CALSTARS <input type="checkbox"/> Technology Agency			
BCP Type: <input type="checkbox"/> Policy <input type="checkbox"/> 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 \$52.2 million (\$41.2 million is the anticipated Solution Provider payment) and 68 permanent positions and 86 temporary help positions in 2015/16 to continue implementation of the Enterprise Data to Revenue (EDR) project. Fiscal year 2015/16 is the fifth year of the five and a half year EDR project. The proposal includes a placeholder for the project's 2016/17 needs which includes \$63.6 million for maintenance and operations (\$39.9 million is the anticipated Solution Provider payment) and 152 temporary help positions. To date, the project is on schedule, within scope, and within budgeted project costs. Revenue generated from the EDR project is anticipated to be between \$800.5 million and \$1,146 million for 2015/16. 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 (with a continued emphasis on the \$4.7 billion) in revenue for the state over the life of the project.

B. Background/History

The project will be in its fifth year of development in 2015/16 and 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. A SPR Addendum was approved on November 14, 2011, to include the addition of the Financial Institution Record Match program (FIRM) due to legislation. A Special Project Report (SPR#2) was approved on June 9, 2014 to modify the project objective related to Business Entities Tax System maintainability. Each year, since 2009/10 a Budget Change Proposal or Finance Letter has been approved to support the project.

The following business problems that EDR will solve have remained unchanged with the exception of #6 below, which was modified under SPR#2:

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, but consistent with original plan, other processes currently performed within BETS will be simplified and provide data back to the BETS accounting system resulting in more efficient and intuitive processes.

The solution adopted by the EDR project implements improvements to FTB's enforcement and self-assessment capabilities and better positions the department to address the business problems 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 will result in significant new and improved revenue streams. Additionally, EDR will enable FTB to implement new self-help tools for taxpayers and tax practitioners to ease burdens that currently exist related to 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 the total contract amount of \$401 million. 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 to 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, all revenue generated by the EDR solution will be deposited into the General Fund. During the project reporting period (2009-2018), EDR is expected to generate between \$4 billion and \$4.7 billion and it is estimated that annual revenue will approach \$1 billion more revenue than FTB collected prior to the project beginning.

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EDR is an unprecedented effort for FTB as it touches all of its systems and all existing business processes. In essence, it is transforming the way FTB does business. FTB and the Solution Provider started the project with certain assumptions of 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 the initial assumptions which will ultimately 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 for 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. Whether operations are enhanced by automating levies and inventory modeling tools, providing FTB business areas additional data, or providing tools for taxpayers to request an installment agreement online, FTB considers these project deliverables a success.

As of June 30, 2014, the EDR project has also completed five major releases on time and is on-track to deliver its four remaining releases on schedule. The major releases are the larger and more complex implementation efforts associated with the project. These releases have led to ongoing process improvements in individual 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, and deployed the Taxpayer Folder for use and testing by internal staff members with expected deployment to taxpayers by July 1, 2015.

Design Stage 1 implemented over three releases between September 2012 and December 2013 resulting 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.
- Permanently put in place a new return and refund processing system for individual and business entity income tax returns.

Implementation of these releases represents a significant milestone for the EDR project. 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, these new processes and tools have been transitioned to FTB for ongoing maintenance and operations.

For Design Stage 2, three of the four releases have been implemented between June 2013 and June 2014, with the remaining scheduled for September 2014. These releases 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

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- Deployment of the Taxpayer Folder and Case Management to internal staff. For Release 2.2, Taxpayer Folder Portal functionality included the following:
 - ✓ Search for an individual or organization.
 - ✓ View demographic and contact information from the Taxpayer Information (TI) system in the Taxpayer Folder.
 - ✓ View TI system tax return and payment information.
 - ✓ View images of PIT returns and payments.
 - ✓ View images of nonremit PIT Return Information Notices 5818A, 5818B, and 5818D correspondence.
 - ✓ Add and view comments.

Upcoming releases will focus on final functionality for the enterprise data warehouse, deployment of the Taxpayer Folder, MyFTB to taxpayers, and the implementation of enhanced and automated return analysis processes for individual and business entity returns. 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.

Revenue to date has exceeded projections for the first three years of the project. For 2011/12 through 2013/14, excluding backlog revenue, projections were \$444 million yet actual revenue was \$863 million. FTB remains committed to using all efforts to meet the \$4.7 billion revenue projection over the life of the project (through fiscal year 2017/18). 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. This BCP requests resources for two workloads—one with an increased inventory and one related to the implementation of a new tool—that FTB is not able to redirect resources to without impacting other workloads detrimentally. 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.

Through July 31, 2014, the EDR project has expended \$349.9 million (includes BCP expenditures plus redirected staff and OE&E), and generated \$1 billion in revenue. This proposal requests resources to continue with the implementation of the project in 2015/16, in accordance with the FTB FSR, SPR#1, and SPR#2 and the EDR Contract.

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 soundly supports FTB's mission to fairly and effectively administer the state's tax system. The FTB mission is "to provide the services and information to help taxpayers file accurate and timely tax returns and pay the proper amount owed. To accomplish this mission, we develop knowledgeable and engaged employees, administer and enforce the law with fairness and integrity, and responsibly manage the resources allocated to us." This proposal also fully supports 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 aim of bringing non-compliant taxpayers into compliance. These investments have generated measurably good 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.

