

**Finance Letter - Cover Sheet**

DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 7730	Department Franchise Tax Board	Priority No. 1
Budget Request Name 7730-005-BCP-BR-2016-A1		Program 6280	Subprogram 6280010/6280019

Budget Request Description  
FTB Customer Service Resources

**Budget Request Summary**

The Franchise Tax Board (FTB) requests \$7.7 million general fund and 85 positions for 2016-17, and \$7.1 million and 93 positions for 2017-18, and ongoing to enable the department to effectively transact business with taxpayers, interacting in ways that are more convenient for them and providing information allowing taxpayers to meet their tax filing and payment obligations. FTB strongly believes the existing service on its customer service channels are below desired standards. This leaves California taxpayers struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities. This proposal seeks resources to enhance service levels on self-service channels on the web and personal service channels including phone, electronic mail, live chat, and correspondence. Unacceptable levels of service leave many taxpayers unable to timely self-serve to resolve their issue or to reach a staff member at FTB for assistance to resolve their issue. In many situations, the result is the taxpayer may not file or pay timely or accurately, and thus these taxpayers enter into our compliance activities that are more expensive to address for the State.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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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 <i>Cathy Creek</i>	Date <i>3/30/16</i>
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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      Project No. FTB FSR 02-14      Date: 11-04-2005

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 <i>J. Shornburg</i>	Date <i>3.30.16</i>	Reviewed By <i>Ju...</i>	Date <i>3/30/2016</i>
Department Director <i>Solis</i>	Date <i>3.30.16</i>	Agency Secretary <i>...</i>	Date <i>3/30/2016</i>

**Department of Finance Use Only**

Additional Review:  Capital Outlay     ITCU     FSCU     OSAE     CALSTARS     Dept. of Technology

BCP Type:       Policy       Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature <i>4/1/16</i>
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## A. Proposal Summary

The Franchise Tax Board (FTB) requests \$7.7 million general fund and 85 positions for 2016-17, and \$7.1 million and 93 positions for 2017-18 and ongoing, to enable the department to effectively transact business with taxpayers, interacting in ways that are more convenient for them and providing information allowing taxpayers to meet their tax filing and payment obligations. FTB strongly believes the existing service on its customer service channels are below desired standards. This leaves California taxpayers struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities. This proposal seeks resources to enhance service levels on self-service channels on the website and personal service channels including phone, electronic mail, live chat, and correspondence. Unacceptable levels of service leave many taxpayers unable to timely self-serve to resolve their issue or to reach a staff member at FTB for assistance to resolve their issue. In many situations, the result is the taxpayer may not file or pay timely or accurately, and thus these taxpayers enter into our compliance activities that are more expensive to address for the State.

## B. Background/History

FTB provides taxpayer assistance by providing direct service and guidance to millions of Californians annually to enable them to meet their obligation to file and pay the correct amount of tax voluntarily. Providing quality taxpayer assistance in a timely manner helps guarantee those taxpayers:

- Will voluntarily file their tax returns now and in the future.
- Can pay their bills timely without additional cost or interaction with FTB.
- Can pay delinquent amounts and address other collection actions by setting up installment agreements and managing their account effectively.
- Can get immediate answers to their tax questions at the first point of contact.

FTB's goal is to provide customer service at the first point of contact to provide taxpayers the help they need to resolve their tax questions timely as well as minimize departmental costs. If taxpayers cannot reach FTB for assistance, they make multiple contacts through different customer service channels and accounts move to the more costly involuntary non-compliant collection cycle. FTB provides customer service through four existing primary channels:

1. 24/7 website based and electronic self-service applications and programs.
2. A taxpayer service contact center available via telephone 7:00 AM to 5:00 PM, Monday through Friday.
3. Interactive live chat via the Internet.
4. Personalized written correspondence, including Power of Attorney forms and correspondence on account issues, via the Internet or the U.S. Postal Service or email.

FTB is responsible for income tax administration for the State of California and on an annual basis ensures the proper and timely collection and credit to the State's fiscal accounts of over \$76 billion. Additionally, FTB's compliance activities annually collect over \$7 billion in additional revenue. Customer service is critical to ensuring that taxpayers get answers to their questions and help them timely and accurately file and pay. FTB strongly believes that the service levels and response times in its customer service channels are unacceptable.

- FTB is unable to answer almost one million calls offered annually (between 50 and 60% of calls offered).
- In the last several years, FTB has seen the response time to address taxpayers written questions increase to between six to eight months.
- FTB needs resources to support compliance with state and federal regulations regarding accessibility standards on FTB's applications and website pages to allow any and every taxpayer the ability to use our website.

## Analysis of Problem

FTB believes this is an unacceptable level of service for California taxpayers trying to do the right thing and file, pay, and otherwise meet their tax obligations. FTB's inability to provide adequate customer service leaves taxpayers of California struggling to find answers to tax questions needed to comply with filing requirements as well as pay outstanding tax liabilities and jeopardizes the timely collection of revenue for the state.

In the previous decade, FTB has been actively pursuing enhancements to its customer service channels to address taxpayers' needs as well as enhance levels of service without additional resources. FTB has successfully deployed numerous website applications and tools to manage personal customer service channels that have been of great service to California taxpayers. These tools have been well received and are heavily utilized by taxpayers to gain information. Since 2011, the visits to FTB's website have increased by almost 78%. However, FTB has not been able to enhance service levels of staff for those taxpayers that still need assistance after utilizing our self-service options. FTB has found that taxpayers still desire a high level of personal service for the following reasons:

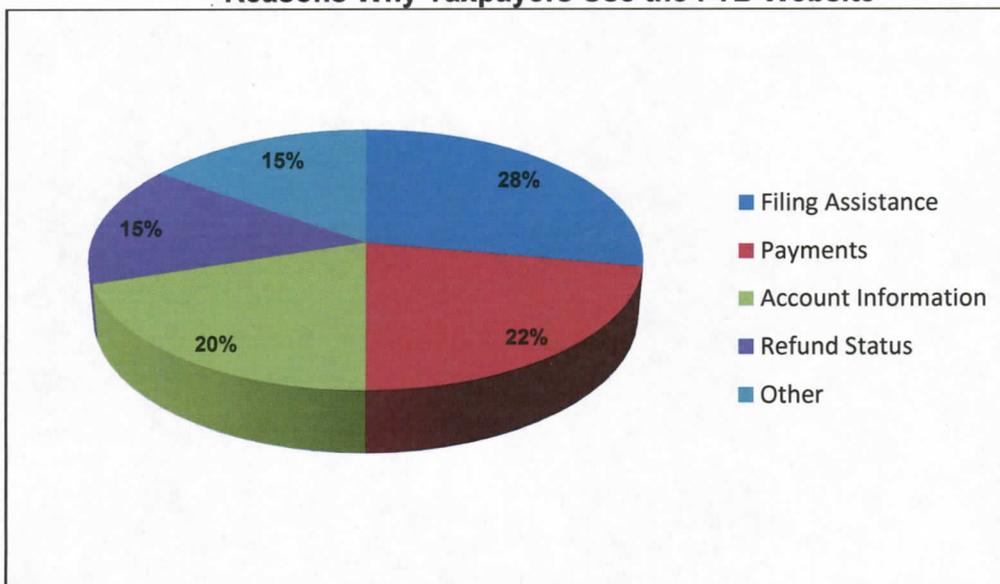
1. The taxpayer's tax issue is complex and they just need to receive assistance from an agent so they know they are addressing it correctly and the matter is resolved.
2. Taxpayers are not always willing to self-manage their complex financial issues without talking with an agent to ensure they are addressing them correctly and minimizing future penalties and interest.
3. In a recent 2015 study by the Pew Research Group, almost 16% of adults do not use the Internet (Pew Research Center, the Demographics of Social Media Users, August 2015).

The most recent National Taxpayer Advocate Report to Congress also found many of these same factors were present for taxpayers seeking assistance from the IRS.

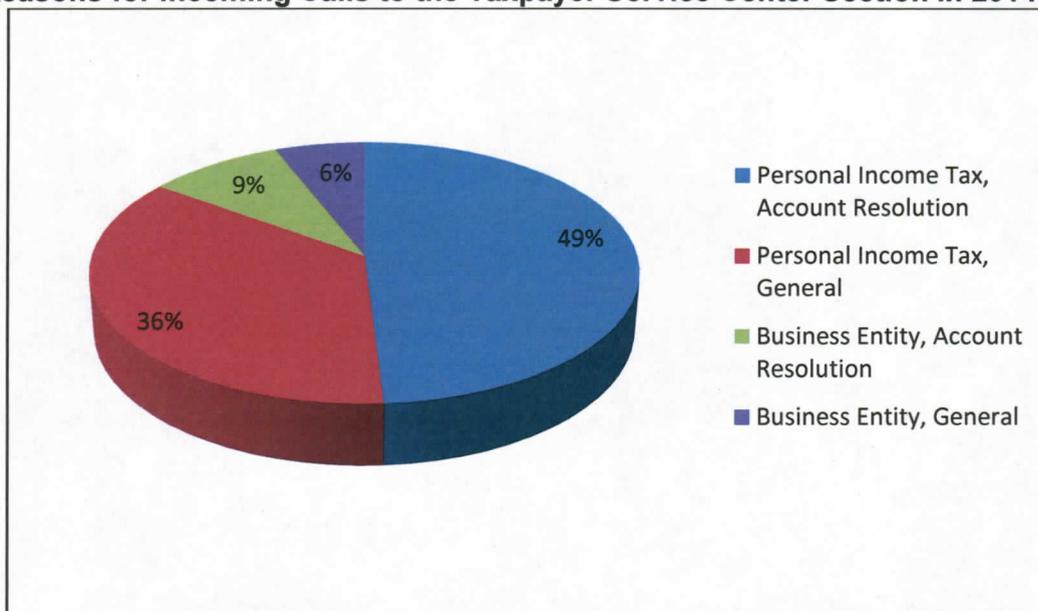
A view of the top reasons why customers use FTB's customer service channels is included below. A majority of contacts received and addressed relate to activities where the taxpayer is trying to pay or file a tax return. If FTB is unable to serve these taxpayers, then revenue collected is impacted.

