

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

March 27, 2018

2. Department

Franchise Tax Board

3. Organizational Placement (Division/Branch/Office Name)

Executive Office

4. CEA Position Title

IT Business Director

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The Franchise Tax Board seeks approval to establish a new CEA to represent the business needs of FTB's programs who are tasked with the core revenue functions of filing, auditing and collection of taxes. The Business Director will ensure, from a business perspective, that program needs are met via a solid procurement strategy that will take into account potential increased revenue, increased efficiencies, and do so at a reasonable cost. The Business Director will be responsible for quantifying the overall benefits that are to be achieved as a result of the EDR2 technology project and for the associated compensation model of the project.

6. Reports to: (Class Title/Level)

Executive Officer, FTB

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The Franchise Tax Board (FTB) administers the Personal Income Tax Law and Bank and Corporation Tax Law and serves the public by collecting income tax revenues and operating other non-tax programs in a cost effective manner while continually improving the quality of its products and services to California taxpayers. FTB also performs audits pursuant to the Political Reform Act; collects delinquent vehicle registration fees and other debts as authorized or required by the Legislature; and considers resolution to civil tax disputes that are subject to protest, appeal, or settlement.

In 2007, through extensive strategic planning efforts, FTB identified a 3-phased approach to modernizing its technology systems to take advantage of opportunities that could fundamentally enhance its effectiveness. Phase 1 of the TSM strategy (EDR project), facilitated an increase in the use of taxpayer and 3rd party income data and changed FTB's business processes to focus on an enterprise approach to data sharing. In doing so, FTB was able to better serve taxpayers and optimize its use of data and compliance tools which resulted in an additional \$1 billion annually in revenue.

The Business Director will be responsible for ensuring that business program needs are satisfactorily met by the Enterprise Data to Revenue Project's Phase 2 that will expand automation to facilitate efficiencies by replacing outdated hardware and software systems that support core revenue generating programs including filing enforcement, audit and collection activities.

The Business Director will oversee the development and direct the execution of the EDR2 as it relates to FTB's business areas, including the recommendation of new policy and policy changes related to the use of the information for these tax compliance efforts.

Further, the Business Director will be responsible for project activities from an FTB business perspective, starting with project initiation through finalization and approval of project scope, business requirement identification, setting of revenue targets, instituting change management processes and developing business implementation strategies. These activities are exclusive to the Business Director and require a business program mindset and expertise that are very distinct from its Technical Director counterpart.

The Business Director will be responsible for implementing increased revenue and business program efficiencies and will identify opportunities for improved business operations and make recommendations on operational changes that take advantage of the technology solutions and enhancements. The Business Director will also be responsible for identifying risks that could impact the mission of FTB's business programs, and for developing plans to mitigate said risks. In addition, the Business Director will be responsible for ensuring that recommended technology strategies and enhancements are in line with FTB's strategic goals and mission while developing and ensuring that a proper compensation model is followed.

The Business Director will also be responsible for ensuring change management and change partners are implemented with the divisions who will be directly impacted by the many and varied changes being implemented during Phase 2. This will include implementation, education, training, legislation development and business processes implemented in partnership with the affected divisions and business programs.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: Franchise Tax Board's Mission

"Our 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."

The proposed CEA is critical to the department's mission to provide the services and information to help taxpayers file accurate and timely tax returns and pay the proper amount owed. As part of the Tax System's Modernization strategy, FTB is embarking on Phase 2 of an enterprise-wide tax system modernization effort to align FTB's IT infrastructure with its strategic business plan (EDR2 Project). The Business Director is responsible for keeping these goals in the forefront for the business areas while participating in the planning and implementation of EDR2 enhancements.

An example of this would be if a proposal were made that significantly increased revenue potential for the state, but that negatively impacted the fairness to the taxpaying public, or unjustly targeted a single group of individuals. It would ultimately be up to the Business Director to determine the correct course of action.

Another example would be weighing the impacts of a system need versus the internal business impacts. For instance, a major IT system upgrade needs to occur and there is desire to do so at a time when taxpayer call volumes and/or revenue generating activities are at its peak. It would be even more impactful if the IT system in question were one of our accounting or accounts receivable systems. It would be the responsibility of the Business Director, in cooperation with the Technical Director, to develop a solution that minimized impact to any of the parties involved and limited the disruption.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

In 2007, FTB began Phase 1 of the TSM Strategy (EDR Project) that was intended to create opportunities for better collection, maintenance and utilization of data that could help reduce the tax gap and provide taxpayers with better access to information needed to accurately calculate and pay their appropriate tax liabilities. Built over time, the FTB's legacy systems often didn't talk with one another and were limited in how they were able to use taxpayer and 3rd party income data effectively. As a consequence, taxpayers often didn't have ready access to their payment and other pertinent information about their account with FTB.

