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A. GENERAL INFORMATION

1. Date

March 27, 2018

2. Department

Franchise Tax Board

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

Technology Services Division

4. CEA Position Title

Technology Project 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 oversee the completion of the FTB's Tax Systems Modernization strategy (TSM). The current TSM strategy consists of a three-phased 20+ year approach to modernizing information technology system to meet the business needs of FTB's various programs tasked with filing, auditing and collecting taxes. The first phase of the TSM strategy, FTB's Enterprise Data to Revenue (EDR) Project was recently completed and the Technology Project Director will develop technology implementation plans that carry forward the remaining two modernization phases that serve to support the department's strategic goals and objectives.

6. Reports to: (Class Title/Level)

CEA C (Technology Services Division Chief)

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 proposed CEA will serve as the Technology Project Director (Technical Director) within the Technology Services Division. In this position, the incumbent will be responsible for the strategic policy development, direction and implementation of FTB's Tax Systems Modernization (TSM) Strategy. Most immediately, this will involve the planning and implementation of the next phase (EDR2 Project), which upon full implementation, is expected to generate significant additional revenue to the State of California above and beyond that which has already increased due to the initial EDR Project.

The incumbent will serve as the Technical Director for all major projects supporting the TSM strategy, from pre-planning through implementation and transition to maintenance and operations. The Technical Director will focus on information technology system enhancements that meet the business needs of FTB's various programs tasked with filing, auditing and collecting taxes.

The Technical Director will also be responsible for directing the planning, execution, and evaluation of all EDR2 Project activities consistent with all contract terms, conditions, requirements, applicable standards and authorizations including budgetary items. The incumbent will serve as the project contact for EDR2 Project Prime Solution Provider's (PSP) executive management teams. Further, the Technical Director will be responsible for the ongoing development and validation of strategic and tactical enterprise technology plans that serve to support the FTB's TSM strategy.

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 incumbent will be responsible for the development of strategic and tactical enterprise technology projects and facilitate key technology implementation issues in support of enterprise-wide information technology planning. Building upon the foundation created by Phase 1 of the TSM strategy (EDR1 Project), the EDR 2 project will migrate 3 existing major systems and multiple applications to the EDR1 platform and make program enhancements that will further optimize the FTB's use of data to better serve taxpayers and generate additional revenue to help fund critical state services. More specifically, EDR2 will enhance the effectiveness of FTB's primary compliance programs such as audit, filing enforcement and collections.

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.

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 Technology Director will help ensure that these potential negative project impacts are mitigated to the greatest extent possible.

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 Technical Director will have lead responsibility over all technology related policies associated with the collection, storage and usage of data as well as the protection of that data. FTB possesses sensitive personal data from tax returns and takes taxpayer privacy seriously. Due to the sensitivities associated with taxpayer data, the Technical Director must ensure that the enhancements put forth by the EDR2 comply with existing policies. If an enhancement would require a deviation from FTB's current policy, the Technical Director must alert the EDR2 stakeholders and sponsors to ensure that attention to this effort is addressed and if necessary, adjustments made to the technology solution in development.

For example, if a new enhancement is identified to be in conflict with an existing policy and after consideration, the enhancement is deemed critical, the Technical Director must immediately develop policy recommendations for the new enhancement and consult with executive management, including legal counsel and the Director, to either modify policies as appropriate or identify an alternative technological solution that accomplish the goal of the EDR2 project--namely enhanced taxpayer services and additional revenue to support state programs and services.

C. ROLE IN POLICY INFLUENCE (continued)

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

FTB's CIO is responsible for the overall Information Technology function. The Technical Director serves as a director for the Tax Systems Modernization strategy, providing recommendations to the CIO, FTB's Governance Council and the Project Sponsors. The Technical Director also works collaboratively with the CEA Business Director to consult and collaborate with the FTB's Senior Executives on all aspects of tax modernization projects. The EDR2 is the most complex IT project to date and is in support of the Tax Systems Modernization strategy. It is estimated to be at a cost of several hundreds of millions of dollars and is in its early planning stages of development.

The Technical Director has overall responsibility over the EDR2 project and will be responsible for ensuring the project meets its deliverables, its deadlines and addresses issues immediately so as not to hinder the project's progress. As the technical face of the EDR2, the Technical Director will be the primary contact with the selected vendor who will deliver the project for FTB. Working in concert with the CEA Business Director, the Technical Director will be responsible for all technical related decisions associated with this project. Further, the Technical Director will jointly lead several departmental committees utilized to communicate progress on the project and will routinely report the project status to the EDR2 stakeholders and senior management.

For a project of this magnitude and because of its enterprise-wide impact, the Technical Director must interact with many stakeholders and sponsors, understand their business and technical needs and concerns and ensure that the decisions reached are in the best interest of the enterprise. As the project moves into implementation phase, the Technical Director will continue this decision-making responsibility to ensure the project does not disrupt the core business of processing tax returns and collecting taxes. Should a business conflict or prior decision reached negatively impact the department's core functions, the Technical Director will have to develop a mutually beneficial solution.

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

As stated before, the Technical Director is responsible for developing and implementing new policy and at the same time will be responsible for keeping current policies updated and relevant as multiple systems are migrated onto a common platform. The security and use of the data will be paramount and the Technical Director will ensure that taxpayers' privacy is maintained.

The Technical Director will develop technology implementation plans that support the department's strategic goals and objectives. The Technical Director will identify short-term and long-term project opportunities and benefits to address the department's technology modernization needs. Working with members of FTB's Senior Management Team, the incumbent will select the suite of technology projects to be initiated. Further, the incumbent will work with the department's Procurement Director to jointly develop a procurement strategy that results in a best value contract for the state, successful project completion, measurable benefits to taxpayers, and additional revenue to support vital state programs and services.