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Subject: Notes on document titled C22-85081 FTB_CSD.pdf -- contract between FTB and CSD
Date: January 4, 2025 at 7:37 PM
To: [REDACTED] [REDACTED]

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Below is a Cliff's Notes version of the attached document. I've removed superfluous and repetitive information and added a little bit of pertinent info. I've highlighted the information pertaining specifically to illegals. I've highlighted the suspicious items in teal.

Note: The program was granted \$20-million per year 2022 and 2023, which is the time period this contract covers. In June 2024, when the contract was renewed, the budget was reduced to \$10.5 million.

— (Page 1, item 1) FTB pays CSD \$1,096,000 per year to be the middle man moving the funds from FTB to the assorted NGOs.

— (Page 1, item 2) "On June 27, 2022, Governor Newsom signed Senate Bill (SB) 154 which authorized \$20,000,000 for outreach to create increased awareness of, and participation in, the Earned Income Tax Credit and the Volunteer Income Tax Assistance Program. The bill states that the funds shall be allocated in a manner that emphasizes nonprofit and community-based organizations. Participating organizations were directed to particularly focus their outreach efforts on persons who file tax returns using **Individual Taxpayer Identification Numbers.***

CSD is a state department under the California Health and Human Services Agency (CalHHS). CSD's mission is to reduce poverty..CSD partners with a network of non-profit and local government organizations..." (***ITINs are California's version of SS#s that are issued to illegal immigrants**)

— (page 1, item 3) FTB and CSD will work on a cooperative basis to promote awareness of...CalEITC+ and to encourage eligible households to claim the available credits by delivering education and outreach activities through nonprofit and community-based organizations. Grant funds will be made available to these organizations to conduct targeted community outreach designed to increase awareness of the state and federal earned income tax credits, ITIN tax status eligibility, the availability of free tax preparation services, and **to provide both ITIN application acceptance assistance** and free tax preparation assistance programs in target areas across the state. The... Program will target regions... having the highest proportion of eligible California residents earning less than \$30,000 annually.

— (page 2, item 4) The term of this Agreement shall be from July 1, 2022 through June 30, 2024

— (page 2, item 5A) FTB shall...development and the approval of outreach strategies, targeted outreach regions, and performance measures.

— (page 2, item 5D) FTB shall submit a CalEITC+ data report to the CSD Program Development and Reporting Unit on a monthly basis during the 2022 and 2023 tax seasons (October 1 through June 30 of each year).

— (page 2, items 5D a - e) Aforementioned reports will contain use of CalEITC+ by county and zip code, Number of taxpayers claiming CalEITC+ statewide, Dollars refunded by granting of the tax credit, information by age, credit amount, preparer type, filing status and number of dependents and Information on CalEITC+ credits awarded to ITIN filers.

— (page 2, item 6B) CSD shall be responsible for oversight of Grantees that receive funding and shall ensure Grantees comply with all program and reporting requirements.

— (Pages 2 - 3 item C) 1. CSD shall submit the following documents to FTB:

a. Copies of the 2022 and 2023 CalEITC+ Education and Outreach Grant Program contracts; and

b. List of Grantees, including description of commitments

2. CSD shall submit a program report...bimonthly.

3. The EITC program reports... should contain the following...:

a. Copies of all program reports submitted by Grantees under the terms of the grant (if requested).

b. Any supporting documentation FTB requires to distribute or document the use of funds.

c. Schedule of distributions: A schedule of distributions will be forwarded six times during the contract term...

4. Closeout Report

a. By February 28, 2023 and 2024, CSD shall submit a final Closeout Report to the FTB... Any unspent funds shall be returned to FTB at the time of submission of the final Closeout Report.

— Page 4: FTB Staff assigned to this project are Andrew LePage and Eric Helm-Tillman. CSD staff are Jeffrey Kjer and Tracie Fong. Contact info is listed for all.

— (Page 5, 1A) "FTB shall make an initial advance payment to CSD in the amount of twenty-five percent (25%), of the Grantees' total costs, or \$5,000,000.00 to ensure prompt payment of reimbursable expenditures to Grantees.

— (Page 5, 1C) "CSD shall reimburse Grantees on a monthly basis using advanced funds. Payment shall be based on Grantee itemized invoices, approved by CSD. Once approved, CSD will forward invoices to the State Controller's Office (SCO) from which payment will be rendered to Grantee."