FTB will continue to focus on the timely deployment of the major releases of the EDR project. In order for the EDR project to be successful, the department requires the following:

- a. Additional Information Technology (IT) Positions to Support EDR Maintenance and Operations
- b. Additional Permanent Program Positions
- c. Additional Temporary Help Positions
- d. Independent Project Oversight Funding
- e. Compensation Payments to the Solution Provider

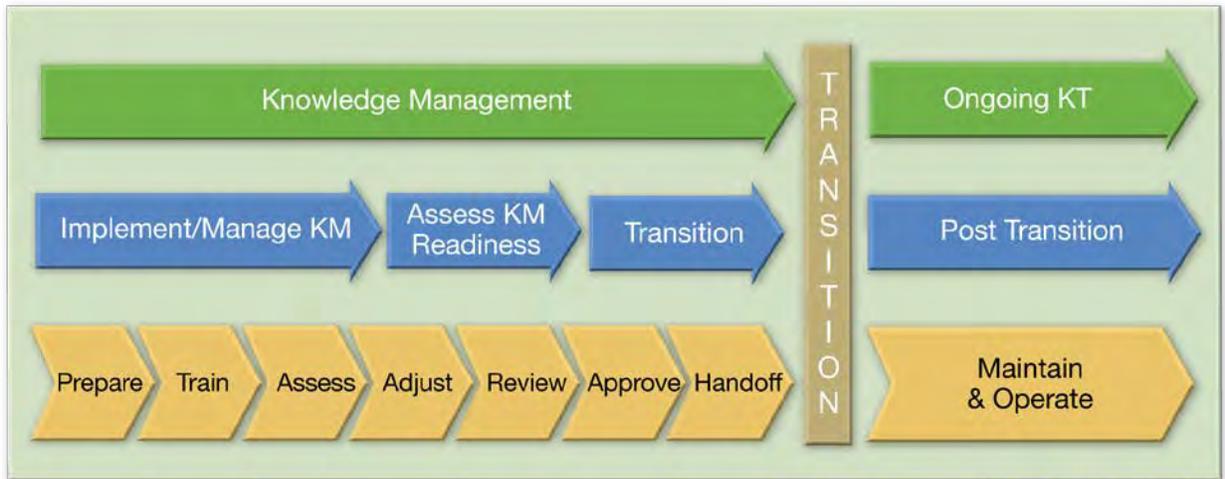
a. Additional Information Technology (IT) Positions to Support EDR Maintenance and Operations

FTB requests 20 new permanent IT positions to support the current ongoing work to both build the EDR solution, but also start the knowledge management and transition of the EDR system and solution to FTB. Per the EDR contract, in addition to their one-time roles, these positions will also engage in a training and knowledge management transition program required for FTB to support and maintain the EDR solution by project end in January 2017. This 18 month program is designed to focus on the key technologies and functions of the EDR solution in which FTB has no prior experience or current expertise to fill these roles. These positions will augment the current 40 positions FTB already redirected into lead knowledge transfer roles required to support the EDR solution. Failure to obtain positions for these key specialties will make FTB unable to support the EDR solution post project.

As documented in Management Requirement Deliverable (MRD) 011, the EDR solution introduces new tools and technologies to FTB. Project success is dependent on FTB's ability to manage and operate the EDR solution in production. Solution Provider turnover of the EDR solution to FTB technical staff, or Knowledge Transfer (KT) Transition, occurs at the end of the project and at defined milestones throughout the project. The purpose of the Knowledge Management (KM) Program is to prepare FTB technical staff to take over Maintenance and Operations (M&O) of the EDR solution seamlessly and effectively at the defined KT Transition points. KM is critical to maximizing the revenue-generating potential of the EDR solution.

FTB will continue knowledge management and transition activities during 2015/16 for final delivery of the EDR solution to FTB on January 1, 2017. The following charts represent activities that need to occur to ensure the successful transition of the EDR solution to FTB.

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KM Process Step	Activities and Milestones
Prepare	Complete KM Plan; establish KSA current and target baselines; identify FTB Protégés and Solution Provider Mentors; establish KT requirements for FTB Protégés; develop Individual Development Plans (IDPs); prepare training tools and materials; establish <i>Software Development Tools Training Materials</i> Repository; and complete training logistics
Train	Deliver classroom and web-based formal training, informal training such as workshops, and On-the-Job Training for FTB Protégés
Assess	Complete training metrics, deliver semiannual and as-needed training reports to FTB EDR Project Director
Adjust	Reach agreement on KM Program changes and refinements and implement changes, as needed
Review	Prior to KT Transition, FTB reviews readiness of FTB Protégés to take over M&O
Approve	FTB approves knowledge transfer readiness of FTB Protégés
Handoff	FTB Protégés take over M&O of the EDR solution
KT Transition	KM Milestone: FTB Protégés transition to M&O or SDLC roles
M&O	Post-transition, FTB maintains and operates EDR solution and continues KM activities

Under MRD060, there are four transition states and stages that can occur to maximize opportunities to ensure a successful transition of ownership. To better position FTB to take ownership of the EDR solution on January 1, 2017, FTB intends to utilize all four states and stages to maximize learning and knowledge transfer opportunities.

- Stage 0 – Solution Provider leads and performs maintenance and operational tasks
- Stage 1 – Solution Provider leads and performs tasks which FTB learns by observing and participating as possible in maintenance and operational tasks. (begins after each Release)
- Stage 2 – FTB leads and performs tasks while Solution Provider observes for accuracy and contributes as necessary for continued transfer of knowledge. (begins as opportunity and resources allow)
- Stage 3 – FTB is responsible for ongoing maintenance and operations. (January 1, 2017)

Consistent with direction received from CalTech during their approval of the project, FTB continues to analyze on an ongoing basis IT resource needs and also conduct a detailed M&O Plan outlining the post project M&O cost for submission one year prior to final implementation (stated in SPR#1 approval letter dated November 14, 2011). With ongoing analysis to date, as FTB engages in transition planning and develops the M&O Plan, FTB

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has found that there are insufficient resources to accomplish the remaining project work in 2015/16 and 2016/17 and begin transition of the project infrastructure to FTB. Although FTB is still preparing the analysis for the ongoing hardware and software cost (M&O Plan), it has finished with the initial position review analysis and have concluded that this request for 20 additional IT positions for 2015/16 and ongoing, in addition to the previously approved project positions, and the internal redirection of IT positions due to system functionality replacement and efficiencies gain by the EDR technologies, should provide sufficient resources to support the project for both one-time and ongoing needs.

b. Additional Permanent Program Positions

Fraud

FTB is seeking 25 new permanent positions to manage increasing inventory levels attributed to the continued deployment of fraudulent schemes intending to defraud the government and due to the implementation of additional tools that will allow FTB to increase detection of fraudulent refund request and identity theft situations as well as resolve those reviews more efficiently and quickly.

