

California Franchise Tax Board

Predictive analytics used to increase revenue by prioritizing nonpayment cases

Sacramento, California, United States
www.ftb.ca.gov

Solution Components

- IBM® SPSS® Modeler
 - IBM SPSS Collaboration and Deployment Services
 - IBM Business Partner Elite Analytics, LLC
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Part of the California Government Operations Agency, the California Franchise Tax Board (FTB) collects state personal income tax and corporate income tax in California. It is composed of the California State Controller, the director of the California Department of Finance and the chair of the California Board of Equalization.

The Opportunity

When faced with a list of more than three million delinquent or nonfiling taxpayers, it's hard to know where to start trying to collect. Relying on experience and anecdotal evidence no longer worked for the California Franchise Tax Board (FTB), and state revenue was down. It was time to decrease the multibillion-dollar gap between what the board collected and what it was owed.

What Makes It Smarter

The department developed an advanced analytics solution that uses information from state and federal sources to identify the attributes and attribute combinations that are most common among successfully resolved cases. The solution then uses sophisticated algorithms to score millions of cases based on these attributes, prioritizing the department's workload according to how likely each case is to result in payment and how much that payment might be.

Real Business Results

During the first two years after implementation, the solution helped the California FTB increase revenue by more than USD400 million. It has also brought about a 300 percent improvement in the number of successful attempts to contact business-entity nonfilers. Finally, the solution has helped the California FTB maximize efficiency for its audit, nonfiler and collections departments because staff can focus on the cases with the highest potential for revenue reclamation.



For More Information

Please contact your IBM representative or IBM Business Partner.
Visit us at ibm.com/spss.

To learn more about California Franchise Tax Board, visit www.ftb.ca.gov.

“For us, the value of this project comes down to dollars and cents. We’re a revenue-generating agency, and we measure ourselves on that. In that regard, we’ve had excellent results.”

— Jeff McTygue, manager, business intelligence and data services section



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