### Top Reasons Why Customers use FTB's Customer Service Channels

Reasons Why Taxpayers Use the FTB Website



**Reasons for Incoming Calls to the Taxpayer Service Center Section in 2014-15**

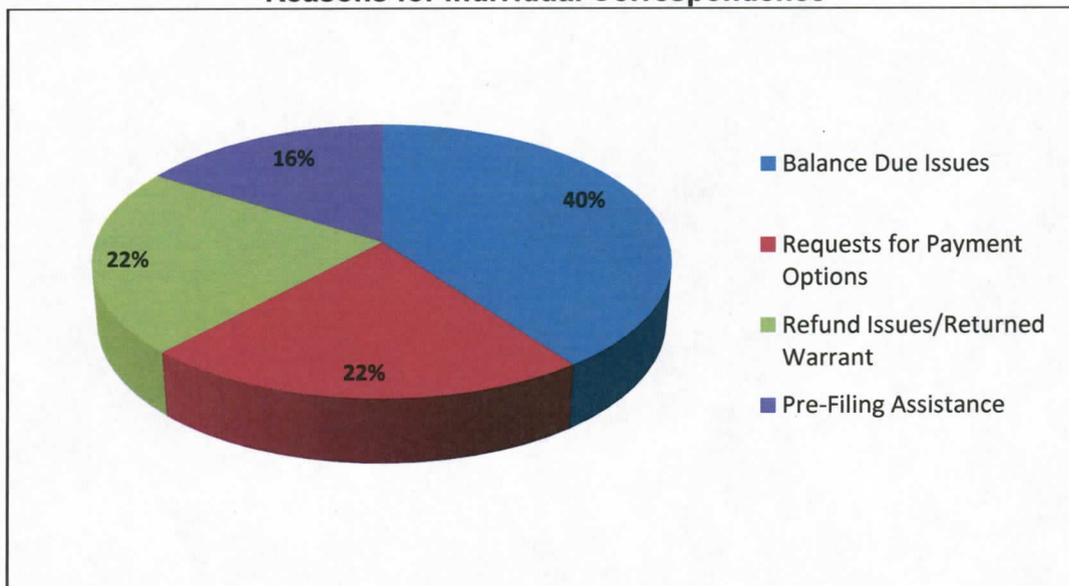


*Account resolutions: Assisting taxpayers who call in response to notices received about tax balances due, over payments, garnishments or return status.*

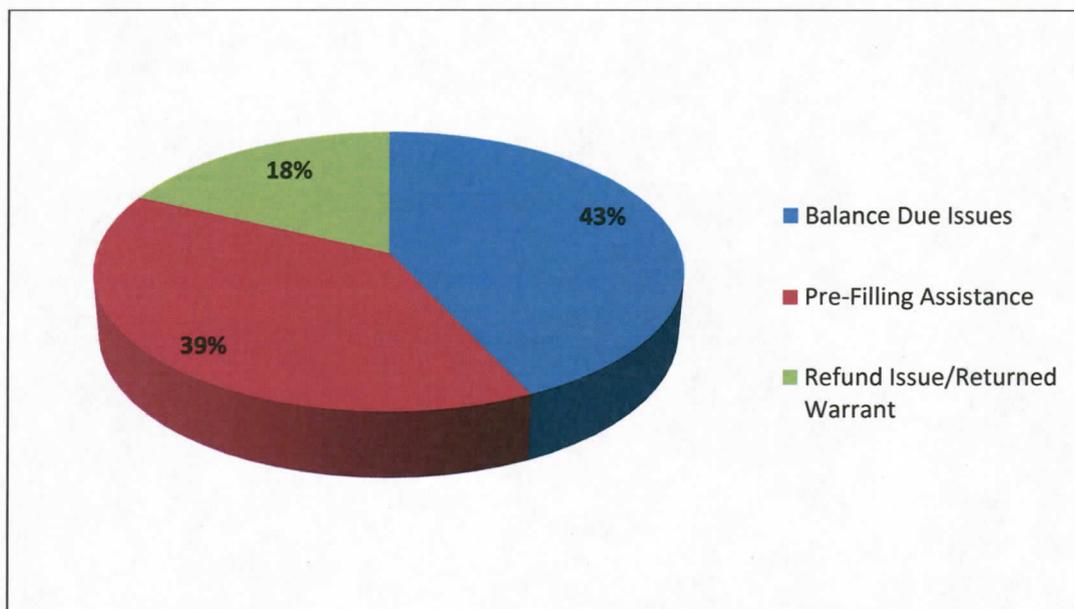
*General: Assisting taxpayers with questions as to where to download forms, tax law or website page information so they can file correctly.*

**Top Reasons Why Taxpayers Write to FTB**

**Reasons for Individual Correspondence**

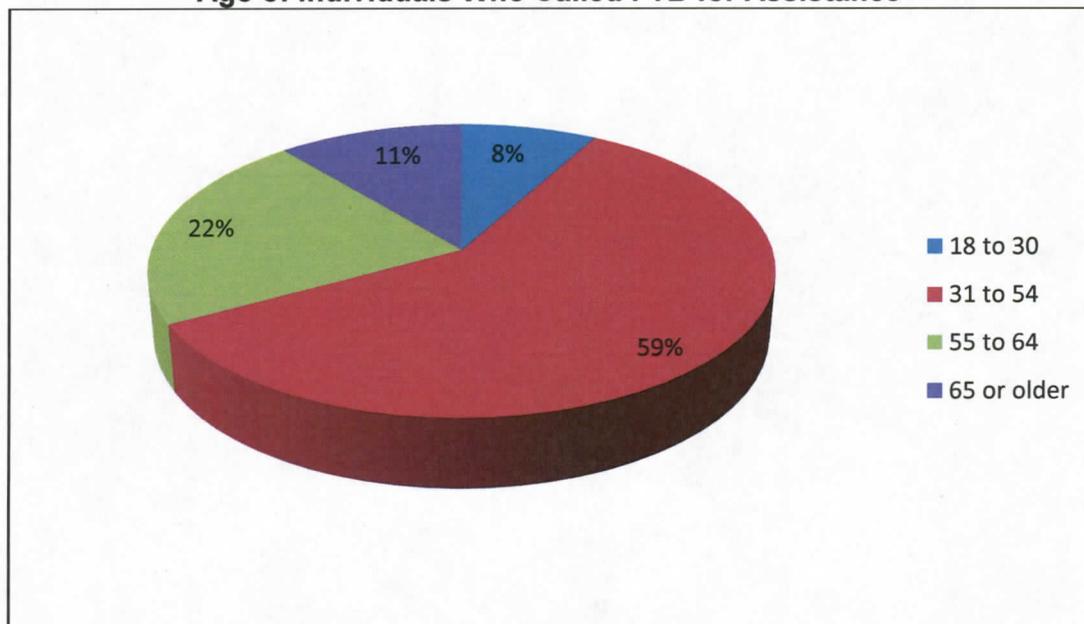


### Reasons for Business Entity Correspondence

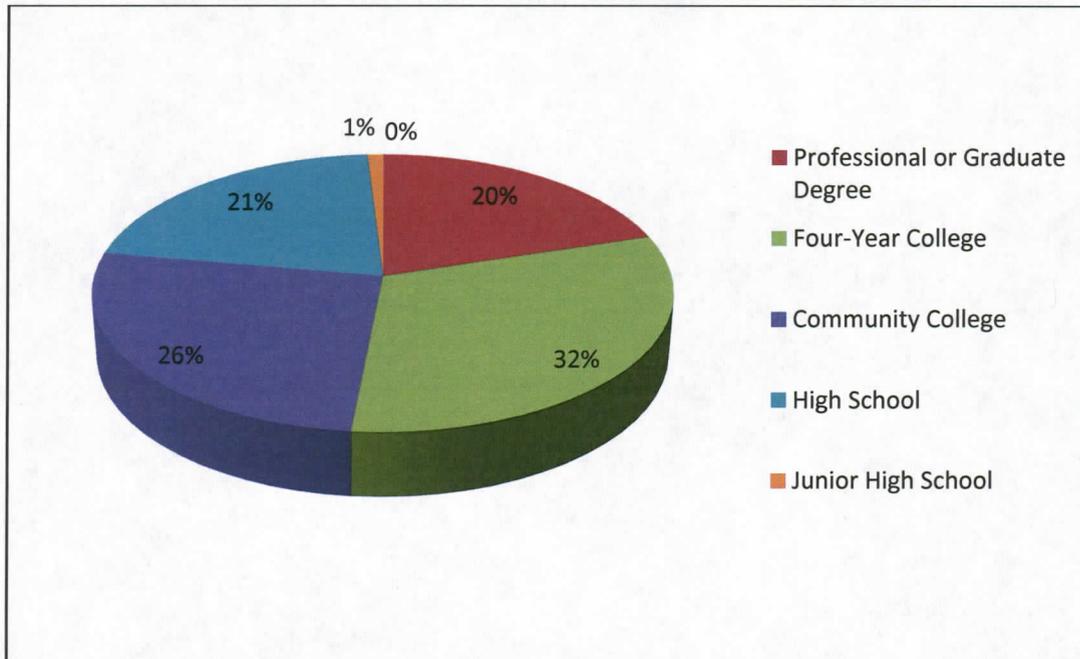


A question that FTB frequently receives is who uses the customer service channels. While FTB does not track this information on an ongoing basis, FTB has over the years informally conducted customer satisfaction surveys to understand how to improve processes. Additionally, during 2015 FTB worked with California State University, Sacramento, to conduct a satisfaction survey regarding the Taxpayer Service Center Section (TSCS) as well as other taxpayers calling an FTB agent to address a specific tax issue. The statistically significant sample provided the following demographic information:

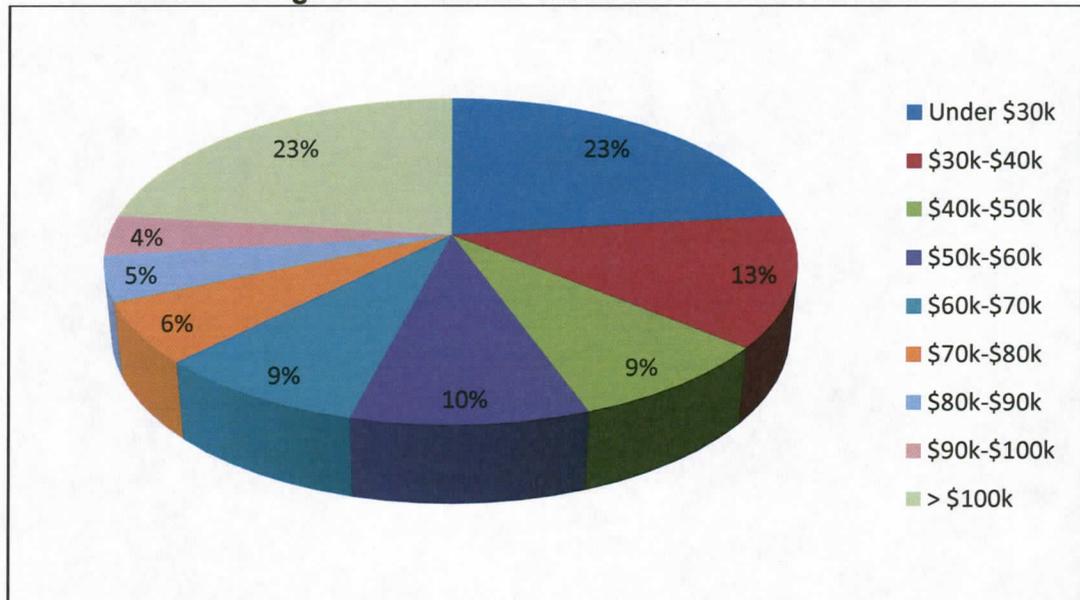
### Age of Individuals Who Called FTB for Assistance



**Education of Individuals Who Called FTB for Assistance**



**Income Range of Individuals Who Called FTB for Assistance**



California’s tax system is based on voluntary compliance. The vast majority of taxpayers want to self-comply. However, in certain situations, taxpayers need assistance to comply. FTB provides self-service options and customer service channels to provide these taxpayers with the assistance they need and therefore stay on the voluntary compliance path. Providing customer service makes it easier for taxpayers to file and pay timely. The cost to support compliant taxpayers is very low; about a quarter of FTB’s budget supports the voluntary compliance path. In contrast, the non-compliant path revenue is hard won and much more costly to collect. FTB spends 75% of its budget working with non-compliant taxpayers to collect the taxes owed. The revenue from these non-compliant taxpayers is significantly delayed in flowing to the general fund. Self-service and customer service channels providing taxpayer assistance are more than just “nice to have” services; they are foundational to the success of California’s voluntary compliance tax system.