As part of the EDR project (deliverable), enhanced modeling tools allow FTB to refine detection processes to allow for better identification and targeting of fraudulent activity. With the requested resources and using the new predictive modeling, FTB expects to be able to review 93,000 more suspicious tax returns and stop an additional \$40 million in refund and identity theft fraud returns from being issued to fraud perpetrators. The cost to benefit ratio for the new resources is \$21:1.

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.

Authenticated Live Chat

FTB is requesting 18 new permanent positions to handle the increase in live chat conversations with taxpayers and three new permanent positions to support the increased public website volume. The resources will allow FTB to handle more taxpayer questions via online access.

FTB began offering General Information Live Chat on its website as a pilot project in March 2011. The project began taking general Personal Income Tax (PIT) questions through links located on FTB's public website. In the interest of protecting confidential taxpayer information, only general information questions are handled by FTB representatives since all contacts are routed through external servers. Customers are notified on the website not to include personal information such as social security or bank account numbers. In June 2011, Live Chat representatives began offering PIT customers the opportunity to move the chat to the secure email service if the contact requires personal information to resolve the question. In September 2011, the program began answering general information questions for Business Entities (BE).

Currently, FTB provides general information to nearly 130,000 customers through General Information Live Chat. There are currently fourteen staff servicing the General Information Live Chat. The goal for this workload is to answer 95 percent of all chats. FTB representatives can chat with up to three taxpayers simultaneously. Top reasons taxpayers contact FTB are for resolving questions related to bills or notices regarding filing requirements, or seeking answers regarding general filing requirements or payment options. FTB currently refers General Information Live Chat contacts to its other call centers approximately 30 percent of the time due to account-specific requests. Directing these calls to the call centers is more costly to the enterprise than providing the service online.

In July 2015, EDR will implement an Authenticated Live Chat solution that will resolve security issues in handling taxpayer account information, which will enable FTB representatives to assist taxpayers using Authenticated Live Chat with their account-specific questions. FTB requests 18 new resources to handle the increase in Authenticated Live Chat conversations with taxpayers.

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Authenticated Live Chat allows for:

- One point of contact for the taxpayer, reduces taxpayer frustration, improves customer service, and improves information provided to the taxpayer.
- One point of contact for the FTB representative, reduces the number of taxpayer contact via emails, phone call, and correspondence.

Increased access to mobile devices has led to consumers multi-tasking throughout the day and expecting easy access to business and government services. Chat access will allow tech-savvy customers immediate access to FTB's business that should increase account resolution and compliance in the earlier stages of the billing cycle. This will only work if the customer is able to receive a perceived timely response to their chat request and a representative is able to handle both general and account resolution questions. A delayed response to customers creates an impediment to collecting the average of \$489 for Business Entity contacts and \$140 for Personal Income tax contacts.

FTB also requests three positions to further support Authenticated Live Chat and support the departmental goal to move additional customers to the website and away from more costly communication channels, such as phone calls, and provide those customers with a reliable and satisfactory web experience, whether they visit using a traditional computer or a mobile device. The staff will:

- Implement responsive web design on FTB's website. The primary benefit of responsive web design is it provides a better user experience for customers visiting on a wide range of mobile devices. The implementation includes adding a responsive web design template, and reviewing, repositioning, and rewriting content to meet customer's needs when using smaller mobile devices.
- Job shadow enterprise customer service and Live Chat agents to determine and document why their customers didn't utilize FTB's website, and recommend improvements to the website so future customers with similar needs can take advantage of the web.
- Conduct usability testing of FTB's primary web pages, and make and implement recommendations to improve customer experience.

Legal

One permanent position is requested in 2015/16 to support FTB's Legal Division workload attributed to the 15 auditors authorized in the 2014/15 EDR BCP due to the expected increase in appeals and other legal issues resulting from the increase in audits, notices, and federal and state litigation cases. The workload includes reviewing files and briefings, attending hearings at the State Board of Equalization and providing technical advice to the program areas which handle these cases and issues. Additional redirections are not possible, since this would negatively impact baseline operations, including baseline General Fund revenue. That, in turn, would impact FTB's ability to meet the EDR contract obligations. Any modification to the resources requested herein would need to be reevaluated by FTB and the Solution Provider to determine the impacts to scope, schedule, and/or revenue of the EDR project.

IT Service Desk

One permanent position is requested in 2015/16 to support FTB's IT Service Desk to provide first-level technical support and major incident management for personal computing devices, IT infrastructure, and other IT systems, services, and equipment. FTB currently has one IT Service Desk staff for every 300 employees. A 2013 Gartner study stated that given certain automation and efficiencies that a ratio of 100:1 to 125:1 is recommended in order to provide an acceptable level of IT service. At the current rate of growth on service calls, FTB will be unable to answer IT service desk calls or keep up with service requests after EDR Release 3.1, which is scheduled to be implemented June 30, 2015. With the deployment of the Taxpayer Folder and Case Management to internal staff, the IT Service Desk call volume for EDR has more than doubled which has required devoting two additional full time resources to EDR calls. Additional redirections are not possible and a new position is necessary in order to avoid significant wait times for both service desk requests and computer support and deployment. Delays in responding to service requests will result in lost productivity hours which

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may have an overall impact on EDR revenue commitments and the department's baseline revenue commitments.

c. Additional Temporary Help Positions

FTB requests 86 temporary help positions in 2015/16 to continue the successful data capture critical to EDR efficiencies and revenue generating activities. A key factor in achieving EDR efficiencies and revenue generating goals is the ability to capture and utilize additional data. Temporary help resources are needed to ready the paper returns for scanning, to perform scanning, and to key the tax return data from the tax returns so FTB can use this data in an automated manner in our various compliance activities. This workload is an ongoing year-round workload with a significant workload peak during the tax filing season and extended tax filing timeframes. With millions of returns filed every year, FTB cannot identify compliance activities and trends by searching through paper returns. Keying the data and allowing us to utilize the data with automated tools allows FTB to generate over \$4 billion in revenue a year 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. FTB has always keyed a certain level of data but with the EDR project, FTB has committed to keying additional data elements to maximize our ability to generate revenue for the State at the least cost.

d. Independent Project Oversight Funding

The EDR project requests funding to cover the cost of the Independent Project Oversight Consulting services now 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.

e. Compensation Payments to the Solution Provider in 2015/16 and 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. The vendor payment is capped at the total contract price of \$401 million. 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 2015/16 total \$41.2 million and 2016/17 total \$39.9 million (Project 10% holdback amount).