The establishment of an enterprise platform to store and use data more effectively was not an easy undertaking nor was it a quick process. Phase 1 took over 10 years of planning and development and resulted in enhanced taxpayer services and an additional \$1 billion annually in revenue to support state services. This effort was initially overseen on a regular basis by the CIO but it became necessary to move other management resources into positions to assist with this massive undertaking that impacted the entire enterprise. The Technology Services Division had three additional CEAs, serving as Bureau Directors, who had the knowledge necessary to assist the project and CIO to ensure the project was successful. This effort frequently pulled the CEAs away from their assigned Bureaus and required them to perform double duty for extended periods of time. While this approach resulted in the successful completion of the EDR project, it was far from an ideal situation and was not without consequence--nor can it be sustainable over the next two phases of the TSM strategy that could take upwards of 20 years to complete. Their time spent on the EDR project made it a challenge to perform the full range of their primary job responsibilities. Bureau specific program planning, succession planning, staff development, hiring and recruitment, and many other functions often competed for the time spent on the EDR Project. Further, their natural IT focus impacted the business needs and consequently, some business opportunities were missed due to lack of proper representation.

At the conclusion of the EDR 1 Project, one of FTB's lessons learned that mirrored recommendations made by the solution provider was that FTB must dedicate full-time senior management to oversee the execution of the Phase 2 technology deliverables. In a large project, time is often of the essence and the inability to get timely, thoughtful, and effective resolution to problems encountered could mean the difference between a seamless, effective solution and one that requires a manual work around or additional staff resources to fix later.

The Business Director will develop and recommend policies, from a business perspective, associated with conceptual solutions, the enterprise architecture model and functional, technical and performance requirements. The Business Director will develop business problem and opportunity statements to support the department's strategic goals and business objectives. Further the Business Director will develop, in collaboration with the Technical Director counterpart, architectural designs that encompass the entire spectrum of FTB business operations. The Business Director will also monitor risks and ensure those risks are addressed quickly with solutions that do not disrupt the business program.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Business Director is responsible for making direct and indirect impact to numerous policies throughout the enterprise. Among these are:

1. How data is to be compiled, validated, stored, and distributed throughout the organization.
2. The proper use of data in the analysis, development and resolution of taxpayer accounts, assessments and potential balances due.
3. How priorities will be set amongst various systems and business programs where potential competing goals or business objectives occur.

All of the above have identifiable impacts internally as well as to the taxpayer community. Failure to properly establish and hold fast to these policies could result in flawed business decisions inaccuracies in assessments or collection strategies, damage to department's reputation and overall negative impact to the taxpayer community and State of California as a whole. The Business Director's role in the development and/or review of these policies is crucial to the overall success of EDR, Phase 2.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The decision-making scope and authority of the Business Director plays a major role in FTB's overall efforts to close an ever-increasing tax gap. This gap is defined as the difference between the amount of tax due and what is actually collected by the state. This difference takes on 3 forms: the non-filing of required tax returns, the underreporting of income on filed tax returns, and the amount of tax that remains unpaid. When the EDR Project began approximately 10 years ago, the tax gap was estimated at \$10 billion dollars in California alone.

The potential solution to each of these lies within the three business programs targeted in EDR2. The Filing Enforcement Program will benefit through better identification of taxpayers who do not file their required tax returns. The Audit Program will benefit by better identification of income amounts that currently go unreported. And, the Collections Program will benefit by better data to be used in their collection activities

Within this scope, the business Director will have the authority to set policies aimed at the proper use of EDR2 data to reduce the tax gap by bringing more taxpayers into compliance, all in the most fair and equitable manner possible.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

As stated before, the Business Director will have a direct role in setting policy associated with how data is compiled, validated, stored and distributed throughout the enterprise; the proper use of data in the analysis, development and resolution of taxpayer accounts, assessments and potential balances due; how priorities will be set amongst various systems and business programs with potential competing goals or business objectives occur. And most importantly, ensure that the security of that information is held at the highest standards.