## Analysis of Problem

During 2014-15, FTB's relevant customer service channels and staff supported the following:

- 14.8 million visits to FTB's website.
- 1.5 million taxpayers were assisted by FTB's Interactive Voice Response System (automated telephone).
- 941,000 of 1.8 million calls to FTB's Taxpayer Assistance Line were answered.
- 165,000 calls answered on Tax Practitioner Hotline 110,000 live chats were handled.
- 163,000 pieces of correspondence were completed with a backlog of 63,000 as of July 2015, with 65% of these backlogged correspondence items being greater than 30 days old.

The majority of these contacts relate to the following:

- 13 million notices and letters mailed to taxpayers.
- 1 million *Return Information Notice* correcting amounts reported on a return and/or reducing the taxpayer's refund amount. (Notices include TSCS phone number.)
- 1.5 million *Statement of Tax Due* correcting amounts reported on a return and requesting payment of additional tax. (Notices include TSCS phone number.)
- 1 million *Request/Demand for Tax Return* from potential non-filers based on information available to FTB and over 650,000 notices of proposed assessments subsequently issued to these non-filers. (Notices include TSCS phone number.)
- 18 million Personal Income Tax returns and 1.7 million Business Entity returns processed.

Taxpayers who get answers to their questions are able to fulfill their filing obligations and pay their liability in full or negotiate arrangements to begin paying. As previously discussed, FTB strongly believes the service levels and response times in FTB's customer service channels are unacceptable.

In recognition of reduced staffing levels, over the last decade, FTB has implemented many new tools or processes to allow for increased and enhanced customer service levels. These tools have been very effective in providing taxpayers options to obtain assistance and have substantially reduced many of the contacts FTB previously received for general questions such as "can you provide me this form?" or "where's my refund?". However, in many situations taxpayers wish to speak with, receive a written answer from, or need further assistance from FTB as the question is complex, deals with sensitive information, or the taxpayer wishes to validate technical information found online. As a result, while these new tools and processes have provided FTB and the State tremendous opportunity and value, many taxpayers ultimately still wish to speak with or receive a written response from FTB.

The following are enhancements to FTB's website that have been implemented:

- Website applications like MyFTB for individuals to view estimate payments and other taxpayer-specific information.
- New FAQs website pages with common information needed, e.g., Claim for Refunds.
- The option for business entities to view online estimate payments in MyFTB.
- Enhanced website applications, such as CalFile, installment agreements and Where's My Refund?

The following are enhancements to staff assisted customer service channels that have been implemented:

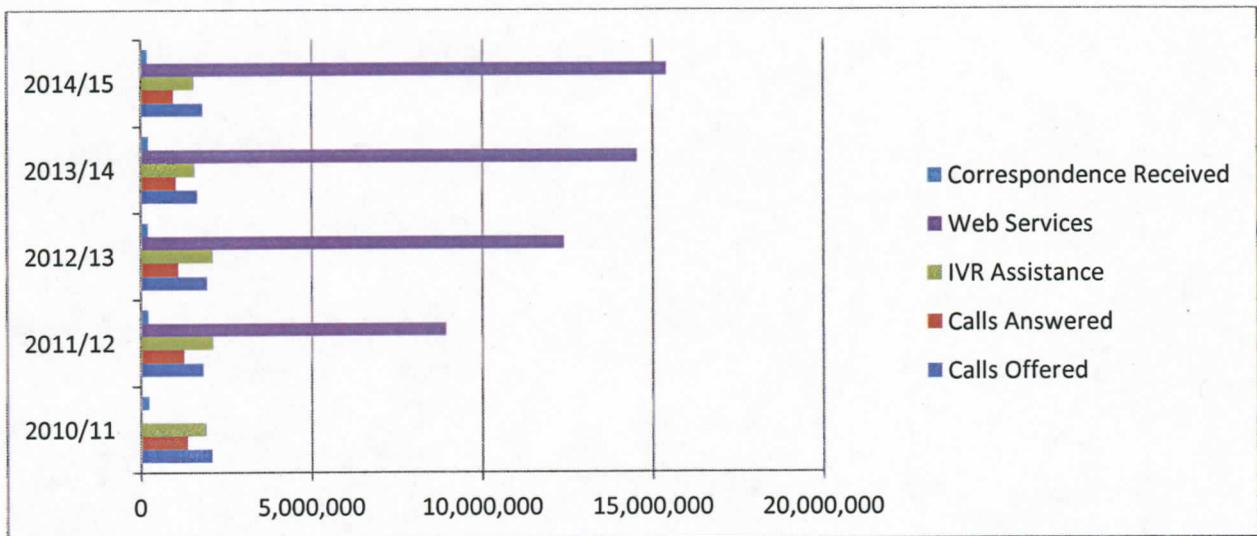
- Virtual Hold technology that allows FTB to call taxpayers back instead of having them wait on hold (May 2010).
- New software changing parameters for when calls are deflected (taxpayer gets a busy signal) allowing for some easing of deflections (February 2016).
- Live Chat for general information questions (March 2011).
- Authenticated Live Chat allowing taxpayers to live chat regarding their specific account information (January 2016).
- Scanning of all correspondence to allow for electronic routing (June 2015-June 2016).
- "Get Most Urgent" for correspondence processing – a mechanism staff uses to get the most urgent assignment from workbaskets and/or worklists that they access (June 2015).

- All outstanding correspondence pieces are now resolved at one time (January 2016).
- Various process-reengineering recommendations to be more agile (January 2010 and ongoing).

The following are enhancements to FTB's general process that have been implemented:

- Enhancements to FTB notices and bills making them easier to understand. (January 2016)
- A tool to throttle enterprise bills and notices to equally distribute or manage taxpayer contacts (January 2014)
- Cross training of staff to work on multiple channels. (2011)
- Redirection of staff temporarily from other workloads to the increase level of access or temporarily reduce backlog levels (resulting in backlogs created elsewhere). (2011)
- Use of overtime (resulting in increased costs). (2004)

Below is a graph showing how the primary service channels have reacted with the significant enhancements FTB has made the last five years.



FTB is requesting additional staffing levels to increase the level of access and service on customer service channels to better serve the taxpayers of California and ensure the protection of the voluntary compliance nature of California's tax system. This will enable the department to transact business effectively with taxpayers, interacting in ways that are more convenient for them, and providing information allowing taxpayers to meet their tax filing and payment obligations. FTB strongly believes the existing service levels and response times in FTB's customer service channels are unacceptable and this leaves taxpayers of California struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities.

FTB's goal is to provide customer service at the first point of contact therefore ensuring taxpayers receive the help they need to resolve their tax questions timely as well as minimizing departmental costs. If taxpayers cannot reach FTB for assistance, multiple contacts are made through different customer service channels and accounts move to the more costly involuntary non-compliant collection cycle. FTB provides customer service through four existing primary channels.

*1. Website Based and Electronic Self-Service Applications*

FTB considers its website as the most cost effective and primary channel for taxpayers and their representatives to obtain information when they need it. FTB is seeking resources to address an issue related to its website.

## Accessibility

Accessible Technology refers to ensuring disabled employees and members of the public have access to information that is comparable to access available to others. In 1998, Congress amended the Rehabilitation Act of 1973 to require federal agencies to make their electronic and information technology accessible to people with disabilities. State agencies are responsible for complying with federal and state laws forbidding discrimination against persons with disabilities, including accessibility of their electronic and information technology. Under existing federal and state laws and policies, state agencies are responsible for ensuring that their public websites are accessible to the general public and that their internal electronic and information technology systems are accessible by state employees, including persons with disabilities.

The proportion of the population that was disabled in California in 2008 was 10.1%.

[Disabilitystatistics.org](http://Disabilitystatistics.org) shows that the proportion of the population that was disabled for California citizens between the ages of 21-64 is 8.5%, ages 65-74 is 25.9% and ages 75+ is 52.7%.

In 2014, FTB received 14.8 million visits to its website. FTB encourages taxpayers to use website based services and applications because:

- They are cost effective.
- They can provide comprehensive “One and Done Service”.
- They are available 24/7 and can meet the taxpayer’s needs on-demand.
- They give taxpayers the ability to manage their experience on-line and update and own their taxpayer information and data.

Why do taxpayers go to the FTB website?

- Over 3.1 million visits to pages specifically dealing with how to pay taxes owed.
- 1.9 million taxpayers checked their refund status, including 900,000 taxpayers who used their mobile device to check their refund status.
- 1.5 million visits to forms and publications pages.
- Over 300,000 visits to Installment Agreements pages.
- Nearly 600,000 visits to CalFile page.

## 2. Telephone Assistance through FTB’s Contact Center

The TSCS contact center is the department’s long-standing primary public service telephone contact center. Customer service agents are responsible for the following tasks:

- Facilitating the payment of balances due, analyzing and correcting individual account errors and providing information regarding taxpayer liabilities, filing enforcement assessments and collection notices.
- Resolving post-filing return correction and balance due issues prior to formal involuntary collection action.
- Facilitating the filing of timely, complete, and accurate tax returns.
- Promoting voluntary compliance through taxpayer education and pre-filing assistance by providing general tax information, processing form requests, and explaining filing requirements, tax law, policy and procedures.
- Assisting taxpayers who are having trouble registering or logging onto MyFTB – a primary website based self-service channel.