E. Outcomes and Accountability

FTB SPR#2, approved June 9, 2014, updates the previous SPR#1, approved November 14, 2011, and 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 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

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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).

FTB is required to submit a SPR to the California Department of Technology if the information technology project costs increase by \$5 million, or a change in scope or schedule occurs. A review of the project to date indicates no event has occurred to trigger the filing of a SPR. We continue to work with the Department of Technology to ensure they are aware of project work and resources needed.

In the event there is a critical adjustment to the project that falls outside of the BCP process, FTB will submit a Spring Finance Letter to make updates to information not currently available.

F. Analysis of All Feasible Alternatives

Alternative 1 – Approve \$52.2 million and 68 permanent positions and 86 temporary help positions in 2015/16 (\$41.2 million is the anticipated Solution Provider payment) to ensure continued project success.

This multi-year project addresses fundamental problems involved with processing PIT and BE tax returns and the underutilization of data with an emphasis on efficient operations and generating revenues. The funding and positions requested are required to support the vendor activities associated with the EDR project and address new, revenue-producing workloads generated by the project, including a new return processing system, new data warehouse, creation of a taxpayer folder, new interfaces between EDR and existing legacy systems, and continuation of the EDR Early Initiatives.

Alternative 2 – Approve funding of \$52.2 million in 2015/16 and 68 positions as two-year limited term and 86 temporary help positions in 2015/16.

This alternative provides for the appropriation to make the required Solution Provider payments and adds the needed staff to ensure a successful implementation and maintain the baseline revenue commitments for the next two years without adding additional permanent positions to the state workforce. These positions are highly technical and require a significant level of training in order to reach full productivity. History has shown that hiring staff on a two-year term is difficult, and many that do get hired will look for permanent positions as soon as they are able. The high turnover associated with limited term positions creates additional costs for hiring and training and a decrease in productivity.

Alternative 3 – Approve funding of \$41.2 million in 2015/16 for compensation payments to the Solution Provider. Do not approve (a) Additional IT Positions to Support EDR Maintenance and Operations; (b) Additional Permanent Program Positions; (c) Additional Temporary Help Positions; or (d) Acquire Independent Project Oversight Consulting Funding.

While this alternative may provide the appropriation to make the required Solution Provider payments, without position authority in place by 2015/16, FTB and the Solution Provider would need to reevaluate the EDR project to determine the impacts to project scope, schedule, and revenue. Failure to secure the positions would result in hindering FTB's revenue generating workloads with impacts in the short and long term regarding efficiencies and revenue, hinder expected transition activities of project assets to FTB, and could jeopardize the contract if sufficient resources are not in place. FTB has worked diligently to conservatively identify resource needs to ensure this project is a success and revenue streams are increased. Positions identified here are critical to project success and do not include positions that FTB is able to redirect from existing workloads. Additional redirections are not possible, since this would negatively impact baseline operations, including baseline revenue, and therefore impact FTB's ability to meet the EDR contract obligations.

Alternative 4 – Do not approve the request.

Without appropriation funding and position authority in place by 2015/16, FTB will not be able to meet contractual obligations associated with the EDR project. Any modification to the resources requested herein would need to be reevaluated by FTB and the Solution Provider to determine the impacts to project scope, schedule, and revenue of the EDR project. Failure to secure requested funding and positions would result in a decrease in the project revenue estimates for 2015/16 and beyond as well as the long-term ongoing \$1 billion revenue estimate and impact the transition of project assets to FTB.

G. Implementation Plan

- June 2015 – all documentation to establish permanent positions is prepared and approved by the FTB Budget Officer and forwarded to the Department of Finance.
- June 2015 – Department of Finance notifies FTB of position approval.
- July 1, 2015 – Positions are established and FTB begins hiring.
- Payments for Independent Project Oversight Consultant services will continue in 2015/16.
- Ongoing Solution Provider payments will occur quarterly beginning July 2015.

H. Supplemental Information

Space/Facilities/Equipment Needs:

- Facility/Capital costs for all necessary facility and IT procurements required for the furnishing and electrical installations, attainment of voice and network connectivity racking and miscellaneous hardware and equipment, and concessions for workstation cabling.
- Consultant Professional Services (External Contracts) for Solution Provider payment and California Department of Technology Procurement Services.
- Equipment costs for one copier.

I. Recommendation

Alternative 1 is recommended. This alternative provides the most efficient and effective solution to meet the requirements and planning for the return processing reengineering effort. The alternative is the most desirable alternative to minimize costs and risks and maximize revenue and benefits of the EDR project. Failure to have the funding and key positions in place and the flexibility to base vendor payment on the revenue timing will result in the department not meeting their contractual obligations associated with the EDR project and risk hundreds of millions of dollars in revenue anticipated in subsequent fiscal years associated with the EDR initiatives.

