

From: Christi Grab [REDACTED]

Subject: My back of the napkin math indicates that Franchise Tax Board has not accounted for \$28.66 million -- please correct any inaccuracies in this document

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To: [REDACTED]
Stanislaus, Selvi@FTB s [REDACTED] Hofeling, Shane@FTB
Fowler, Jennifer@FTB [REDACTED] Williams, Carol D@FTB
Shavor, Nadean@FTB [REDACTED] Jones, AngelaC@FTB
FTB Advocate@FTB FTBAdvocate@ftb.ca.gov, [REDACTED]
Cc: Malone, Candie@FTB [REDACTED] Mayorga, Robert@FTB [REDACTED]
Bcc: [REDACTED]



Dear FTB:

As I stated in the FTB Board meeting on May 14, 2025, I have concerns regarding where the funds allocated to hire more customer service staff has gone since it appears that FTB has not used these allotted funds to hire more staff. I do expect a response with corrections to any inaccurate information that I may have utilized in making my calculations as to the amount of missing monies.

Summary: FTB has increased its budget by \$35 million a year for customer service staff — but it doesn't appear they've hired any more staff and their customer service numbers are getting worse.

2023: FTB Admits Failures and Increased Budget for Customer Service Staff

In March 2023, FTB admitted that penalties and fees were being falsely imposed as a result of customer service failures. They didn't outright say this, but they also implied that wage garnishments, liens and levies were also being falsely imposed due to these customer service failures. FTB requested a \$25.23 million per year budget increase in order to correct these customer service issues. FTB had stated that they intended to hire more customer service agents and give raises and bonuses to the existing staff. I have not yet done a deep analysis of what kind of raises FTB gave to the people that I've been tracking in 2023, but in a quick cursory look at the first few names on my list, it looks like regular employees each got about a \$5,000ish raise and the executives each got a raise in the ballpark of \$10,000 – \$15,000ish. FTB has about 2,100 employees. If we take an average of \$6,000 per person in raises, that accounts for \$12.5 million of the \$25 million.

FTB did give bonuses for 2023, and per the documents provided by FTB's disclosure department, for 2023, FTB spent \$14,500 on bonuses, which were divided amongst 128 people, for an average of \$113 per person. In previous years, bonuses were given to between 10 – 23 people per year and, in recent years, averaged \$400 per person, so they normally spent between \$4,000 – \$9,200 per year on bonuses in total. So they only put about \$5,000 of that \$25 million towards bonuses.

Also, everyone I checked had received "other pay." "Other pay" can include all kinds of things, such as vacation time, sick leave, FMLA leave, etc, but this would be where the bonus money is accounted for. The \$14,500 mentioned above would be included in this section. While the numbers did vary wildly, the majority of the people I checked made less than \$5,000 per person in "other pay." I noticed that many people in the legal department often had either \$600 or \$950 as their "other pay" number, and for customer service agents, I saw \$2,420 frequently. So I suspect that FTB had additional bonus programs that the disclosure department did not provide information to me about. I am going to be really generous and assume that the FTB gave an average bonus of \$1,500 per person x 2100 people = we're potentially looking at another \$3.15 million. Now we've (possibly) accounted for \$15.65 million of the \$25.23 million

million.

Of course, some people received huge bonuses. For example, Selvi Stanislaus received \$45,000, but since the huge bonuses were in line with these people's typical annual bonus, I didn't count it as coming from the pool of extra money that had been allotted for bonuses. Also, if someone had less salary than normal and the amount of their "other pay" combined with their salary totaled about the same as their normal salary, I assumed the "other pay" to be paid leave and not a bonus.

We now have about \$9.58 million left. Assuming the cost basis of each new customer service rep would be about \$200,000 per year, FTB had enough money to hire about 48 more customer service representatives with this \$25.23 million, even after giving raises and bonuses to existing staff (and again, this is assuming that the majority of people made bonuses, which may not be the case, as the "other pay" may have only been leave).