FTB utilizes the latest contact center technology to route incoming calls through an Interactive Voice Response software program that attempts to resolve common taxpayer questions without the need for a line agent’s interaction and/or redirects callers to the FTB website for common questions and expedited service. Annually, the Interactive Voice Response software handles approximately one million calls. The system offers some taxpayers choosing to speak with a line agent the option of

waiting on hold or receiving a call back from a FTB line agent through the Virtual Hold program. Over the past five years, TSCS has received an average of 1.8 million telephone calls each year to its taxpayer assistance lines. In 2014-15, the TSCS contact center was only able to answer 941,000 of the 1.8 million calls who desired to speak to a line agent.

### 3. *Live Chat*

Live Chat is FTB's newest channel of providing taxpayer assistance via an interactive Internet based connection accessed through the FTB's home page. It serves as a more convenient service channel for taxpayers who would otherwise have called the contact center or corresponded with FTB. Initiated in 2010-11 to handle general questions, Live Chat offers a number of advantages as a service delivery channel:

- Live Chat agents handle an average of 11 general information chats per hour as compared to the average four calls per hour for contact center line agents and three pieces of correspondence per hour for correspondence staff.
- Live Chat offers a seamless interaction with FTB's website page. Whenever possible, taxpayers are referred to website pages with comprehensive information about their topic. This encourages taxpayers to self manage follow-up questions.

Spring boarding on the success of Live Chat, FTB introduced Authenticated Live Chat in January 2016 as a companion to the vastly expanded MyFTB Account. With the new version of MyFTB, taxpayers have direct access to substantially more personal data. FTB is encouraging self-service; however, many taxpayers will continue to have questions or wish to interact with FTB. Taxpayers who might otherwise have called or corresponded with FTB on specific account problems will now have the opportunity to securely chat with FTB through Authenticated Live Chat.

### 4. *General Correspondence Management*

FTB staff manages three distinct workloads under the General Correspondence Management category. FTB is requesting additional resources for each workload.

- Written correspondence received via the U.S. Postal Service.
- Electronic correspondence received via MyFTB Message (January 2016).
- Power of Attorney (processing of forms).

With the existing level of resources, FTB has historically been able to process written correspondence within a six to eight month period. FTB's goal for responding is 30 calendar days. Below are the top reasons taxpayers send FTB written or electronic correspondence:

- Personal Income taxpayers typically correspond regarding:
  - Balance due issues – includes penalties, payments, and withholding issues.
  - Requests for payment options – includes questions on how to pay in full, set up and/or request an installment arrangement, and how much time they have to pay.
  - Refund issues – includes questions about where their refund is and why they have not received it yet.
- Business Entity taxpayers also traditionally correspond on tax gap type subjects:
  - Balance due issues – proof of payment, balance due, or claim for refund.
  - Pre-filing assistance – estimate payment verification, forms and tax law questions.
  - Refund issue/returned warrant – includes refund inquiries and returned warrant issues.

This business area is also responsible for processing Power of Attorney forms. A Power of Attorney form is negotiated between a taxpayer and a tax professional and notifies FTB of specific tax matters and years that FTB can discuss with the tax professional on behalf of the taxpayer. Currently, for paper Power of Attorney forms, existing staff will support processing these forms in excess of six months. For taxpayers who submit a Power of Attorney form through the MyFTB wizard or have an exception to using the wizard, FTB is making every attempt to process those forms in 30 to 45 days.

See Attachment 1 for Resource History and Attachment 2 for Program Workload Measures.

### C. State Level Considerations

Customer service is a high priority at FTB and is one of its core values. Taxpayer Centric Service is one of FTB's strategic goals and critical to its success. Providing timely and accurate taxpayer assistance is crucial to maintaining the health of the voluntary compliance system. Each interaction between taxpayers and the FTB, whether it is through website and electronic self-service applications, forms and instructions, or verbal and written correspondence, represents an opportunity to influence current and future taxpayer behavior. FTB's strategic goal of Operational Excellence leads to building an operational infrastructure that continuously provides excellent and cost effective products and services to its customer including addressing taxpayer questions at the earliest point and at the lowest level.

### D. Justification

In the private sector, customer service is a top priority because unhappy customers tend to purchase less - resulting in significant revenue loss. In government, bad customer service results in frustration when trying to obtain information, and for FTB this results in a revenue delay or loss. When taxpayers are frustrated, they sometimes give up on accomplishing important tasks, like filing their taxes or paying their outstanding tax obligations, simply because it is too difficult to obtain the necessary information. The government then utilizes resources by having to single out these individuals. Having efficient and capable customer service channels will help prevent these problems by providing citizens with information they need, when they need it. FTB experiences increased productivity and enhanced compliance when processes are simple and help is readily available.

As discussed earlier, over the last decade, FTB has made significant improvements in its various customer service channels to enhance taxpayers' experience and provide them the information they seek. However, FTB continues to experience undesirable levels of customer service and additional resources are requested.

#### *Website Technology Accessibility (6 permanent positions)*

Accessible technology is a mandate, not an option. Section 508 of the Rehabilitation Act of 1973 was enacted to eliminate barriers in information technology, open new opportunities for people with disabilities, and encourage development of technologies that will help achieve these goals. Section 508 specifically states agencies must give disabled employees and members of the public access to information that is comparable to access available to others. Under California Government Code Section 11135 (enacted 2003), State websites must meet website accessibility standards in developing, procuring, maintaining, or using electronic or information technology. FTB strongly supports compliance with state and federal regulations and the need to create applications and website pages to allow any and every taxpayer the ability to use our website.

Visits to FTB's website grew almost 11 million from 2013-14 to 2014-15. The growth will continue as more services become available and technology becomes more prevalent. The population of disabled in California in 2008 was 10.1%. [Disabilitystatistics.org](http://Disabilitystatistics.org) shows that the number of disabled ages 21-64 is 8.5%, ages 65-74 is 25.9% and ages 75+ is 52.7%. These numbers are important in understanding the needs of our website visitors and building the website to meet those needs. FTB requests additional

resources for website page developers, designers, programmers, testers, and content providers who will use universal website accessibility standards and guidelines to ensure that all users have equal access to information and functionality. Having an accessible website will enhance services on FTB's website to help taxpayers fulfill their tax obligations. By making websites and digital technologies accessible, FTB creates an inclusive environment for people with disabilities.

### *Contact Centers*

#### *Taxpayer Services Center Section/MyFTB Registration Calls (24 permanent positions)*

#### *Taxpayer Services Center Section*

Staff responds to taxpayer phone calls that FTB's Interactive Voice Response system cannot handle. Many taxpayers calling have also already attempted to self-serve via the website but continue to have questions and need to speak with an agent or otherwise still need assistance.

Over the last five years, FTB has not had sufficient resources to answer over half of the calls offered. This is clearly a cause for concern because taxpayers who are unable to access the contact center in a timely manner could:

- Delay payment of questionable balances pending their ability to ultimately access a live agent.
- Fail to respond to FTB notices and demands initially, thereby increasing the department's costs to resolve filing and payment issues.
- File returns with questionable legal positions, based on inaccurate advice, as they are unable to obtain answers to pre-filing questions.
- Attempt to call numerous times, thereby inflating the number of incoming calls and resulting in an increased number of deflected calls.<sup>1</sup>
- Result in calls that are longer to handle as taxpayers inevitably spend a portion of their call expressing their frustration with their prior, unsuccessful attempts to contact FTB.
- Contact FTB through other channels including correspondence, live chat, and other contact centers creating additional unnecessary traffic.

For every taxpayer contact, generally staff must be able to perform the following tasks to resolve the contact.

- Analyze information regarding taxpayer obligations under the PIT and BE laws.
- Resolve questions related to bills and notices received from FTB related to their Audit, Collections and Filing Program activities.
- Understand and explain the reason(s) for tax liabilities assessed by FTB.
- Abate tax and issue refunds as appropriate.
- Assess tax and adjust accounts as appropriate.
- Prepare complex account resolution transactions.
- Explain application of laws related to penalties and interest.
- Assist taxpayers in establishing payment arrangements.
- Release or modify wage-withholding orders.
- Assist in determining filing requirements and identifying appropriate forms for filing.

In 2014-15, TSCS answered 52% of the total calls received and 875,000 calls (48%) went unanswered. The unanswered calls were either deflected or abandoned<sup>2</sup>. These missed calls represent a significant number of missed opportunities for the FTB to minimize filing errors and increase revenue collection at the first point of contact. Both activities reduce the tax gap.

<sup>1</sup> Deflected calls: The number of busy signals given to taxpayers.

<sup>2</sup> Abandoned: The number of taxpayers that disconnect a call/chat while in queue, before reaching a live agent.

An analysis of the nature of the calls answered by the staff in the TSCS contact center demonstrates the pivotal role it plays in assisting taxpayers to comply with their filing or payment obligations.

58% of callers needed assistance with:

- Facilitating the payment of balances, analyzing, and correcting individual account errors and information regarding taxpayer liabilities, filing enforcement assessments and collection notices.
- Resolving post-filing return correction and balance due issues prior to formal involuntary collection action.
- Facilitating the filing of timely, complete, and accurate tax returns.

42% of callers needed assistance with:

- Pre-filing assistance by providing general tax information, processing form requests, explaining filing requirements, tax law, policy and procedures. Addressing these questions before the taxpayer files an erroneous return saves the taxpayer money and saves FTB and the State costs of working with the taxpayer after they erroneously file. Errors in post-filing compliance processes are the most expensive processes to resolve.

Although the LOA fluctuates monthly, it can range between 35% and 90%. During tax season, or after mailing out a large volume of tax due notices, FTB attempts to redirect staff to reach an approximate 40 to 50% level of access, but frequently doing so triggers severe workload consequences in other areas. This leaves taxpayers of California struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities.

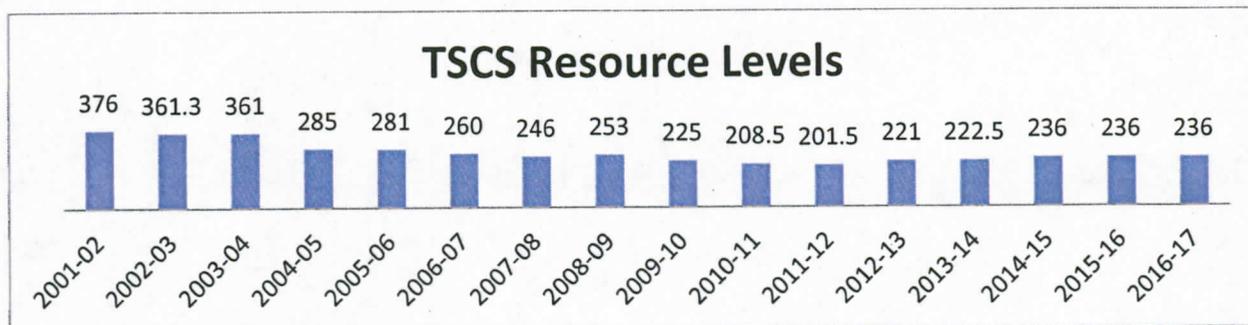
FTB is requesting additional resources to increase the level of access in TSCS.