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Filing Division									
Fraud and Discovery	Administrator II	Perm	The Administrator II (AD II) will be one of three Assistant Section Managers in the Fraud & Discovery Section. Through subordinate supervisors, the AD II will plan and direct the activities of 36 staff engaged in discovery and 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 and effectiveness. Responsible for the oversight through subordinate supervisors for the processes, policies and procedures needed for detecting false claims for credits. 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.	N/A	1,850		1,850		Due to the organizational structure in the Fraud and Discovery Section, the Administrator II is directly responsible for leading the group. The AD II is needed for additional leadership because of the complexity and increase in workload while managing the administrative issues. The AD II represents the unit in section and bureau meetings and is responsible for communicating the long and short-range business plans of the unit. The current section managers will not be able to absorb the additional workload and still be effective and efficient in managing their current units.
Total Hours and Positions					1,850	1	1,850	1	
Fraud and Discovery	Administrator I	Perm	Provide first-line leadership to a team of 17 Fraud Technicians and oversee the work they do. The Fraud Technicians verify Personal Income Tax (PIT) return information to determine if fraud or identity theft exists, then take action to resolve taxpayer accounts. The team also helps to ensure tax law compliance by tax preparers. Provides first line supervisory support, guidance, assistance, and direction to the staff. Coach, mentor, and actively participate in the staff's professional development. Evaluate the staff's day-to-day work using established performance and accuracy goals and then provide timely and relevant feedback to them on a regular and ongoing basis. Plan, develop, and operate multiple work streams intended to detect and prevent fraudulent tax return activities and identity theft. Help ensure necessary business strategies are developed and implemented and goals are met. Monitor and allocate staff resources as needed. Prepare production and status reports and determine staffing requirements.	N/A	1,850		1,850		The Administrator I (AD I) is needed to provide direct leadership and to handle the daily operations of the unit. The AD I represents the unit in meetings and is responsible for communicating, developing, and implementing the long and short-range business plans of the unit.
Total Hours and Positions					1,850	1	1,850	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Fraud and Discovery	Senior Compliance Representative	Perm	Serve as a technical expert to assist Fraud Technicians and Fraud Compliance Representatives in the completion of their workloads, including providing guidance on decisions related to cases and responses provided to taxpayers. Provide quality review of the more complex accounts completed by technicians/compliance representatives.	N/A	925		925		A Senior Compliance Representative (Sr Comp Rep) acts as the lead in the unit. The Sr Comp Rep is able to handle the technical questions and provide guidance, including mentoring, to the Compliance Representative and technicians when the supervisor is not available.
			Review and/or the most complex suspicious accounts referred by compliance representatives, fraud technicians, departmental liaisons, discovery auditors, and from case assignment rules (work list generation). Analyze the returns using various systems and resources such as, TI, EDD, DMV, Lexis-Nexis, IRS transcripts, INC, and ARCS. Take appropriate action in order to correspondence with the taxpayer or their representative, including over the phone and in writing.	N/A	370		370		
			Work closely with staff and supervisors on any training related issues. Review the work of other employees to ensure accuracy and consistency with procedures, directives, and policies. Identify procedural, system and user problems and recommend appropriate action. Act as a reviewer for revised or new procedures.	N/A	278		278		
			Support the evaluation of new Fraud models during the pilot phase by working closely with the fraud discovery analyst to perform compliance activities on the most complex fraud accounts. Provide timely input and results to the fraud discovery analyst on findings and work them to address any issues that may come up during the pilot in regards to procedures and policy changes.	N/A	185		185		
			Provide on the job training to compliance representatives and fraud technicians. Work with Criminal Investigations staff to prepare cases for potential prosecution based on cases identified within the Fraud technician program and/or the Discovery programs. Provide feedback to Supervisors regarding staff issues. Work on special assignments as needed.	N/A	92		92		
Total Hours and Positions					1,850	1	1,850	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Fraud and Discovery	Compliance Representative	Perm	Actively work the complex suspicious accounts referred by fraud technicians, departmental liaisons, discovery auditors, and from case assignment rules (work list generation). Analyze the returns using various systems and resources such as, TI, EDD, DMV, Lexis-Nexis, IRS transcripts, INC, and ARCS. Take appropriate action in order to correspondence with the taxpayer or their representative, including over the phone and in writing.	N/A	740		740		The Compliance Representative serves as a secondary lead to the technicians. They assist the technicians in handling the most complex cases.
			Technical expert to assist Fraud Technicians in the completion of their workloads, including providing guidance on decisions related to cases and responses provided to taxpayers. Provide quality review of the more complex accounts completed by technicians, including working closely with the technician and supervisors on any training related issues. Review the work of other employees to ensure accuracy and consistency with procedures, directives, and policies. Identify procedural, system and user problems and recommend appropriate action. Reviewer for revised or new procedures.	N/A	555		555		
			Support the evaluation of new Fraud models during the pilot phase by working closely with the fraud discovery analyst to perform compliance activities on the most complex accounts. Responsible to provide timely input and results to the fraud discovery analyst on findings and work them to address any issues that may come up during the pilot in regards to procedures and policy changes.	N/A	370		370		
			Provide on the job training to fraud technicians. Work with Criminal Investigations staff to prepare cases for potential prosecution based on cases identified within the Fraud technician program and/or the Discovery programs. Provide feedback to Supervisors regarding staff issues. Work on special assignments as needed.	N/A	185		185		
Total Hours and Positions					1,850	1	1,850	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Fraud and Discovery	Tax Program Technician II	Perm	Use various programs, databases and resources in order to verify and allow/disallow withholding credits. Review and process accounts on multiple fraud lists. Identify fraudulent W-2's, potential Identity Theft (IDT) returns, and other fraudulent schemes. Communicate with employers by telephone to obtain information necessary to complete verification of returns referred with withhold and wage discrepancies through the system. Contact taxpayers or their representatives by telephone or correspondence to resolve accounts. Respond to incoming correspondence and phone calls from taxpayer, representatives, and employers resulting from automated notices generated by the Return Analysis system.	86,000 cases 3.08 cases per hour	16,650		16,650		If this work is not performed, FTB will be unable to optimize our ability to detect and address refund fraud and identity theft situations putting the State at risk for losing General Fund dollars (\$40M) that appropriately belong to the State as well as limit our ability to deter future fraudulent activity if the risk of detection is too low.
			Analyze PIT (paper and electronic filed) returns for detection of possible refund fraud schemes and potential IDT. Take appropriate action through system transactions to identify possible fraudulent taxpayers and addresses. Gather information from fraudulent cases including requesting returns, related warrants, and maintaining accurate case information to help develop pattern tracking. Refer these fraudulent cases with all the necessary information to the Fraud analysts and/or to Investigation Bureau for action. Answer incoming calls on the Fraud phone line.		8,325		8,325		