— (Page 5, 1D) "Proof of payment of all monthly program payments made by the SCO on behalf of CSD shall be sent to the FTB... within 30 working days..."

— (page 6, item 3A) For services satisfactorily rendered and upon receipt and approval of the invoices, the FTB agrees to compensate CSD for actual expenditures incurred in accordance with the rates specified herein or attached hereto.

CSD Direct Costs (\$21,096,000.00)

□ \$20,000,000.00 for fund transfer for Grantee activities and \$1,096,000.00 for program oversight costs incurred by CSD as described herein.

— (Page 6, item 5) "Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, Title 2 of the Government Code of the State of California."

— Page 7 is a worksheet showing how they came up with \$1,096,000 as the administrative cost for CSD to be the middleman. Three full time staff + 1 person at 40% time = \$373k for 2022 and \$392k for 2023. Operating expenses of \$20k. Then there is the C&PS cost of \$536k for 2022 and \$519k for 2023. What is this? Then an indirect rate of 40% = \$157k 2022 and \$165k for 2023. What is this???

— (Page 8, item 3) — "CSD and each of CSD's employees or other persons who may have access to the

confidential data of the Franchise Tax Board..." Why would CSD be able to access people's confidential data if they are only a middleman?

— (Page 8 - 9, item 5A - 5F): No grantees can have conflicts of interest and definition of what is considered a conflict of interest.

— (Page 9, item 5C: Of note: "Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC§10430 (e).)"

— (Page 9, item 5D: Of note: "CSD must disclose to FTB any activities by CSD or subcontractor personnel involving representation of parties, or provision of consultation services to parties, who are adversarial to FTB. FTB may immediately terminate this Agreement..." So if CSD gives money to an organization that opposes FTB's unlawful collection practices, then FTB has the rights to cancel the agreement?

— Pages 10 - 11 are an excerpt from SENATE BILL 154 – BUDGET ACT OF 2022. This breaks down the changes the legislature made in 2022 to FTB's collection and distribution of funds. These two pages are full of valuable information and are worth reading in full.

— (Page 10) FTB's budget for tax programs: 1,111,566,000, legal services: 5,077,000 and contract work: 13,598,000

— (pages 10 - 11, item 5) "Of the amount appropriated in Schedule (1) of this item, \$29,057,000 is for implementation of the Earned Income Tax Credit... To effectively administer this program, the Franchise Tax Board may pay the Social Security Administration for relevant data and related development work prior to receipt of data"

— (page 11, item 6) "Of the amount appropriated in this item, \$8,129,000 is for implementation of the individual health care mandate and the associated subsidy and penalty provisions."

— (page 11, item 7) Of the amount appropriated in this item, \$20,000,000 is for outreach to create increased awareness of, and participation in, the Earned Income Tax Credit and the Volunteer Income Tax Assistance Program. These funds shall be allocated via contracts to nonprofit and community-based organizations. The participating nonprofit and community-based organizations shall particularly focus their outreach efforts on persons who file tax returns using Individual Taxpayer Identification Numbers.

— (Page 11, item 11) "The Department of Finance may augment the amount appropriated in Schedule (1) in the 2022–23 fiscal year by an amount of \$7,000,000... should the Franchise Tax Board encounter unanticipated task costs not previously identified in the Enterprise Data to Revenue Project–Phase 2*. (*EDR is a project to upgrade FTB's computer and operating systems. I believe that FTB has already completed phase 1).

— (page 11, item 11) "Of the amount appropriated in Schedule (1), \$627,000 is for administration of the Earned Income Tax Program for Foster Youth." (My commentary: The legislature conveniently added this tax credit to foster parents after Newsom signed an order allowing CPS to remove children from loving homes if the parents wouldn't consent to their child altering their body with hormones/mutilation. The California government also mandated that anyone who didn't support hormones/mutilation were prohibited from fostering.

— (page 11, item 14) “...the Franchise Tax Board shall be exempt from all provisions of state contracting laws and any approvals or oversight...” (so the legislature gave FTB this \$20-million per year project and exempted them from oversight? I believe this also means FTB is also exempt from accountability for the Fiscal project, which has been a giant money laundering scheme.)

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