Projected Number of Calls Answered with Existing Resources*	Projected Number of Calls Answered with Existing & Additional Resources
800,000	1,100,000

*\*Volume is associated with projected calls answered for the 2015/16 year. With existing staffing levels, resources are redirected to other service channels prompting further reductions to calls answered. Additional resources requested will reduce the ongoing level of redirection needed.*

If FTB is not provided additional resources requested in this proposal, this affects taxpayers trying to self-comply because they cannot reach the contact center for assistance and support. This could ultimately result in taxpayer non-compliance, jeopardizing the voluntary nature of California's tax system potentially leading to tax revenue loss for the state, and moving taxpayers toward involuntary collection actions that are more costly for the department to administer.

Below are the staffing levels of the TSCS customer service channel over the last 15 years. The reduction in resources is related to prior budget cuts versus a reduction in a need for staff.



*MyFTB Registration Calls*

Additional resources are requested in order to provide technical assistance to taxpayers using the new MyFTB. The enhanced MyFTB is available to authorized users such as individuals, business representatives, and tax preparers. It provides users with secure online access to more information and self-service options than what was previously available. FTB anticipates the volume of visits to the enhanced MyFTB website page will increase 50%, from 1 million to 1.5 million. FTB estimates that 10% of these taxpayers and their representatives will contact FTB for registration and password reset issues to gain access to their information in MyFTB.

FTB encourages taxpayers to use its website-based services and applications because they are cost effective and they give taxpayers the ability to manage and update their own taxpayer information and data. By providing quick access to assistance, FTB is providing a positive experience with automation and therefore encouraging continued use of self service.

<b>Projected Number of Calls Answered with Existing Resources</b>	<b>Projected Number of Calls Answered with Existing &amp; Additional Resources</b>
42,000	90,000

If FTB is not provided additional resources, taxpayers cannot access MyFTB to self-serve resulting in these taxpayers needing to call or write to FTB when they may have otherwise been able to self-serve.

*Correspondence, Analysis, Support and Education (CASES)*

*Written Correspondence/MyFTB Message (15 permanent positions & \$600,000 overtime for 16-17)*

*Power of Attorney (24 permanent positions)*

*Live Chat (15 permanent positions, and conversion of 8 limited term positions to permanent in 17-18)*

*Written Correspondence*

Staff responds to written inquiries from taxpayers and/or their representatives. Historical data shows the top reasons taxpayers write to FTB are for the following reasons:

- Personal Income taxpayers typically correspond regarding:
  - Balance due issues – includes penalties, payments, and withholding issues.
  - Requests for payment options – includes questions on how to pay in full, set up and/or request an installment arrangement, and how much time they have to pay.
  - Refund issues – includes questions about where their refund is and why they have not received it yet.
- Business Entity taxpayers also traditionally correspond on tax gap type subjects:
  - Balance due issues – proof of payment, balance due, or claim for refund.
  - Pre-filing assistance – estimate payment verification, forms and tax law questions.
  - Refund issue/returned warrant – includes refund inquiries and returned warrant issues.

Taxpayers writing to the department continue to experience delays in processing and responding to their correspondence. While FTB's goal for timely processing correspondence is 30 calendar days, the average turnaround timeframe over the last year averaged eight months, with the highest turnaround time at ten months. Over the last three years, it has not been uncommon for backlogs, approaching 70,000 correspondence items, to have not been addressed by FTB until six to eight months after receipt. FTB finds this level of backlog unacceptable. FTB has redirected staff to reduce the backlog levels, but the result has been backlogs in other areas of the department. Due to insufficient staffing levels, FTB has generally failed to meet its goal of processing correspondence within 30 days.

<b>Current Level of Service with Existing Resources (with redirection)</b>	<b>Level of Service with Existing and Additional Resources</b>
140,000 pieces of correspondence processed in 6 – 8 months	165,000 pieces of correspondence processed in 3 months during 2016/17

If FTB is not provided additional resources for processing and responding to correspondence, the backlog will continue to grow. FTB will receive unnecessary additional taxpayer contacts throughout the department, taxpayers may receive erroneous notices and most importantly, it will diminish taxpayer's trust in FTB's ability to respond to them in a timely manner.

**MyFTB Message**

FTB requests positions to enhance its ability to respond effectively to taxpayers who use MyFTB Message to ask for assistance with filing a return, paying a bill, or otherwise resolving an outstanding question related to their tax filing or payment obligations. This new application first became available in January 2016. Many taxpayers have taken advantage of this new tool and in some circumstances; FTB may see a reduction in written mail correspondence. However, history has shown that adding a new customer service channel does not merely move the population of taxpayers between the various channels; it also results in increased contacts, as the new channel makes it easier and more convenient to request assistance from FTB.

<b>Current Level of Service – no existing resources</b>	<b>Level of Service with Additional Resources</b>
<i>New Channel</i>	40,000 in 30 days

**Power of Attorney Workload**

The enhanced MyFTB will be available to authorized users such as individuals, business representatives, and tax preparers. MyFTB allows customers self-service options to view and update demographic information, view tax returns, payments, notices and correspondence, submit correspondence online, and view, create, and update Power of Attorney authorizations. FTB requests additional resources to address the Power of Attorney workload.

EDR has implemented a new Power of Attorney Case Management system to ensure valid representatives are able to view their clients in the new MyFTB taxpayer folder. One of the new tools is an online wizard that walks the individual through completing the POA form. An "exception" results in instances where data is incomplete or inconsistent. In 2014-15, FTB received approximately 10,000 incoming Power of Attorney declarations each month. The volume of incoming Power of Attorney declarations is expected to increase with the implementation of MyFTB due to additional use by tax representatives. The resolution of taxpayer accounts and the ability of tax representatives to work with FTB staff are vital to efficient tax administration. Current Power of Attorney information is critical, as FTB staff is able to work directly with tax representatives regarding specific taxpayer account issues. When a valid Power of Attorney is on file, the tax issue can be resolved within the earliest possible timeframe and over the least amount of time.

These resources are necessary in order to timely process new Power of Attorney declarations into the new case management system.

<b>Current Level of Service</b>	<b>Level of Service with Additional Resources</b>
POAs submitted via Wizard – 30 days Paper POAs meeting exception - 45 days Paper POAs not meeting exception – 180+ days	POAs submitted via Wizard – 30 days Paper POAs meeting exception - 45 days Paper POAs not meeting exception – 90+ days

If the declarations are not timely processed, backlogs will grow, revenue will be delayed, and FTB will get increased contacts by taxpayers and their representatives requesting the status of their Power of Attorney. Delays in revocations of Power of Attorney may result in unauthorized disclosure of confidential taxpayer information.

*Live Chat*

FTB began offering General 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 were handled by FTB representatives, because the live chat system did not meet standards for the secure exchange of confidential taxpayer information. 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 required personal information to resolve the question. In September 2011, the program began answering general information questions for Business Entities. The service was well received and grew to over 110,000 chats annually.

Authenticated Live Chat was implemented in January 2016. Authenticated Live Chat is available to taxpayers through the external Taxpayer Folder and allows taxpayers to live chat regarding their specific account information.

FTB received eight two-year limited term positions in the 2015-16 Enterprise Data to Revenue Project BCP to handle the increase in live chat conversations with taxpayers due to the implementation of Authenticated Live Chat. FTB is seeking these positions on a permanent basis as well as requesting additional resources necessary to maintain a high level of access.

Current Level of Service with Existing Resources	Level of Service with Existing and Additional Resources
86,000 Live Chats answered	143,000 Live Chats answered

**E. Outcomes and Accountability**

In an effort to address customer service as an enterprise issue, FTB Executive Management established the Customer Service Action Committee (CSAC). Committee membership includes Division Chiefs and Bureau Directors from across the enterprise whose programs are impacted by customer service. The CSAC reports directly to the executive sponsors and ultimately to the Executive Officer. The implementation and on-going progress of the initiatives addressed in the proposal will be monitored by the CSAC who will regularly report to Executive Management the challenges and successes of those initiatives. While the action committee is also tasked with monitoring the use of resources associated with this proposal, the ultimate responsibility remains with the department’s Chief Financial Officer.

This proposal is supported by the Feasibility Study Report, *Enterprise Website Application Environment Project*, Project Number FTB FSR 02-14, and Post Implementation Evaluation Report approved by the California Department of Technology on November 4, 2005.

**F. Analysis of All Feasible Alternatives**

**Alternative 1: Approve \$7.7 million and 85 permanent positions in 2016-17, and \$7.1 million and 93 permanent positions in 2017-18, and ongoing to achieve improved levels of access and service as noted in Budget Change Proposal.**

\$7.7 million general fund and 85 positions for 2016-17 and \$7.1 million and 93 permanent positions in 2017-18, and ongoing, to enable the department to transact business with taxpayers more quickly, interacting in ways that are more convenient for them, and providing more information to meet taxpayers’ needs and resolve their questions. These staffing levels will allow FTB to increase its ability to answer the phone, timely respond to written requests for information received via the U.S. Postal Service or through the MyFTB Message channel, respond to general and secure live chats, and upgrade and update its website to allow for accessible self-service channels.

**Alternative 2: Approve \$20 million and 247 permanent positions to achieve optimal levels of access and service.**

\$20 million general fund and 247 positions for 2016-17 and \$20 million and 260 permanent positions in 2017-18, and ongoing, to enable the department to transact business with citizens more quickly, interacting in ways that are more convenient for them, and providing more information to meet taxpayers needs and resolve their questions. These staffing levels will allow FTB to increase its ability to answer the phone, timely respond to written requests for information received via the U.S. Postal Service or through the MyFTB Message channel, respond to general and secure live chats, and upgrade and update its website to allow for accessible self-service channels.

**Alternative 3: Approve \$1.8 million and 24 permanent positions in 2016-17, and \$2.2 million and 32 permanent positions in 2017-18, and ongoing to address the new level of work with Power of Attorney forms and to convert 8 Limited Term Live Chat positions to permanent.**

\$1.8 million general fund and 24 positions for 2016-17 and \$2.2 million and 32 permanent positions in 2017-18, and ongoing, will enable the department to process power of attorney forms more quickly allowing tax professionals to work directly with FTB on behalf of their clients. These resources also allow FTB to answer a portion of the secure live chat requests the department receives. This request does not include resources for our other customer service channels. This will allow for the continuation of non-sufficient levels of service and access in our phone centers, for correspondence and live chat workloads. This leaves taxpayers of California struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities.