			Provide statistical data on the work performed to aid the Section's operational, resource and budgetary planning process. Attend meetings and training as necessary to ensure work is being performed accurately.		2,775		2,775		
Total Hours and Positions					27,750	15	27,750	15	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Fraud and Discovery	Compliance Representative	Perm	Works from the Return Analysis system worklist to evaluate the more complex IDT refund fraud accounts. Handles the most complex IDT accounts where a refund was already issued and the victim is in contact. Initiates and responds to telephone inquiries, acts on incoming correspondence regarding identity theft related and more technical tax issues from taxpayers, representatives and other authorized individuals. Performs analysis of the account, conducts appropriate research and provides resolution to the issue. Ensures taxpayers understand the resolution by explaining the provisions of the appropriate income tax law and FTB policies. Provides information for the basis of assessments, collection notice inquiries, liability disputes, etc. Ensures taxpayer compliance and education about pertinent services, policies, and procedures at FTB. Perform all transactions in FTB's systems in order to resolve the IDT account and ensure the victim is not longer victimized, this includes entering new cases for tracking purposes in the database. Approximately 50% of the volume is for refund fraud related IDT and the remaining is enforcement related IDT	11,700 cases 1.44 cases per hour	6,510		6,510		If this work is not performed given the continued growth in IDT, the response times for resolving IDT accounts will continue to degrade. With the current staffing level, the response time for allowing a refund to a taxpayer whose refund needed manual review due to IDT is over 100 days and the resolution timeframe for enforcement related cases is over 3-4 months. Will not realize \$3 million in stopped refunds.
			With regards to enforcement related IDT accounts resulting from refund fraud or other enforcement actions, analyzes accounts for correctness of balance, entity, and collection information. performing skip-tracking activities in order to identify viable collection assets in order to collect debts on IDT cases. Explains assessments. initiates adjustments and cancellations and evaluates financial statements relative to installment agreements or modification of garnishments. Reviews accounts that are not collectible and recommends discharge when appropriate. Reviews accounts for missing required tax documentation. Perform training and outreach activities to internal IDT staff, departmental staff and external stakeholders.		590		590		
			Perform quality review on the cases worked by TPT II's in the IDT Unit. Represent the IDT program on departmental and external teams.		300		300		
Total Hours and Positions					7,400	4	7,400	4	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Fraud and Discovery	Tax Program Technician II	Perm	Use various programs, databases and resources in order to verify and allow/disallow withholding credits and determine if the account is identity theft related. Review and process accounts with pending refunds on multiple identity theft refund fraud worklist. Identify fraudulent W-2's and other fraudulent schemes. Communicate with employers by telephone to obtain information necessary to complete verification of returns referred with withhold and wage discrepancies through the system. Contact taxpayers or their representatives by telephone or correspondence to resolve accounts.	5,100 cases 1.44 cases per hour	2,220		2,220		If this work is not performed given the continued growth in IDT, the response times for resolving IDT accounts will continue to degrade. With the current staffing level, the response time for allowing a refund to a taxpayer whose refund needed manual review due to IDT is over 100 days and the resolution timeframe for enforcement related cases is over 3-4 months. Will not realize \$2.1 Million in stopped refunds.
			Analyze PIT (paper and electronic filed) returns for detection of possible refund fraud IDT schemes. Take appropriate action through system transactions to identify possible fraudulent taxpayers and addresses. Gather information from fraudulent cases including requesting returns, related warrants, and maintaining accurate case information to help develop pattern tracking. Refer fraudulent cases with all the necessary information to the IDT Senior Compliance representative(s) and/or to Investigation Bureau for action. Answer incoming calls on the fraud phone line related to refunds that are on hold for IDT. Provide processing units with technical expertise and advice. Review the work of other employees to ensure accuracy and consistency with procedures, directives, and policies. Assist with training, formal and informal one-on-one training, as needed.		1,110		1,110		
			Enter new cases in the database to ensure proper tracking of the activity of each case. Attend meetings with representatives from other units, sections, or other State departments to assist in the resolution of IDT related issues. Identify procedural, system and user problems and recommend appropriate action in order to facilitate resolution of accounts.		370		370		
Total Hours and Positions					3,700	2	3,700	2	
Correspondence, Analysis, Support, and Education	Tax Technician	Perm	Answer questions on personal and business income taxes via FTB's Authenticated Live Chat service. Top reasons taxpayers contact FTB are for resolving questions related to bills or notices regarding filing requirements, or seeking answers regarding general filing requirements or payment options. Analyze information regarding taxpayer rights, privileges and other obligations. Explain the reason for tax liabilities; abate tax and issue refunds; also be able to explain complex accounts; assess tax and make adjustments to accounts; explain penalty, interest, Earnings Withholding Orders for Taxes (EWOTs), Orders to Withhold (OTWs).	201,000 new chats annually in 2015/16 and 241,000 chats in 2016/17. One position averages 7 chats per hour	29,600		29,600	16	*If contact is unsuccessful, it can cause increased errors as well as reduced compliance *Loss of investment into this process *Increase to other workloads to phone line operators, correspondence *Delay to taxpayers seeking resolution which delays incoming revenue *Reduced level of customer service. With the current technology services available, it is no longer acceptable to only offer time consuming alternatives of contacting FTB such as correspondence or telephone.
Total Hours and Positions					29,600	16	29,600	16	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Correspondence, Analysis, Support, and Education	Compliance Representative	Perm	Provide lead duties/guidance to 16 staff. Provide general direction, coordinate, schedule assignments and monitor chat conversations. Review work to ensure clear and correct communication from staff to taxpayers and/or Tax Professionals and internal customers. Assists the staff in maintaining quality customer service. Provide answers to law, account, and collection policy and procedure questions. Explain pertinent legal provisions, regulations, and related administrative practices and their application to specific cases. Explain the reason(s) for tax liabilities and application of laws related to penalties and interest.	N/A	1,850		1,850		*Reduced/poor quality provided *Increased errors *Increase to other units/workloads to answer questions and additional contacts created due to errors
Total Hours and Positions					1,850	1	1,850	1	
Correspondence, Analysis, Support, and Education	Customer Service Supervisor	Perm	Direct and monitor the worked performed 16 staff and 1 lead. Monitor Live Chat conversations for accuracy, consistency and professionalism. Provide consistent coaching and feedback to leads and staff to ensure their skills and abilities are continuously being developed. Prepare probationary and annual performance evaluation reports and personnel actions as necessary. Identify training needs and provide one-on-one training when necessary for new and veteran employees, and work with the management team to ensure proper development. Evaluate and recommend actions that may be taken to improve the quality and quantity of work produced by the section.	N/A	1,850		1,850		*Span of control over state regulation *Staff will not receive adequate supervisor. *Increased errors *Increased costs
Total Hours and Positions					1,850	1	1,850	1	
Technology Services Division									