2024: FTB Still Failing; Advocate Says Customer Service Staffing Levels Unchanged, And FTB Gave Themselves More Money

In the June 2024 Board Meeting, FTB admitted that they only answer 50% of calls made to the main line number, with an average wait time of 16-minutes. FTB omitted information about the rest of their customer service numbers (ie the collections department, tax practitioner hotline, etc). In July 2024, I made a public records request to get the (then) current data. FTB's response:

— FTB answered 72,000 chats with approximately 103,000 Chats offered for a level of access of 70% and an average wait time of 6-minutes. FTB did not disclose what percentage of people actually had their issue resolved via Chat — Chat usually told me that my questions were beyond what they offered and I needed to call in for resolution.

— The turn times for documents received by (1) USPS is 91 days; (2) MyFTB is 30 days; and (3) general fax line is 30-45 days. So if you received a notice that required a response within 30-days, there was zero chance that FTB would process it before the penalties and fees were imposed.

In FTB's August 2024 edition of its publication Tax News, FTB's Taxpayer Advocate Angela Jones wrote about the tax practitioner hotline:

"...several expressed concerns with call center wait times... During my evaluation, I collected the 2024 call data available as of this writing (January through June 2024) and compared it to the same period in 2023 (January through June 2023). The results revealed an overall 27% increase in total calls received and a drastic 63% increase in the Tax Practitioner Hotline. I confirmed staffing levels remained unchanged; therefore, the biggest and most obvious factor is supply and demand. The call volumes exceed the capacity of agents available to take calls."

Also at the June 2024 Board Meeting, Item 5B was a reduction of FTB's budget for its program to stalk low-income people (with their primary focus on stalking migrants) from \$20 million dollars per year down to \$10.5 million per year. My understanding is that the remaining \$9.5 million reverted back to FTB's general budget. This should have been enough to hire another 47 customer service employees. So all in all, FTB had \$19.08 million to work with in 2024. Between 2023 and 2024, FTB should have hired about 95 customer service staff.

2025: FTB Still Failing; No Disclosure of Where The Money Went

At the May 2025 Board Meeting, FTB disclosed that, despite all the extra money it now had in its coffers, its latest customer service statistics have gotten even worse:

— Only 47% of phone calls to the main customer service line are answered, with a 12.5 minute average hold time. I asked FTB to also disclose the wait time and percentage of calls answered to the tax practitioner hotline and collection departments, and FTB failed to provide this information.

— Only 67% of Chats are answered, with an average wait time of 12-minutes. I asked FTB to disclose what percentage of Chats are resolved versus Chat telling the people that they have to call in, and FTB failed to provide this information. I have requested this information from the disclosure department and will update when I get it.

— I asked FTB to provide statistics about its turn times for processing correspondence. FTB failed to provide this information. I have requested this information from the disclosure department.

— I asked FTB to disclose how many customer service representatives it had now and how many it had in March of 2023. FTB failed to provide this information. Instead they said that “recruitment and retention have been challenging” and that this week they are going to make job offers to 65 applicants. I have requested this information from the disclosure department.

I believe this lack of disclosure of the number of customer service staff indicates that FTB hasn't hired any additional staff since March 2023. I believe that any hiring FTB has done was simply to replace people who have left, not to increase the levels of staffing in customer service. This leaves me wondering... where has that pool of money that was supposed to be used for new customer service staff gone? We're talking \$9.58 million for 2023 and \$19.08 million for 2024 for a total of \$28.66 million. This is a lot of money to not be accounted for.

When one of the board members asked Selvi Stanislaus about the customer service failures, Ms. Stanislaus stated that FTB still didn't have enough budget for an adequate customer service staff. So she backhandedly asked the board for even more money, despite the fact that after two + years, she still apparently hasn't utilized the money that she's already been given to increase staffing.

In closing, since 2016, I have been arguing that FTB intentionally provides bad customer service in order to falsely impose penalties, fees and interest. FTB uses these customer service failures to disguise these *bona fide* criminal schemes as “gross incompetence.” The fact that FTB gave themselves a large budget increase in order to fix customer service, but failed to hire additional staff and has continued to allow their customer service statistics to worsen indicates that my assessment is correct.

We constituents would like to know:

Why is FTB only now making job offers to potential customer service reps?

Why is FTB still falsely imposing penalties, interest and fees as a result of customer service failures when they've had the budget to fix (or at least improve) the situation?

And what happened to that \$28.66 million (or possibly even more money)?

I would like to reiterate that I do expect a response. Thank you for your attention to this matter.

Regards,

Christine Grab
Constituent

Psalm 64