**Alternative 4: Do not approve proposal.**

If the proposal is not approved, FTB will continue to work at its current level resulting in continued taxpayer dissatisfaction and the creation of unsustainable backlogs. The current service level has hindered taxpayers' ability to get timely information or resolution to their tax issue, and has resulted in the ongoing criticism of FTB in regards to managing these workloads. FTB strongly believes the existing service levels and response times in FTB's customer service channels are undesirable and present unnecessary risks to taxpayers and the State. This leaves taxpayers of California struggling to find answers to tax questions needed in order to comply with filing requirements as well as pay outstanding tax liabilities.

**G. Implementation Plan**

- June 2016 – FTB prepares documents to establish 2016-17 positions and forwards to the Department of Finance.
- June 2016 – Department of Finance notifies FTB of position approval.
- July 1, 2016 – Funding is provided and positions are established. FTB begins hiring.
- June 2017 – FTB prepares documents to establish 2017-18 positions and forwards to the Department of Finance.
- June 2017 – Department of Finance notifies FTB of position approval.
- July 1, 2017 – Funding is provided and positions are established. FTB begins hiring.

**5. Supplemental Information**

- None     Facility/Capital Costs     Equipment     Contracts     Other One-Time
- Facilities – Modular configuration.
  - Other – Minor equipment.

**6. Recommendation**

**Approve Alternative 1:** Approve \$7.7 million general fund and 85 permanent positions in 2016-17, and \$7.1 million and 93 permanent positions in 2017-18, and ongoing. This will allow the department to transact business with taxpayers more quickly, interacting in ways that are more convenient for them, and providing more information about a variety of services.

**FTB Customer Service Resources Finance Letter  
Resource History**

*(Dollars in Thousands)*

	PY - 4	PY - 3	PY - 2	PY - 1	PY
<b>Filing Services Bureau</b>					
Authorized Expenditures	23,439	25,073	23,914	26,104	26,509
Actual Expenditures	22,456	24,432	25,108	26,268	28,420
Revenues	NA	NA	NA	NA	NA
Authorized Positions	299	292.5	309	310	329
Filled Positions	268	271	295	286	298
Vacancies	31	21.5	14	24	31

**Internet and Taxpayer Folder Section**

Authorized Expenditures	868	968	4,187	4,972	3,784
Actual Expenditures	767	3,909	4,506	4,778	3,727
Revenues	NA	NA	NA	NA	NA
Authorized Positions	7.5	9	42	40	42
Filled Positions	6.6	45	39	37.7	30
Vacancies	0.9	-36	3	2.3	12

**Enterprise Analysis and Training Support**

Authorized Expenditures	NA	NA	NA	NA	NA
Actual Expenditures	NA	NA	NA	NA	486
Revenues	NA	NA	NA	NA	NA
Authorized Positions	NA	NA	NA	NA	0
Filled Positions	NA	NA	NA	NA	9
Vacancies	NA	NA	NA	NA	-9

**Enterprise Services Testing Section**

Authorized Expenditures	NA	NA	NA	NA	NA
Actual Expenditures	NA	NA	NA	NA	1,193
Revenues	NA	NA	NA	NA	NA
Authorized Positions	NA	NA	NA	NA	0
Filled Positions	NA	NA	NA	NA	10
Vacancies	NA	NA	NA	NA	-10

Customer Service Resources Finance Letter  
 Attachment 2  
 Program Workload Measures

Website Accessibility Measures Volumes	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Past Year 4	Past Year 3	Past Year 2	Past Year 1	Past Year	Current Year	Budget Year	Budget Year 1	Budget Year 2	Budget Year 3	Budget Year 4
<b>Web Pages-Accessibility Testing</b>											
Web Pages identified for Accessibility Testing /1	NA	NA	NA	NA	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Web Pages Tested for Accessibility /2	NA	296	366	403	NA	NA	NA	NA	NA	NA	NA
# of Pages tested with current staff	NA	NA	NA	NA	463	463	463	463	463	463	463
# of Pages tested additional staff	NA	NA	NA	NA	NA	1,850	1,850	1,850	1,850	1,850	1,850
<b>Website Pages-(Accessibility Requirements, Development, System Testing)</b>											
Web Pages identified	NA	NA	NA	NA	139	694	694	694	694	694	694
# of Pages with current staff /3	NA	NA	NA	NA	139	139	139	139	139	139	139
# of Pages with additional staff	NA	NA	NA	NA	NA	555	555	555	555	555	555

/1: Pages identified for Accessibility Testing prioritized; 20,000 total pages less 12,000 Pages (pages with 0 to 1 visits ) equals 8,000. Pages for testing will remain at 8,000 as the 12,000 page noted above are prioritized and carried forward. Additional efforts not scheduled above (ex: any new applications) will also be completed by these new staff members.

/2: Workload redirected from Communication Services Bureau to Enterprise Services Bureau FY 2015/16.

/3: At this time there are no dedicated resources to this workload. Current workload is being prioritized and using resources if they become available. Additional efforts not scheduled above (ex: any new applications) will also be completed by these new staff members.

Filing Measures Volumes	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Past Year 4	Past Year 3	Past Year 2	Past Year 1	Past Year	Current Year	Budget Year	Budget Year 1	Budget Year 2	Budget Year 3	Budget Year 4
Taxpayer Service Center - Calls Answered	1,247,740	1,084,248	1,017,655	940,998	789,580	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
MyFTB Registration - Calls Answered	56,512	55,616	57,429	66,376	154,931	89,435	89,435	89,435	89,435	89,435	89,435
Correspondence/MyFTB Message Processed	216,626	242,110	193,722	198,672	170,000	209,939	164,846	164,846	164,846	164,846	164,846
Secure & General Chats Answered	NA	NA	NA	NA	NA	143,137	143,137	143,137	143,137	143,137	143,137
Power of Attorney - POA Processed	99,595	97,841	128,446	126,488	210,000	141,534	141,534	141,534	141,534	141,534	141,534



Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
<b>Website Accessibility</b>										
Enterprise Services Testing Section	Staff ISA	Perm	<b>Accessibility Testing:</b> Validating and documenting that the various components of the developed system and the system as a whole satisfies the approved requirements, specifications and design.	1,850	4	7,400	4	N/A	N/A	Section 508 of the Rehabilitation Act of 1973, the California Government Code Section 11135, SAM Section 25 and Federal ADA requires FTB to perform necessary work on our website and applications to ensure they are accessible. The ability to perform this work allows FTB and the State to be proactive and avoid unnecessary litigation regarding accessibility matters. Within each application are pages which can contribute to the depth/complexity of each application that need to be reviewed and tested for accessibility.
Enterprise & Analysis Training Support	SSS II	Perm	<b>Business Requirements:</b> Understanding, documenting, and specifying the user's business needs to a level of sufficient detail to allow for system design, as well as communicating changes, questions, and updates between customer and application team throughout the SDLC.	555	2	1,110	1	N/A	N/A	
Internet & Taxpayer Folder Section	SSS II	Perm	<b>IT Development (Design):</b> Interpreting requirements into a unified system, or component thereof, architecture or drawing to illustrate the characteristics of the systems to be built and documenting the design specifications.  <b>IT Development:</b> Developing the design specifications into a complete and integrated system/application or component thereof. Validating the modified components of the system/application.	555	5	2,775	1	N/A	N/A	
Total Website Accessibility						11,285	6		0	

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
<b>Taxpayer Services Center Section</b>										
Taxpayer Services Center/ MyFTB Registration	Tax Technician	Perm	<p><b>Resolve Log In Issues with MyFTB:</b> The Tax Technician positions will provide technical assistance to taxpayers using the new MyFTB. The enhanced MyFTB will be available to authorized users such as individuals, business representatives, and tax preparers. It provides users with secure online access to more information and self-service options than what is currently available today. We anticipate the volume of visits to the enhanced MyFTB webpage will increase and that taxpayers and their representatives will contact us for registration and password reset issues to gain access to their information in MyFTB.</p> <p>FTB encourages taxpayers to use our web-based services and applications because they are cost effective and they give taxpayers the ability to manage and update their own taxpayer information and data. By providing quick access to assistance we are providing a positive experience with automation and therefore encouraging continued use of self service.</p>	47,348	3.5 Calls	13,528	9	N/A	N/A	It is imperative that taxpayers and tax practitioners be able to contact FTB at the time they are having difficulties logging into their MyFTB account. These individuals are trying to self serve and manage their own information. From experience, we know this is the least expensive way for FTB to service our customers. Unanswered calls will either be deflected (callers received a busy signal and are forced to hang up) or abandoned (callers hang up after waiting for their call to be answered). These abandoned calls represent a significant number of missed opportunities for the department to minimize cost and move these taxpayers and tax practitioners toward self service. The risk of underfunding this process/task is to devalue the self service options that EDR has made available for our customers.
			Read emails, review policy and procedure updates and attend meetings. Attend training classes to refresh and maintain their skills. Meet with quality review staff and go over performance reports. Work hold files (accounts that need follow up work that can't be completed within the normal few minutes of after call work). These files are set aside while necessary information is gathered to resolve the taxpayer's issue(s).	NA	NA	3,122		N/A	N/A	
			Total Hours			16,650				
Taxpayer Services Center	Compliance Representative	Perm	<p><b>Contact Center (5 positions)</b>  <b>MyFTB Registration Calls (5 positions)</b>  Provide technical assistance to the Tax Technicians in Taxpayer Services Center Section by providing general direction, coordinating, scheduling assignments and monitoring telephone workloads. Review work to ensure clear and correct communication from staff to taxpayers and/or tax professionals and internal customers. Assist 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.</p>	NA	NA	18,500	10	N/A	N/A	Low quality service provided. Staff will not be available to review workloads and assist the agents. Account adjustments may be inaccurate which impacts the liabilities, penalties and interest on notices. Incorrect law, account, and collection policy and procedure information may be provided which impacts the ability of the taxpayer and/or Tax Professionals to file accurately and ultimately be in compliance.