IT Service Desk	Assistant Information Systems Analyst	Perm	Customer Technical Support - Responsible for providing first-level technical support for PCs, Information Technology (IT) Infrastructure, and other IT systems, services, and equipment. Responsible for providing support to the department's Incident, Major Incident, and Request Fulfillment processes. Serve as support staff at the central office campus and field offices via telephone, e-mail, and work station visits. Work with staff throughout TSD to escalate incidents and problems accordingly to ensure departmental staff has the information and technical support they need to do their jobs.	FY 13/14 Call Volume: 40,528 FY 13/14 Calls Answered: 34,315 Access Level for IT Service Desk: 84.6%	1,850		1,850		Projected continued increased call volume and increased call complexity will result in reduced capacity and performance on the service desk. FTB IT Service Desk is currently operating at a ratio of more than 300:1. A 2013 Gartner study stated that given certain automation and efficiencies that a ratio of 100:1 to 125:1 is recommended in order to provide an acceptable level of IT service. Average call wait time for FY 13/14 was 3:43 before the call was answered. This is an average with wait times often exceeding 10 or even 20 minutes during high call volume periods. Additional Service Desk staff will assist in lowering our wait times as our customer base grows.
Total Hours and Positions					1,850	1	1,850	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	Perm	Pega Developers. 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.	7,400		7,400		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.
Total Hours and Positions					7,400	4	7,400	4	
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	Perm	Data Stage/XSLT Developer. 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.	7,400		7,400		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.
Total Hours and Positions					7,400	4	7,400	4	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Tax Systems Modernization Bureau	Staff Information Systems Analyst (Spec)	Perm	Test Analyst - 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.	7,400		7,400		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.
Total Hours and Positions					7,400	4	7,400	4	
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	Perm	Environment Specialist - 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.	7,400		7,400		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.
Total Hours and Positions					7,400	4	7,400	4	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Tax Systems Modernization Bureau	System Software Specialist II (Tech)	Perm	Operations Analyst - 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.	7,400		7,400		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.
Total Hours and Positions					7,400	4	7,400	4	
Legal Division									
General Tax Bureau	Tax Counsel III Spec	Perm	Docketed Protests and Appeals of Protests - Increase in appeals and other legal issues resulting from the increase in audits, notices, and federal and state litigation cases. Review files and briefings, attend hearings at the State Board of Equalization and provide technical advice to the program areas which handle these cases and issues.	2 docketed protest cases per year at 332 hours each. 13 appeal of protest cases per year at 99 hours each.	1,951		1,951		Additional redirections are not possible, since this would negatively impact baseline operations, including baseline General Fund revenue. That, in turn, would impact FTB's ability to meet the EDR contract obligations. Any modification to the resources requested herein would need to be reevaluated by FTB and the Solution Provider to determine the impacts to scope, schedule, and/or revenue of the EDR project.
Total Hours and Positions					1,951	1	1,951	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Administrative Services Division									
Web Business Services	Staff Information Systems Analyst (Specialist)	Perm	Live Chat Data Collection - Identify self-service opportunities that currently do not exist or are hard to find on our website.	NA	900		900		The positions are critical to the identification of taxpayer information needs that currently come in through more expensive customer service channels. The positions are critical to the design, function, and overall usability of a mobile optimized website. Usability tests identify information and design issues that significantly impact the quality of the end product, ultimately promoting self service, reducing phone contacts, and improving taxpayers' ability to meet their filing and payment requirements. Additionally, under federal law (Rehabilitation Act, Section 508) agencies must give disabled employees and members of the public access to information that is comparable to the access available to others. Web Business Services is identifying communication opportunities based on customer needs, making sure the information and services are designed appropriately, tested for usability and accessibility, and status reporting. As a key communication channel, the web content and services in a web are a critical component to EDR outreach activities and ultimately to the success of EDR.
			Design and Development - Evaluate data collected to develop new website content or revise existing content for a greater user experience.	NA	900		900		
			New Web Content Development Review Process - Conduct intake, develop content, review content with customer, departmental review processes, and implement content. New content is needed on both the internal and external web for taxpayer education and marketing.	NA	700		700		
			Usability Testing - Conduct usability testing to validate the design is user friendly. Identify pool of testers, schedule testing, conduct test, and produce the results.	NA	700		700		
			Accessibility Testing - Plan, coordinate and conduct testing to determine accessibility levels. Testing results produced, defects identified, and requests for change created. Accessibility refers to the practice of making websites, applications, etc. usable by people of all abilities. When correctly designed, developed, and edited, all users have equal access to information and functionality. Web Business Services has the responsibility for testing and reporting on accessibility.	NA	500		500		
Total Hours and Positions					3,700	2	3,700	2	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Web Business Services	Staff Information Systems Analyst (Specialist)	Perm	Mobile Website Opportunities - Identify opportunities to optimize our website for mobile devices. This identification is critical to the design, function, and overall usability of a mobile website. Usability significantly impacts the quality of the end product, ultimately promoting self service, reducing phone contacts, and improving taxpayer's ability to meet their filing and payment requirements, using whatever device they have.	NA	450		450		The position is critical to the identification of taxpayer information and service needs in a mobile optimized environment, that currently come in through more expensive customer service channels. The positions are critical to the design, function, and overall usability of our website. Usability tests identify information and design issues that significantly impact the quality of the end product, ultimately promoting self service, reducing phone contacts, and improving taxpayers' ability to meet their filing and payment requirements. Additionally, under federal law (Rehabilitation Act, Section 508), agencies must give disabled employees and members of the public access to information that is comparable to the access available to others. Web Business Services is identifying customer needs, making sure the information and services are designed appropriately, tested for usability and accessibility, and information reporting. As a key communication channel, the web content and services are a critical component to EDR outreach activities and ultimately to the success of EDR.
			Design and Development - Evaluate data collected to develop new website content or revise existing content for a greater mobile user experience.	NA	450		450		
			New Web Content Development Review Process - Conduct intake, develop mobile optimized content, review content with customer, departmental review processes, and implement content. New mobile optimized content is needed on our website for taxpayers to get information and services how and when they want to access the information.	NA	350		350		
			Usability Testing - Conduct usability testing to validate the design is user friendly. Identify pool of testers, schedule testing, conduct test, and produce the results.	NA	350		350		
			Accessibility Testing - Plan, coordinate and conduct testing to determine accessibility levels. Testing results produced, defects identified, and requests for change created. Accessibility refers to the practice of making websites, applications, etc. usable by people of all abilities. When correctly designed, developed, and edited, all users have equal access to information and functionality. Web Business Services has the responsibility for testing and reporting on accessibility.	NA	250		250		
Total Hours and Positions					1,850	1	1,850	1	

2015/16 EDR BCP Position Metrics

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	Metrics	2015/16 Hours	15/16 Positions Requested	2016/17 Hours	16/17 Positions Requested	Risks
Various	Key Data Operator	TH	Data Capture - Perform the keying activities needed in order to update taxpayer information to the taxpayer accounts and various Departmental systems to support revenue generating activities. Key and verify information from remittance and source documents in <u>data entry systems</u> .						Updating returns and checks to taxpayer's accounts could be delayed. Additional processing time will be needed. Checks and refunds will not be processed timely, which could increase customer service inquiries. Workflow to our compliance areas will be delayed resulting in lost or delayed revenue. Excessive overtime will be required to reduce the impact on revenue, which negatively affects employee morale and costs the State more. Increase in interest paid.
			Data Capture PIT	14/15 Volume = 1,657,014 @ rate of 22/hr 15/16 Volume = 2,928,640 @ rate of 22/hr	75,319		133,120		
			Data Capture BE	14/15 Volume = 219,816 @ rate of 10/hr 15/16 Volume = 388,500 @ rate of 10/hr	21,982		38,850		
			Data Capture Correspondence	14/15 Volume = 2,162,986 @ rate of 35/hr 15/16 Volume = 3,823,050 @ rate of 35/hr	61,800		109,230		
Total Hours and Positions					159,101	86	281,200	152	

Summary of Position Requests				
Total PERM Hours and Positions		125,901	68	125,901
Total TEMP Hours and Positions		159,101	86	281,200

EDR Fiscal Detail

	CY	BY	BY+1	BY+2	BY+3	BY+4
Personal Service						
Positions (Perm)	0.0	68.0	68.0	68.0	68.0	68.0
Positions (Temp)	0.0	86.0	152.0	152.0	152.0	152.0
Exempt	0.0	0.0	0.0	0.0	0.0	0.0
Board	0.0	0.0	0.0	0.0	0.0	0.0
Total Positions	0.0	154.0	220.0	220.0	220.0	220.0
Total Salaries and Wages						
Earnings - Permanent	0	3,850,000	3,850,000	3,850,000	3,850,000	3,850,000
Earnings - Temporary	0	2,902,000	5,129,000	5,129,000	5,129,000	5,129,000
Earnings - Statutory/Exempt	0	0	0	0	0	0
Overtime, Holiday, Other	0	0	0	0	0	0
	\$0	\$6,752,000	\$8,979,000	\$8,979,000	\$8,979,000	\$8,979,000
Total Staff Benefits	0	2,317,000	2,634,000	2,634,000	2,634,000	2,634,000
Unallocated, Special Adjustments	0	0	0	0	0	0
Total Personal Services	\$0	\$9,069,000	\$11,613,000	\$11,613,000	\$11,613,000	\$11,613,000
Operating Expenses and Equipment						
General Expense	0	214,000	188,000	188,000	188,000	188,000
Printing	0	6,000	9,000	9,000	9,000	9,000
Communications	0	93,000	133,000	133,000	133,000	133,000
Postage	0	0	0	0	0	0
Insurance	0	0	0	0	0	0
Travel-In State	0	24,000	48,000	0	0	0
Travel-Out of State	0	0	0	0	0	0
Training	0	80,000	160,000	0	0	0
Facilities Operations	0	280,000	0	0	0	0
Utilities	0	0	0	0	0	0
Consulting: Interdepartmental	0	0	0	0	0	0
Consulting: External	0	41,390,000	39,996,000	0	0	0
Other Departmental Services	0	0	0	0	0	0
Consolidated Data Center	0	0	0	0	0	0
Information Technology	0	1,039,000	11,434,000	12,291,000	12,091,000	12,091,000
Pro Rata	0	0	0	0	0	0
Statewide Cost Allocation Plan	0	0	0	0	0	0
Capital Assets	0	0	0	0	0	0
Equipment	0	15,000	0	0	0	0
Other	0	0	0	0	0	0
Special Items of Expense	0	0	0	0	0	0
Unclassified/Special Adjustment	0	0	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$43,141,000	\$51,968,000	\$12,621,000	\$12,421,000	\$12,421,000
Total State Operations Expenditures	\$0	\$52,210,000	\$63,581,000	\$24,234,000	\$24,034,000	\$24,034,000
Fund Source - State Operations						
General Fund	0	52,210,000	63,581,000	24,234,000	24,034,000	24,034,000
Federal Funds	0	0	0	0	0	0
Other/Special Funds	0	0	0	0	0	0
Reimbursements (non-add)	0	0	0	0	0	0
Total State Operations Expenditures	\$0	\$52,210,000	\$63,581,000	\$24,234,000	\$24,034,000	\$24,034,000
Fund Source - Local Assistance						
General Fund	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Other/Special Funds	0	0	0	0	0	0
Reimbursements (non-add)	0	0	0	0	0	0
Total Local Assistance Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Fund Source - Capital Outlay (if applicable)						
General Fund	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Other/Special Funds	0	0	0	0	0	0
Reimbursements (non-add)	0	0	0	0	0	0
Total Capital Outlay Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$52,210,000	\$63,581,000	\$24,234,000	\$24,034,000	\$24,034,000
Other Items						
Unclassified	0	0	0	0	0	0
Reappropriation	0	0	0	0	0	0
Reversion	0	0	0	0	0	0
Revenue						
General Fund - range	0	\$800,488,000- \$1,145,976,000	\$973,389,000- \$1,195,026,635	\$968,728,000- \$1,154,218,604	1,000,000,000	1,000,000,000
Other/Special Funds	0	0	0	0	0	0
Loans/Revenue Transfers						
General Fund	0	0	0	0	0	0
Other/Special Funds	0	0	0	0	0	0