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
Taxpayer Services Center	Customer Service Specialist	Perm	<b>Contact Center</b> The Customer Service Specialist ensures quality customer service practices are being met and identifies positive customer and training opportunities for TSCS tax technicians. This position monitors recorded PIT, BE, and general telephone calls and provide mentoring, coaching and feedback to the tax technicians.	NA	NA	1,850	1	N/A	N/A	Low quality customer service. Non-evaluated calls will result in inaccuracies in the areas of analysis, comments, communication, greeting, privacy and disclosure, professionalism, resources and transactions. Incorrect and inaccurate information communicated to taxpayers and/or tax professionals will ultimately impact the ability for taxpayers to file accurately and timely. Quality assurance also ensures agents are efficient and aids in decreasing handle time. Fallout from not reviewing calls is longer handle times, possible unauthorized disclosures. These further result in public insecurity with government's access to confidential taxpayer information.
Taxpayer Services Center	Customer Service Supervisor	Perm	<b>Contact Center</b> Directs, monitors, the activities of Tax Technicians who support the staff and functions of the Taxpayer Services Center Section. This position will use various inventory management tools, to make recommendations, decisions, and take appropriate action to ensure the level of service objectives are met daily. Provide immediate guidance and support to staff to meet the department's public service objectives. Review the written work and account transactions of lead persons and Customer Service Specialists.	NA	NA	1,850	1	N/A	N/A	Workers' efficiency and productivity will be impacted without direct supervision. Staff could become inefficient at work due to lack of guidance and monitoring.  Given the number of staff and volume of workloads in the section, additional leadership is required to ensure the proper ratio between staff to supervisor. Without these supervisors, daily operations will suffer resulting in lower service levels to the taxpayers, loss of productivity, inefficiencies, and inaccuracies due to lack of guidance. This will compromise the quality and efficiency of workloads, resulting in delays to resolve taxpayer accounts and decrease voluntary compliance. Personnel issues will not be handled timely.
Taxpayer Services Center	Administrator I	Perm	<b>Contact Center</b> The Administrator I directs the day-to-day call center activities to ensure service levels and quality performance measures are efficiently and effectively maintained so operational goals and objectives are met.	NA	NA	3,700	2	N/A	N/A	This impacts direct day-to-day call center activities and ultimately will suffer in service levels and quality of performance measures; inefficient and ineffective. Given the number of staff and volume of workloads in the section, additional leadership is required to ensure the proper ratio between staff to supervisor. If these supervisory positions are not approved, supervision to daily operations will suffer resulting in loss of productivity, efficiencies and accuracy due to lack of guidance. This would compromise the quality and efficiency of workloads, delays in resolving taxpayer accounts and decrease voluntary compliance. Additionally, lack of mentoring for the Customer Service Supervisor may result in more personnel issues that are not handled timely and or correctly.

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
Taxpayer Services Center	Administrator II	Perm	<b>Contact Center</b> Through subordinate supervisors, the Administrator II plans and directs the activities of call center staff. The Administrator II represents the section, bureau, and division 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 Administrator 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.	NA	NA	1,850	1	N/A	N/A	This impacts the overall planning and directing of the call center. Without this level of management, departmental project implementation impacting the call center could go unnoticed until further impacts are realized. The call center is the front of the department and as such, many projects impact the call center because they will ultimately impact the taxpayer and/or tax professional. If these managerial positions are not approved, it would compromise many departmental projects, guidance and direction would suffer.
Total Taxpayer Services Center Section						44,400	24		0	
<b>Correspondence, Analysis, Support and Education</b>										
Correspondence, Analysis, Support and Education	Tax Technician	Perm	<b>Correspondence:</b> the Tax Technicians respond to written inquiries from customers and/or their representatives. They are required to analyze information regarding taxpayer rights, privileges and obligations under the Personal Income Tax (PIT) and Business Entities (BE) laws, in determining filing requirements; which form(s) are appropriate to file; resolve revenue problems and issues resulting from the Audit, Collections and Filing Program activities; explain the reason(s) for tax liabilities; abate tax and issue refunds; assess tax and make adjustments to accounts; prepare complex account resolution transactions; explain application of laws related to penalties and interest, set payment arrangements; release or modify withholding orders; and reconstruct accounts to determine the correct outcome of adjustments in response to written correspondence.	27,056 pieces of correspondence	3 per hour	9,019	6	N/A	N/A	FTB will not meet the goal of responding to correspondence within three months. This will result in additional wait time for work that is already backlogged, resulting in duplicate contacts to other service channels that include Live Chat, Taxpayer Services Center Section Telephone Contact Center as well as other contact centers throughout the department. Additionally, this will also result in a delay in taxpayer properly filing and paying the amount of tax they owe, resulting in delayed or lost revenue. Additional impacts include: increased incoming calls as well as an increase in duplicate correspondence which adds to existing backlogs.
			Read emails, review policy and procedure updates and attend meetings. Attend training classes to refresh and maintain their skills. Meet with quality review staff and go over performance reports. Work hold files (accounts that need follow up work that can't be completed within the normal few minutes of after call work). These files are set aside while necessary information is gathered to resolve the taxpayer's issue(s).	NA	NA	2,081		N/A	N/A	
Total Hours						11,100				

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
Correspondence, Analysis, Support, and Education	Tax Technician	Perm	<p><b>Authenticated Live Chat:</b> 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).</p>	45,094 new authenticated chats annually	3 chats per hour	15,031	10		8	<p>*If contact is unsuccessful, it can cause increased errors as well as reduced compliance</p> <p>*Loss of investment into this process</p> <p>*Increase to other workloads to phone line operators, correspondence</p> <p>*Delay to taxpayers seeking resolution which delays incoming revenue</p> <p>*Reduced level of customer service.</p>
			<p>Read emails, review policy and procedure updates and attend meetings. Attend training classes to refresh and maintain their skills. Meet with quality review staff and go over performance reports. Work hold files (accounts that need follow up work that can't be completed within the normal few minutes of after call work). These files are set aside while necessary information is gathered to resolve the taxpayer's issue(s).</p>	NA	NA	3,469		N/A	N/A	
			Total Hours			18,500				
Correspondence, Analysis, Support and Education	Compliance Representative	Perm	<p><b>Authenticated Live Chat (4 positions)</b></p> <p><b>Correspondence (2 positions)</b></p> <p>Provide technical assistance to Tax Technicians in CASES by providing general direction, coordinating, scheduling assignments and monitoring telephone workloads. 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.</p>	NA	NA	11,100	6	N/A	N/A	<p>Low quality of service provided. Staff will not be available to review workloads and assist the agents. Account adjustments may be inaccurate which impacts the liabilities, penalties and interest on notices. Incorrect law, account, and collection policy and procedure information may be provided which impacts the ability of the taxpayer and/or tax professionals to file accurately and ultimately be in compliance.</p>

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
Correspondence, Analysis, Support and Education	Customer Service Supervisor	Perm	<p><b>Authenticated Live Chat (1 position)</b></p> <p><b>Correspondence (1 position)</b></p> <p>Directs, monitors, the activities of Customer Service Specialists who support the staff and functions of CASES. This position will use various inventory management tools, to make recommendations, decisions, and take appropriate action to ensure the level of service objectives are met daily. Provide immediate guidance and support to staff to meet the department's public service objectives. Review the written work and account transactions of lead persons and CSRs.</p>	NA	NA	3,700	2	N/A	N/A	Workers' efficiency and productivity. Without direct supervision, staff will become inefficient at work due to lack of guidance and monitoring. Given the number of staff and volume of workloads in the section, additional leadership is required to ensure the proper ratio between staff to leadership. Without these supervisors, daily operations will suffer resulting in lower service levels to the taxpayers, loss of productivity, inefficiencies, and inaccuracies due to lack of guidance. This will compromise the quality and efficiency of workloads, resulting in delays to resolve taxpayer accounts and decrease voluntary compliance. Personnel issues will not be handled timely.
Correspondence, Analysis, Support and Education	Customer Service Specialist	Perm	<p><b>Correspondence</b></p> <p>Provide technical liaison support on behalf of the Filing Services Bureau (FSB) regarding policies, systems, and procedures, and providing quality review and back-up lead functions to CASES staff. Give support and direction to other team members regarding Personal Income Tax (PIT) and Business Entity (BE) laws and the department's processing procedures.</p>	NA	NA	7,400	4	N/A	N/A	Low quality customer service. Non-evaluated calls will result in inaccuracies in the areas of analysis, comments, communication, greeting, privacy and disclosure, professionalism, resources and transactions. Incorrect and inaccurate information communicated to taxpayers and/or tax professionals will ultimately impact the ability for taxpayers to file accurately and timely. Quality assurance also ensures agents are efficient and aids in decreasing handle time. Fallout from not reviewing calls is longer handle times, possible unauthorized disclosures. These could result in public distrust with state government's access to confidential taxpayer information.
Correspondence, Analysis, Support and Education	Administrator I	Perm	<p><b>Correspondence</b></p> <p>The Administrator I directs the day-to-day call center activities to make sure service levels and quality performance measures are efficiently and effectively maintained so operational goals and objectives are met.</p>	NA	NA	1,850	1	N/A	N/A	This impacts direct day-to-day call center activities and ultimately will suffer in service levels and quality of performance measures; inefficient and ineffective. Given the number of staff and volume of workloads in the section, additional leadership is required to ensure the proper ratio between staff to supervisor. If these supervisory positions are not approved, supervision to daily operations will suffer resulting in loss of productivity, efficiencies and accuracy due to lack of guidance. This would compromise the quality and efficiency of workloads, delays in resolving taxpayer accounts and decrease voluntary compliance. Additionally, lack of mentoring for the Customer Service Supervisor may result in more personnel issues that are not handled timely and or correctly.

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact If Position(s) Not Approved
Correspondence, Analysis, Support and Education	Administrator II	Perm	<p><b>Correspondence</b></p> <p>Through subordinate supervisors, the Administrator II plans and directs the activities of call center staff. The Administrator II represents the section, bureau, and division 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 Administrator 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.</p>	NA	NA	1,850	1	N/A	N/A	This impacts the overall planning and directing of the call center. Without this level of management, departmental project implementation impacting the call center could go unnoticed until further impacts are realized. The call center is the front of the department and as such, many projects impact the call center because they will ultimately impact the taxpayer and/or tax professional. If these managerial positions are not approved, it would compromise many departmental projects, guidance and direction would suffer.
Correspondence, Analysis, Support and Education	Tax Technician	Perm	<p><b>Power of Attorney (POA):</b> In January 2016, new POA functionality was introduced via MyFTB. There are two options available to taxpayers and their representatives for submitting POAs. They are:</p> <ol style="list-style-type: none"> <li>1. Use the online wizard and the taxpayer or FTB will validate to finalize the POA.</li> <li>2. Tax professionals can send us a paper form and FTB must perform data entry and validate the submission manually.</li> </ol> <p>FTB is strongly encouraging representatives to submit POAs via Option 1,. However, we anticipate that a significant number will use Option 2 ongoing.</p> <p>We project an increase in the volume of incoming POAs with the implementation of MyFTB and the ability for the representatives to access additional information and notices for their clients.</p> <p>The POA workloads consist of:</p> <ul style="list-style-type: none"> <li>• reviewing, analyzing and processing incoming POA declarations</li> <li>• informing taxpayers or their representatives that their POA is rejected (FTB Form 4267)</li> <li>• responding to internal customer questions received via phone, email, and direct contact</li> <li>• Review functions</li> </ul>	122,234	3.5 per hour paper 4.8 per hour wizard	28,560	19	N/A	N/A	<p>Up to date POA information is critical, as FTB staff are able to work with the POA representative regarding specific taxpayer accounts when a POA is on file, and resolve the tax issue within the earliest possible timeframe and over the least amount of time. If these positions are not approved the POA backlog will grow, prompting delays in account resolution, and increased contacts to the department by taxpayers and their representatives requesting the status of their POA.</p> <p>With the rollout of the new MyFTB, tax representatives will no longer receive paper copies of their clients' notices, which is a service that they previously received. Delayed processing will minimize their ability to self-serve and represent their client. This could result in additional phone calls or duplicate correspondence to check the status of the POAs due to delayed processing. In addition, POA revocations may not be processed in a timely manner potentially resulting in unauthorized disclosure of confidential taxpayer information. Delays in processing will result in FTB staff being unable to view POA information in existing systems, which is a critical component to resolving taxpayer accounts, and it will limit FTB's ability to assist representatives.</p>
			Read emails, review policy and procedure updates and attend meetings. Attend training classes to refresh and maintain their skills. Meet with quality review staff and go over performance reports. Work hold files (accounts that need follow up work that can't be completed within the normal few minutes of after call work). These files are set aside while necessary information is gathered to resolve the taxpayer's issue(s).	NA	NA	6,590		N/A	N/A	
			Total Hours			35,150				

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
Correspondence, Analysis, Support and Education	Compliance Representative	Perm	<p><b>Power of Attorney (POA):</b> Serve in a lead capacity by performing quality review, providing training, coaching for processing staff. They answer questions, provide feedback and technical guidance to staff in order to process POA's timely and accurately.</p> <p>The new POA Case Management (CM) system is now more complex due to the critical nature of the POA being a legal document. The workload has a high risk associated to it (granting access to a third party on taxpayer data) and the staff must be at the appropriate level. The new POA Case Management system is not just a database (as was the former Legacy POA system); more analysis, validation, account setups, and research is needed, along with completing more complex transactions.</p>	38,850	7 Cases	5,550	3	N/A	N/A	If the position is not approved for lead and quality review work, there could be a significant risk of unauthorized disclosure due to authorizing POAs that should not be and/or failing to revoke POAs per taxpayer request. In addition, letters and communication could be sent to incorrect parties and/or have incorrect information if not caught and corrected in quality review. This could create a negative image of FTB's accuracy, quality of information and trust by the public.
Correspondence, Analysis, Support and Education	Customer Service Supervisor	Perm	<p><b>Power of Attorney (POA):</b> The Customer Service Supervisor directs and monitors the activities of 12-15 Customer Service Specialists who support the staff and functions of POA. This position will use various inventory management tools to make recommendation, decisions and take appropriate action to ensure the level of service objectives are met daily. Provide immediate guidance and support to staff to meet the department's public service objectives. The supervisor reviews the written work and account transactions of lead persons and CSRs.</p>	NA	NA	3,700	2	N/A	N/A	<p>Workers' efficiency and productivity will be impacted without direct supervision. Staff could become inefficient at work due to lack of guidance and monitoring.</p> <p>Given the number of staff and volume of workloads in the Section, additional leadership is required to ensure the proper ratio between staff to supervisor. Without these supervisors, daily operations will suffer resulting in lower service levels to the taxpayers, loss of productivity, inefficiencies, and inaccuracies due to lack of guidance. This will compromise the quality and efficiency of workloads, resulting in delays to resolve taxpayer accounts and decrease voluntary compliance. Personnel issues will not be handled timely.</p>
Total Correspondence, Analysis, Support and Education						99,900	54		8	

Section	Classification	Resource Type (Perm, LT, TH, OT)	Tasks (workload)	2016/17 Volume	Production Rate	Hours	2016/17 New Positions Requested	2017/18 Volume	2017/18 New Positions Requested	Risk Impact if Position(s) Not Approved
<b>Human Resources</b>										
Personnel Resources	Associate Personnel Analyst	Perm	<p><b>Personnel Resources:</b> The 2016-17 Customer Service Resources Finance Letter will add 179 new permanent employees to the department. Personnel Resources Section will be deeply impacted by mandated tasks related directly to the appointment process in support of the classification plan and managing various mandated tasks:</p> <p>These tasks include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Review requests on classification and appointment issues submitted by managers/supervisors</li> <li>- Provide technical advice and assistance to managers/supervisors on sensitive employee disciplinary matters</li> <li>- Process Adverse Actions (increased tax non-compliance activity has been significant)</li> <li>- Act as departmental representative in discussions with State Personnel Board, CalHR, Controller's Office, and union representatives on disciplinary issues</li> </ul> <p>Various new mandates and workloads have increased the Personnel Specialists workloads. Some of these include:</p> <ul style="list-style-type: none"> <li>- Increased responsibility due to receiving CalHR delegation</li> <li>- Changes to Rule 250 (requires that an employee transferring from one classification to another must meet the minimum qualifications (MQs) of the "to"</li> </ul>	444 class & pay issues 833 employee issues 573 projects in support of allocation guidelines, program structures, and classification and pay functions.	N/A	1,850	1	N/A	N/A	Failure to respond to personnel issues in a timely manner could result in delays in hiring staff to perform the work needed to bring in General Fund revenue. Delays in reviewing Request for Personnel Actions could result in employees being classified incorrectly. This results in complaints, grievances and Merit Issue Complaints (SPB) which directly impacts the Personnel Management Unit workload associated with responding to these issues. These issues also impact the productivity of the program and undermine management's ability to manage their respective programs. Subsequently, these issues have a direct impact on the Performance Management as well as the progressive discipline functions, further reducing productivity and diminishing FTB's ability to bring in cash efficiently. In addition, the increase in cases that arise out of our inability to manage the classification plan also increases our fees associated with adverse actions that we must defend in front of the 5-member SPB Board, which is a constant risk to our department for back pay and penalties as well as a risk to our reputation to our employees, undermining our ability to effectively manage staff.
Total Human Resources							1		0	
New Permanent							85		85	
LT to Permanent							0		8	
Total Positions Requested							85		93	

# BCP Fiscal Detail Sheet

BCP Title: FTB Customer Service Resources

DP Name: 7730-305-BCP-DP-2016-A1

## Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	85.0	93.0	93.0	93.0	93.0
<b>Total Positions</b>	<b>0.0</b>	<b>85.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
Salaries and Wages						
Earnings - Permanent	0	4,028	4,347	4,347	4,347	4,347
Overtime/Other	0	600	0	0	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$4,628</b>	<b>\$4,347</b>	<b>\$4,347</b>	<b>\$4,347</b>	<b>\$4,347</b>
Total Staff Benefits	0	2,325	2,475	2,475	2,475	2,475
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$6,953</b>	<b>\$6,822</b>	<b>\$6,822</b>	<b>\$6,822</b>	<b>\$6,822</b>
Operating Expenses and Equipment						
5301 - General Expense	0	217	82	82	82	82
5302 - Printing	0	2	3	3	3	3
5304 - Communications	0	51	56	56	56	56
5324 - Facilities Operation	0	260	0	0	0	0
539X - Other	0	232	140	140	140	140
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$762</b>	<b>\$281</b>	<b>\$281</b>	<b>\$281</b>	<b>\$281</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$7,715</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>
<b>Fund Summary</b>						
Fund Source - State Operations						
0001 - General Fund	0	7,715	7,103	7,103	7,103	7,103
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$7,715</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$7,715</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>
<b>Program Summary</b>						
Program Funding						
6280010 - Personal Income Tax	0	5,094	4,688	4,688	4,688	4,688
6280019 - Corporation Tax	0	2,621	2,415	2,415	2,415	2,415
<b>Total All Programs</b>	<b>\$0</b>	<b>\$7,715</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>	<b>\$7,103</b>

## Personal Services Details

Positions	Salary Information								
	Min	Mid	Max	CY	BY	BY+1	BY+2	BY+3	BY+4
1008 - Customer Svc Supvr (Eff. 07-01-2016)				0.0	5.0	5.0	5.0	5.0	5.0
1009 - Customer Svc Spec (Eff. 07-01-2016)				0.0	5.0	5.0	5.0	5.0	5.0
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-2016)				0.0	4.0	4.0	4.0	4.0	4.0
1373 - Sys Software Spec II (Tech) (Eff. 07-01-2016)				0.0	2.0	2.0	2.0	2.0	2.0
4357 - Administrator II (Eff. 07-01-2016)				0.0	2.0	2.0	2.0	2.0	2.0
4358 - Administrator I (Eff. 07-01-2016)				0.0	3.0	3.0	3.0	3.0	3.0
5142 - Assoc Pers Analyst (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
7505 - Tax Techn (Eff. 07-01-2016)				0.0	44.0	52.0	52.0	52.0	52.0
8619 - Compliance Rep (Eff. 07-01-2016)				0.0	19.0	19.0	19.0	19.0	19.0
<b>Total Positions</b>				<b>0.0</b>	<b>85.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
1008 - Customer Svc Supvr (Eff. 07-01-2016)	0	325	325	325	325	325
1009 - Customer Svc Spec (Eff. 07-01-2016)	0	215	215	215	215	215
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-2016)	0	294	294	294	294	294
1373 - Sys Software Spec II (Tech) (Eff. 07-01-2016)	0	161	161	161	161	161
4357 - Administrator II (Eff. 07-01-2016)	0	162	162	162	162	162
4358 - Administrator I (Eff. 07-01-2016)	0	221	221	221	221	221
5142 - Assoc Pers Analyst (Eff. 07-01-2016)	0	62	62	62	62	62
7505 - Tax Techn (Eff. 07-01-2016)	0	2,351	2,070	2,070	2,070	2,070
8619 - Compliance Rep (Eff. 07-01-2016)	0	837	837	837	837	837
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$4,628</b>	<b>\$4,347</b>	<b>\$4,347</b>	<b>\$4,347</b>	<b>\$4,347</b>

## Staff Benefits

5150150 - Dental Insurance	0	51	55	55	55	55
5150200 - Disability Leave - Industrial	0	1	1	1	1	1
5150210 - Disability Leave - Nonindustrial	0	3	3	3	3	3
5150350 - Health Insurance	0	915	1,001	1,001	1,001	1,001
5150450 - Medicare Taxation	0	68	64	64	64	64

5150500 - OASDI	0	286	269	269	269	269
5150600 - Retirement - General	0	977	1,055	1,055	1,055	1,055
5150750 - Vision Care	0	9	10	10	10	10
5150800 - Workers' Compensation	0	15	17	17	17	17
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$2,325</b>	<b>\$2,475</b>	<b>\$2,475</b>	<b>\$2,475</b>	<b>\$2,475</b>
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$6,953</b>	<b>\$6,822</b>	<b>\$6,822</b>	<b>\$6,822</b>	<b>\$6,822</b>